SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1882 (Ellis) - Safe Delivery Fund Pilot Program

Version: March 19, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: HEALTH 10 - 0
Mandate: No
Consultant: Agnes Lee

Bill Summary: AB 1882 would establish the Safe Delivery Fund Pilot Program.

Fiscal Impact:

- The Department of Health Care Access and Information (HCAI) estimates ongoing General Fund costs of $750,000 for staffing resources and one-time General Fund costs of $600,000 in 2026-27 for vendor support.

- Unknown General Fund costs to provide funding to participating hospitals. The bill's provisions would authorize HCAI to award up to $5 million per year per hospital during the pilot program, subject to appropriation by the Legislature.

- Unknown potential General Fund cost pressures to expand or continue the pilot program beyond the sunset date.

Background: General acute care hospitals are required, with some exceptions, to provide eight basic services: medical, nursing, surgical, anesthesia, laboratory, radiology, pharmacy, and dietary. Beyond these basic services, hospitals can offer supplemental services, including outpatient services such as emergency services, or inpatient services such as intensive care, cardiovascular surgery, psychiatric units, and perinatal units. If the hospital operates a perinatal unit, the hospital must follow state regulations regarding the provision of care during pregnancy, labor, delivery, postpartum, and neonatal periods with appropriate staff, space, and equipment.

Critical Access Hospitals. Critical access hospitals are licensed general acute care hospitals that are certified to receive cost-based reimbursement from the federal Medicare program, which is intended to reduce hospital closures in rural areas. To be certified as a critical access hospital, a hospital can have no more than 25 beds, must be located in a rural area, and be more than 35 miles from another hospital or more than 15 miles from another hospital in mountainous terrain or an area with only secondary roads. Critical access hospitals must provide emergency care services and have an annual average length of stay of 96 hours or less per patient.

Standby Perinatal Services Pilot Program. Current law requires the California Department of Public Health to establish a pilot project to allow participating critical access hospitals to establish "standby perinatal services." Under the pilot program, "standby perinatal services" means the provision of obstetric and neonatal medical care to patients who are transferred from an alternative birth center, or who present to the hospital's emergency department with an urgent or emergent obstetric issue, in a

specifically designated area of the hospital that is equipped and maintained at all times to receive patients and capable of providing physician, midwifery, and nursing services within a reasonable time not to exceed 30 minutes.

Proposed Law: Specific provisions of the bill would:

- Establish the Safe Delivery Fund Pilot Program within the HCAI; and specify that the purpose of the program is to provide funding to hospitals that support standby capacity in a hospital for all of the following specialty services:
    - Inpatient general surgery.
    - A licensed labor and delivery inpatient unit with nursery beds.
    - Inpatient pediatrics capability.
- Require that, to qualify for the program, a hospital must meet all of the following:
    - Maintain 24-hours-per-day, 7-days-per-week, 365-days-per-year clinical readiness to provide the services described above consistent with state and federal licensing and certification requirements.
    - Be a critical access hospital that provides obstetric services.
    - Be located at least 75 miles from the nearest tertiary hospital.
    - Perform no more than 225 inpatient surgeries annually.
    - Maintain active licensure with the California Department of Public Health and certification with the federal Centers for Medicare and Medicaid Services.
    - Maintain a valid Medi-Cal contract, including participation with the county-designated Medi-Cal managed care plans, as applicable.
    - Demonstrate that the hospital serves a geographically isolated population and that loss of obstetric services would significantly impact access to maternity care.
- Establish the Safe Delivery Fund to offset uncompensated standby costs associated with maintaining specialty physician coverage, advanced practice provider coverage, and hospital staffing necessary to safely provide deliveries and related inpatient specialty services; provide that moneys in the fund be available, upon appropriation by the Legislature, to the HCAI for these purposes; and limit a hospital award to no more than $5,000,000 per year.
- Require the HCAI to calculate standby costs, as specified; require the program to reimburse a hospital quarterly based on the number of deliveries performed per day, using a specified schedule; and authorize the HCAI to conduct audits, as specified.
- Sunset the provisions on January 1, 2030.

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