

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 32 (Weber Pierson) – As Amended June 19, 2025

Policy Committee: Health

Vote: 15 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill requires the Department of Managed Health Care (DMHC), the Department of Insurance (CDI), and the Department of Health Care Services (DHCS) consult together and with stakeholders to develop and adopt standards for the geographic accessibility of perinatal units to ensure timely access to care, as specified. The bill sunsets on July 1, 2033.

Specifically, this bill:

- 1) Requires DMHC, CDI, and DHCS consult together and with stakeholders to develop standards for the geographic accessibility of perinatal units to ensure timely access for enrollees and insureds (collectively, enrollees). Requires the stakeholders to include the American College of Obstetricians and Gynecologists, the California Hospital Association, consumers, health plans, labor, and other health care professionals who provide pediatric and pregnancy-related services, including, but not limited to, registered nurses, nurse midwives, and licensed midwives.
- 2) Requires, on or before July 1, 2027, DMHC, CDI, and DHCS develop and adopt standards for the geographic accessibility of perinatal units to ensure timely access for enrollees. Specifies the standards must be no longer in time or distance than those applied to Medi-Cal managed care (MCMC) plans according to each plan's applicable service area or areas.
- 3) Allows DMHC, CDI, and DHCS to authorize alternative access standards or issue waivers to plans or exceptions to insurers for the standards adopted under this bill.
- 4) Sunsets on July 1, 2033.

FISCAL EFFECT:

- 1) DHCS estimates costs of approximately \$1.8 million in fiscal year (FY) 2026-27 and \$2 million annually from FY 2027-28 through 2032-33 for nine full-time, permanent positions (50% General Fund (GF), 50% federal funds (FF)) and a contract costing \$240,000 annually for six years (75% FF, 25% GF). DHCS states there may be an additional increase in costs to MCMC plans but is still evaluating the magnitude of this impact.
- 2) DMHC estimates costs of approximately \$1.32 million in FY 2026-27, \$1.69 million in FY 2027-28, \$1.75 million in FY 2028-29, \$2.01 million in FY 2029-30, \$1.53 million in FY 2030-31 and annually thereafter (Managed Care Fund). DMHC's Office of Plan Monitoring

would incur most of these expenses to develop review methodology tools and to ensure accurate data collection to assess health plan compliance. Other costs include enforcement, technology, and administration.

- 3) CDI estimates costs of approximately \$64,000 in FY 2025-26, and \$52,000 in FY 2026-27 Insurance Fund).

COMMENTS:

- 1) **Purpose.** This bill is sponsored by the California Medical Association. According to the author:

[U]nder California's current network adequacy standards, there is no explicit guarantee of timely access to labor and delivery units. The bill directs state agencies to establish clear, enforceable time and distance standards specifically for perinatal units in both Medi-Cal and commercial plans. This will help ensure real, timely access, not just to providers providing perinatal care, but to facilities best equipped to handle perinatal care, ranging from low-risk births to life-threatening emergencies.

Health plan contracts tied to time and distance standards could even help sustain hospitals, especially in rural or underserved areas, by driving patient volume, revenue, and predictable reimbursement, and giving facilities leverage to negotiate more sustainable contracts with major insurers, potentially making the difference between staying open or closing.

California already holds plans to time and distance standards for primary care, specialty care, and general hospital services. This legislation aims to extend those efforts to perinatal units.

- 2) **Background.** According to CalMatters reporting, California hospitals have closed or indefinitely suspended nearly 50 maternity wards over the last decade, often citing high costs, labor shortages and declining birth rates. The trend has left large swaths of the state without a place to give birth, resulting in many pregnant people, especially those in rural areas, needing to travel farther to deliver a baby. These closures are taking place in urban communities as well, and disproportionately affect Black, Latino, and low-income communities.

AB 205 (Wood), Chapter 738, Statutes of 2017 established baseline time and distance standards to ensure geographic accessibility for patients receiving care in MCMC plans and state-regulated health plans and health insurers, including hospitals within 15 miles or 30 minutes of an enrollee's residence. When an MCMC plan cannot meet the time and distance requirements, it must submit an alternative access request to DHCS. For DMHC- and CDI-regulated health plans and insurers, regulations require hospitals be available within 15 miles or 30 minutes of an enrollee's home or workplace. AB 205 requirements will sunset January 1, 2026.

- 3) **Opposition.** The Local Health Plans of California (LHPC) writes in opposition, asserting that creating a time or distance standard specifically for perinatal units fails to address the root causes of labor and delivery unit closures and does not offer a creative solution to improve access for Medi-Cal members. LHPC states that local MCMC plans with labor and delivery access concerns contend that their access gaps do not arise from unsuccessful contracting attempts with nearby providers, but from the absence of nearby providers to contract with. LHPC concludes this bill will not solve labor and delivery unit access challenges, but will only create additional administrative process and burden for health plans and the state.
- 4) **Related Legislation.** AB 55 (Bonta) removes the requirement that an alternative birthing center (ABC) be a comprehensive perinatal services provider as a condition of licensure and a condition for Medi-Cal reimbursement. AB 55 also removes the requirement that an ABC be 30 minutes from a hospital. AB 55 is on suspense in the Senate Appropriations Committee.

AB 1386 (Bains) includes perinatal services as a required basic hospital service, beginning on an unspecified date, requires a hospital that does not provide perinatal services to submit a perinatal service compliance plan to the California Department of Public Health (CDPH), and requires CDPH to establish a process to approve or deny a perinatal service compliance plan. AB 1386 was held in this committee.

SB 530 (Richardson) extends the existing MCMC plan network adequacy standards to 2029, and adds new requirements regarding subcontractors, telehealth appointments, applications for alternative access standards, and reporting and testing of network adequacy. SB 530 is pending in the Assembly Health Committee.

SB 669 (McGuire) requires CDPH to establish, in consultation with stakeholders, a five-year pilot project to allow eligible critical access and individual and small system rural hospitals to establish standby perinatal medical services. SB 669 is pending in this committee.

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