



May 9, 2025

The Honorable Buffy Wicks
Chair, Assembly Appropriations Committee
1021 O Street, Suite 8220
Sacramento, CA 95814

SUBJECT: AB 1386 (Bains) — OPPOSE UNLESS AMENDED

Dear Assemblymember Wicks:

Over the past 10 years, the closure of labor and delivery (L&D) units in California hospitals has been driven by three primary factors: declining birth volumes, workforce shortages, and hospitals' financial instability. Assembly Bill (AB) 1386, which would require perinatal services (those provided by L&D units) to be offered at *all* California hospitals, fails to acknowledge or address any of these factors. **As the bill does not account for or address the drivers of reduced access, the California Hospital Association (CHA), on behalf of more than 400 hospitals and health systems, must oppose AB 1386 unless amended.**

Maintaining labor and delivery (L&D) services is particularly challenging in areas with low birth volumes and significant workforce shortages — conditions that are often intertwined.

Low delivery volumes can lead to worse patient outcomes and negatively affects recruitment and retention. OB/GYNs are less likely to take or remain in a position where low delivery volume puts them at risk of a diminishing skillset — because even in a low-risk pregnancy, anything can go wrong at any point during delivery, and providers must be prepared.

In addition, many regions in California face a severe shortage of OB/GYNs, with eight counties having no licensed OB/GYNs at all. These workforce constraints make it difficult, especially for hospitals facing significant financial distress, to ensure the specialized, around-the-clock staffing needed to safely operate an L&D unit.

When considering solutions to maintaining L&D services in hospitals, any approach must address the factors underlying access challenges and recognize that every community is unique and requires a resolution tailored to its needs. As currently drafted, AB 1386 is not feasible to implement and risks doing more harm. It would likely lead to service reductions or, worse, closures, ultimately diminishing access to care for all Californians.

More than 50% of California hospitals operate at a loss — and all hospitals are now facing potential cuts to Medicare and Medi-Cal — meaning AB 1386 would further strain an increasingly fragile health care system. In addition to the increased challenges on hospitals and the state’s broader health care delivery system, the bill would create significant cost increases for California. Implementing AB 1386 would require the California Department of Public Health (CDPH) to dedicate substantial resources to add perinatal services as a ninth basic service. As noted in the Assembly Health Committee analysis, CDPH would be required to:

- Define compliance criteria for hospitals and promulgate new regulations, a process estimated to take approximately three years
- Review and approve hospital compliance plans; if a plan is not approved, require a plan of correction outlining how the hospital will meet the requirements
- Mandate hospitals to provide perinatal services if revised plans are not approved, since the bill would make these services a required basic service
- Suspend or revoke a hospital’s license if it fails to provide perinatal services and does not have an approved exemption
- Revise licensure and re-licensure survey protocols to include perinatal services
- Inspect perinatal services during all periodic hospital surveys

CHA shares the author’s commitment to improving maternal health outcomes and stands ready to work collaboratively on sustainable, targeted solutions that expand access — not reduce it. Only by addressing the factors leading to closures, including workforce shortages, declining birth volumes, and inadequate reimbursement, can we achieve lasting improvements in care for mothers and babies across California.

For these reasons, **CHA requests your “NO” vote on AB 1386** unless it is amended to address these concerns.

Sincerely,



Vanessa Gonzalez
Vice President, State Advocacy

cc: The Honorable Dr. Jasmeet Bains
The Honorable Members of the Assembly Appropriations Committee
Allegra Kim, Principal Consultant, Assembly Appropriations Committee
Justin Boman, Consultant, Assembly Republican Caucus