

Hospital Supplier Diversity Program: Revised Requirements

Assembly Bill 1392 (Chapter 840, Statutes of 2023) expands the Department of Health Care Access and Information’s (HCAI) existing Hospital Supplier Diversity Program, and the data California hospitals report to HCAI and that HCAI subsequently publishes to its website for public transparency. The bill adds new hospital supplier diversity reporting requirements for a plan for increasing procurement from diverse suppliers, which includes short- and long-term goals and timetables for increasing procurement from those business enterprises; information on appropriate contacts for interested business enterprises and a description of the hospital’s procurement process; and planned and past implementation of relevant recommendations made by the HCAI Hospital Supplier Diversity Commission (HSDC).

This bill also requires HCAI to undertake outreach and provide assistance, in consultation with the HSDC, to hospitals, manufacturers, vendors or group purchasing organizations, and diverse business enterprises. The focus of the outreach and assistance will be to support hospitals in implementing commission recommendations and supporting diverse businesses who are seeking to be a supplier for a hospital, manufacturer, vendor, or group purchasing organization (GPO) of hospital goods and services. HCAI is also required to work with the commission to establish guidelines for hospitals to voluntarily utilize when pursuing procurement efforts, activities, or programs.

Additionally, the bill expands the HSDC by adding two additional members - one to represent GPOs, who are key members of the hospital procurement ecosystem, and one additional member, at the discretion of the HCAI Director. The bill also broadens the commission’s charge to provide recommendation on outreach and assistance and develop the guidelines as described above.

Lastly, upon appropriation, the bill authorizes HCAI to establish and operate a supplier diversity clearinghouse and verify the statuses of minority, women, LGBT, and disabled veteran business enterprises that are prime suppliers or subcontract suppliers to hospitals or other entities in the procurement ecosystem of hospital goods and services, as specified.

The list below includes program activities through December 2026, and ongoing. HCAI will work with stakeholders to revise the existing program regulations to specify the reporting requirements for the plan to increase procurement from diverse suppliers.

Projected Time	Period Program Activities
January 2024 to June 2024	<ul style="list-style-type: none"> Initiate program planning for expanded outreach and assistance activities.

	<ul style="list-style-type: none"> • Begin rulemaking process to specify the reporting requirements for the plan to increase procurement from diverse suppliers.
July 2024 to December 2024	<ul style="list-style-type: none"> • Work with HSDC to develop voluntary guidelines hospitals can use to increase diverse procurement efforts. • Develop HCAI’s outreach and assistance procedures based on recommendations by the HSDC.
January 2025 to June 2025	<ul style="list-style-type: none"> • Complete rulemaking process to specify the reporting requirements for the plan to increase procurement from diverse suppliers. • Configure HCAI data collection and reporting platform. • Appoint two (2) additional members to the HSDC.
July 2025 to December 2025	<ul style="list-style-type: none"> • Collect and review Hospital Supplier Diversity Plans. The first annual plans are due July 1, 2025. • Publish hospitals’ plans to increase procurement from diverse suppliers to the HCAI website. • Begin outreach and assistance activities based on HSDC input. • Begin initial planning for clearinghouse implementation.
January 2026 to December 2026 and Ongoing	<ul style="list-style-type: none"> • Upon appropriation, develop the supplier clearinghouse July 2026 and into the future. • Continue to annually collect and publish hospitals’ plans to increase procurement from diverse suppliers. • Continue to regularly convene the HSDC to update recommendations, guidelines, and outreach and assistance activities based on changes in hospital supplier diversity landscape.

For more information, please contact supplier.diversity@hcai.ca.gov.

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