



Hospital Supplier Diversity Frequently Asked Questions

1. Who is required to submit a plan?

Each licensed hospital with operating expenses of fifty million dollars (\$50,000,000) or more, and each licensed hospital with operating expenses of twenty-five million dollars (\$25,000,000) or more that is part of a hospital system, shall submit a plan to the Department of Health Care Access and Information (HCAI).

Licensed hospitals that are not required to submit a plan, as defined in [Health and Safety Code \(HSC\) 1339.87 Subsection \(a\)](#), are encouraged to voluntarily adopt a plan for increasing procurement from minority, women, LGBT, and disabled veteran business enterprises.

In accordance with the [California Code of Regulations \(CCR\) Section 95003](#), system/regional-level plans are optional for hospitals to submit in addition to the individual hospital-level plan(s). Submission of a system/regional-level plan(s) is highly encouraged, when procurement is done at a regional-network or hospital-system level.

2. When are Hospital Supplier Diversity (HSD) Plans due?

Hospital Supplier Diversity Plans are due to the Department, annually on July 1st. If a hospital is unable to submit a plan on time, statutes allow for a single, 30-day extension request, per report year, to be submitted.

3. What is the reporting period?

January 1st through December 31st, of the prior calendar year. (Example: the 2024 HSD Plan covering the time period of 1/1/24 to 12/31/24, is due on 7/1/25.)

4. What happens if the Hospital Supplier Diversity plan cannot be submitted on time?

If a hospital is unable to submit a plan on time, statutes allow for a single, 30-day extension. Extension request must be submitted via the [Hospital Disclosures and Compliance System](#). Instructions on how to request an extension are available in the [QuickStart Guide: Requesting an Extension](#). In accordance with [California Code of Regulations \(CCR\) Section 95007](#), a hospital that fails to submit a plan required by [Health and Safety Code Section 1339.87](#) by the due date established by [CCR Section 95004](#), considering an extension of due date as provided in [CCR Section 95005](#), is liable for a fine of one hundred (\$100) for each day that the required plan is not filed.

5. How can the Hospital Supplier Diversity (HSD) Plan be submitted to the Department?

In accordance with the [California Code of Regulations \(CCR\) Section 95006](#), Hospital Supplier Diversity Plans must be submitted to the Department via the Hospital Disclosures and Compliance (HDC) System. Instructions are available in the [QuickStart Guide: Starting a New Report](#).

6. How can an account be created in the Hospital Disclosure and Compliance (HDC) System?

Instructions are available in the [QuickStart Guide: Getting Started](#).

7. How to associate to a facility in the HDC system?

Instructions are available in the [QuickStart Guide: Getting Started](#).

8. Who can approve user association report to facility?

Primary contacts, associated users, and HCAI analysts can approve pending requests for facilities. Instruction are available in the [QuickStart Guide: Approving Another User for a Facility](#).

9. How is an extension requested in the HDC System?

Instructions are available in the [QuickStart Guide: Requesting an Extension](#).

10. Can corrections be made to a previously submitted plan?

Yes. Revisions must be submitted via the Hospital Disclosure and Compliance (HDC) System. Instructions are available in the [QuickStart Guide: Revising a Submitted Report](#).

11. What information should be reported under the "hospital's total procurement" question?

Hospital's total procurement" refers to all procurement from both diverse and non-diverse suppliers by the hospital during the previous calendar year. The amount reported for diverse procurement must not exceed the hospital's total procurement amount.

[California Code of Regulations \(CCR\) Section 95000 subsection \(i\)](#) defines procurement as the purchase or lease of supplies, services, equipment, and capital expenditures related to buildings and fixed equipment during the previous calendar year. Procurement does not include items such as employee salaries and wages, fixed asset depreciation, amortization, or taxes.

Please refer to the [Hospital Supplier Diversity Blank Individual Hospital Template \(PDF\)](#) for guidance and information needed to complete the submission.

12. Are facilities required to meet a minimum spending amount on diverse procurement?

No, this is not a requirement per the statute.

13. Is a list of diverse suppliers required to be submitted with the plan?

No, this is not a requirement per the statute.

14. What if a facility did not have spending in all the diverse categories on the plan?

If \$0 were spent in a diverse supplier category, the facility should enter \$0. Please refer to the [Hospital Supplier Diversity Blank Individual Hospital Template \(PDF\)](#) for guidance and information needed to complete the submission.

15. What if a report submitter does not have access to the procurement data?

If the data is not available, please leave the category blank. Please refer to the [Hospital Supplier Diversity Blank Individual Hospital Template \(PDF\)](#) for guidance and information needed to complete the submission.

16. What is the difference between Tier I and Tier II?

In accordance with [CCR Section 95000 subsection \(j\)](#), Tier I procurement is defined as the procurement by direct contract between a hospital and a supplier directly to provide goods and services that support the operations of your hospital.

Example 1: Contracts that were originally negotiated by a Global Purchasing Organization would be Tier I if the hospital directly contracts with the supplier. They may be using the negotiated contract but if the hospital signs directly with the supplier, it is Tier I.

In accordance with [CCR Section 95000 subsection \(k\)](#), Tier II procurement is defined as the procurement by any agreement or arrangement between a contractor and any third party.

Example 2: A hospital enters into an agreement (Tier I) with a supplier. As part of services to the hospital, the supplier engages a subcontractor on behalf of the hospital (Tier II). However, in those circumstances, the cost of the subcontractor could be reflected in the original contract, this would be Tier II.

17. What does the “less duplicated amount” mean?

When a supplier qualifies for more than one diverse category, their procurement spend should be reported in each category. To prevent the procurement from being counted multiple times in the combined total, the duplicated amounts should be reported in the less duplicate amount category. For example, a hospital spent \$500 with a supplier that qualifies as an African American-owned business enterprise and woman-owned business enterprise, the \$500 should be listed under both categories. To prevent the procurement from being counted multiple times in the combined total, the less duplicate amount (\$500) should be reported in the less duplicate amount row.

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21. Do the suppliers have to be a California-based business in order to be reported?

No. Suppliers do not have to be California-based. However, [Health and Safety Code 1339.87 Subsection \(a\)\(2\)\(D\)](#), does require that diverse business enterprises **employ the majority of its workforce in California.**

18. Where can diverse business enterprises locate hospital contacts?

Hospital contacts for diverse business enterprises are available upon request. Please send a request via email to supplier.diversity@hcai.ca.gov.

22. Does the requirement to annually submit a Hospital Supplier Diversity Plan to the Department only pertain to hospitals located in California?

Yes. Please refer to [Health and Safety Code Sections 1339.87- 1339.89](#).

22. Are other states besides California adopting similar legislation?

Yes, currently Illinois has similar legislation regarding hospital construction projects.