



2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov



STATEMENT OF EXPLANATION FOR SECTION 100 FILING

TITLE 22, CCR, DIVISION 7, CHAPTER 8, ARTICLE 1: HOSPITAL SUPPLIER DIVERSITY REPORTING PROGRAM

§§ 95000, 95001, 95002, 95003, 95004, 95005, 95006, 95007 and 95008

Pursuant to Section 100 of Title 1 of the California Code of Regulations (CCR), the Department of Health Care Access and Information (HCAI) is making changes without regulatory effect to Sections 95000, 95001, 95002, 95003, 95004, 95005, 95006, 95007 and 95008 of Title 22, of the California Code of Regulations and to the Format and File Specification for Submission of Hospital Supplier Diversity Reports Version 1.0. The passing of Assembly Bill (AB) 1392 (2023) will trigger changes to current legislative language in California Health and Safety Code Sections 1339.87 effective January 1, 2025. Legislation requires that 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 to submit to the department a plan for increasing procurement from minority, women, lesbian, gay, bisexual, transgender (LGBT), and disabled veteran tier 1 and tier 2 business enterprises.

Non-substantive changes are proposed as follows:

Sections 95001, 95002, 95003, 95004, 95005, 95006, 95007 and 95008. These sections are revised to remove the word “report” and replace with the word “plan” which correlates with language change in AB 1392 Section 1339.87. These changes do not materially alter the requirements, rights, responsibilities, conditions, or prescriptions contained in the original text.

Sections 95001, 95005, 95006, language clean up. Updating URL address with the direct URL to the registration and reporting submission portal available on the HCAI website. These changes do not materially alter the requirements, rights, responsibilities, conditions, or prescriptions contained in the original text.

Section 95002, 95003, abbreviation spelling correction made. Redacted WMDVLGBTE and replaced with WMDVLGBTBE, which correlates with abbreviation listed in Section 95000(h). These changes do not materially alter the requirements, rights, responsibilities, conditions, or prescriptions contained in the original text.

Section 95002, Subsection (b)(7), obsolete regulatory language replaced with the following language “The hospital’s short-term and long-term goals and timetables, but not quotas, for increasing procurement from WMDVLGBTBE” which correlates with AB 1392 Section 1339.87 subsection (a)(2)(B) statutory language. Subsection (11)(A) the words “How the” were redacted and

replaced with the following words “The methods in which the,” additionally the following language was added “both prime and subcontract suppliers from” which correlates with AB 1392 Section 1339.87 subsection (a)(2)(C)(i) language. Subsections (11)(B) -(C) the words “How the” were redacted and replaced with “The methods in which the” which correlates with AB 1392 Section 1339.87 Subsections (a)(2)(C)(ii)-(iii). Subsections (11)(D) and (11)(E) were added to align with AB 1392 Section 1339.87 subsection (a)(2)(C)(iv)-(v) language. Subsection (b)(12), obsolete language was removed and replaced with “The planned and past implementation of relevant recommendations made by the hospital diversity commission” in alignment with AB 1392 Section 1339.87 subsection (a)(2)(E) language. Subsection (b)(15) “If \$0 were spent on procurement for a category, you may enter \$0. If the procurement data is not readily accessible, you may leave the category blank” language was redacted. This section is auto calculated by the system, therefore this language is obsolete. Subsections (b)(18)(D)-(E) were renumbered to accommodate new language. Subsection (b)(18)(D) and (F) were added to align with AB 1392 Section 1339.87 subsection (a)(2)(C)(vi) language. Additionally, with regards to the language surrounding the contact information for the diverse business outreach liaison of the hospital, we intend to collect contact information that may include a phone number and email address, if available.

Section 95003 subsection (b) was revised for better readability. In the first sentence, “hospital-level plans” was added following the word individual. The words “report not as a substitution” was removed. The following language was added to the next sentence, “system/regional-level plan shall not serve as a substitute for the.” The words “level-plan” were also added, to follow existing language of “individual hospital.” The words “defined above must be submitted” were replaced with “described in section 95002”. Existing language in CCR Title 22 Division 7 Chapter 8 section 95003 subsection (b), was revised for better readability. in accordance with statutory language in AB 1392 Section 1339.87 subsection (a)(1) and subsection (a)(2)(D)(ii). These changes do not materially alter the requirements, rights, responsibilities, conditions, or prescriptions contained in the original text.

Section 95004 subsection (a) we replaced the word “office” and with the word “department” for the purpose of consistency with the name change implemented in 2021 through AB 133 and codified in Health and Safety Code Section 127002. These changes do not materially alter the requirements, rights, responsibilities, conditions, or prescriptions contained in the original text.

Section 95005 subsection (c) was revised to include the word “sole” for consistency with subsection 95005(a) and AB1392 Section 1339.87 subsection (c). The Department believes that the added language does not materially alter the requirements, rights, responsibilities, conditions, or prescriptions contained in the original text.

Section 95006, the incorporation by reference of the Department’s Format and File Specifications for Submission of Hospital Supplier Diversity Report, Version 1.0, approved and effective on October 1, 2022, was updated. Version “1.0” was replaced with “2.0.” Additionally, the date of “December 31, 2021” was replaced with “September 1, 2024.” The changes to the document are described below under the heading “Changes made to the Format and File Specification of Hospital Supplier Diversity Plans.” These changes are necessary to conform existing regulations to mandated statutory language where a regulation is inconsistent with and superseded by a change in statute, and the agency has no discretion to have a regulation which differs from the proposed amended regulation.

Section 95007, a cross-reference was added, indicating that penalties will not accrue during an approved extension period. Hospitals who applied for an extension on or before the July 1st dues date as specified in section 95005, will not be liable for penalties as long as they submit

the plan on or before the new extended due date. These changes do not materially alter the requirements, rights, responsibilities, conditions, or prescriptions contained in the original text.

Changes made to the Format and File Specifications for Submission of Hospital Supplier Diversity Plans:

General Information page, section was revised to remove the word “report” and replaced with the word “plan” which correlates with language change in AB 1392 Subsection 1339.87. Additionally, new language added to reflect that new requirements will affect plan submissions that are due after January 1, 2025, in alignment with AB 1392 effective date. These changes do not materially alter the requirements, rights, responsibilities, conditions, or prescriptions contained in the original text.

Individual Report, section was revised to remove the word “report” and replaced with the word “plan” which correlates with language change in AB 1392 Subsection 1339.87. New fields were added “The hospital’s short-term goals and timetables, long-term goals and timetables” which correlate with AB 1392 Section 1339.87 subsection (a)(2)(B) statutory language. The words “partners or interacts with” were added to the “Support organizations that certify” field, in alignment with AB 1392 Section 1339.87 subsection (a)(2)(C)(iv) statutory language. New field was added “Methods in which the hospital resolves any issues” which correlates with AB 1392 Section 1339.87 subsection (a)(2)(C)(v) statutory language. New fields were added “Past implementation of relevant recommendations” and “Planned implementation of relevant recommendations” which correlate with AB 1392 subsection (a)(2)(E) statutory language. New field was added “Description of Hospital Procurement Process” which correlates with AB 1392 subsection (a)(2)(C)(vi) statutory language. The field “Website Link” was added to follow the field of “description of hospital procurement process.” Although this change is new, the language was previously approved in the Department’s Format and File Specifications for Submission of Hospital Supplier Diversity Report, Version 1.0, incorporated by reference, that was approved and effective on October 1, 2022. However, it was previously listed to follow the field “Contact phone number.” This is not new language; it was just restructured to align with new changes per AB 1392. New fields were added to collect “Hospital diverse business outreach liaison contact name and may also include a phone number and email address if available. This new added language correlates with AB 1392 subsection (a)(2)(C)(vi). Additionally, a contact’s name, email address and phone number are currently being collected from hospitals. Our intent is to keep the same requirements for the Outreach liaison, as what has already been approved in CCR Title 22 Division 7 Chapter 8 Section 95002 subsection (b)(18) for the purpose of alignment with current standards. Field “website link” was redacted however not completely removed. As previously mentioned, it was moved up to follow the field “Description of hospital procurement process.”

System/Regional-Level Report, section was revised to remove the word “report” and replaced with the word “plan” which correlates with language change in AB 1392 Subsection 1339.87.