



FOR IMMEDIATE RELEASE
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Taylor Gonsalves
(916) 319-2053

Assemblymember Rodriguez Advances Legislation to Increase Procurement Diversity in Hospital Systems

(Sacramento, CA) – Yesterday, Assembly Bill (AB) 1392 passed out of the Assembly Committee on Health with a vote of 10-1. This legislation would require large hospitals to submit a plan to the Department of Health Care Access and Information (HCAI) to increase procurement from minority, women, LGBT, and disabled veteran business enterprises (MWDVLGBTBE).

“AB 1392 is focused on addressing inequities and improving benefits. By requiring hospitals to submit publicly available verifiable and detailed plans and goals, disadvantaged suppliers have identifiable pathways to partner with hospitals, HCAI can provide stronger recommendations, and hospitals have the steps and resources necessary to support the community they often serve,” **stated Assemblymember Rodriguez.**

Under current law, hospitals must only submit an annual report to the HCAI on their supplier diversity procurement efforts, including policy statements, outreach to diverse businesses, and how they support these enterprises in their procurement processes. This requirement is applied to hospitals with operating expenses of at least \$50 million or \$25 million if they were part of a system of hospitals.

The Hospital Supplier Diversity Program is similar to the successful California Public Utilities Commission’s (PUC) Supplier Diversity Program and the Insurance Commissioner’s Insurance Diversity Program. Insurance companies have [increased](#) their diverse procurement dollars from \$930 million to \$3.1 billion from 2012 to 2021. Large utilities [report](#) that 31.1% of their total procurement in 2021 came from MWLGBTDBEs, surpassing the agency’s goal of 21.5%.

However, in the most recent report that HCAI released, diverse procurement spending only accounted for 2% of the \$119,600,502,405 total hospital procurement spending. AB 1392 would pull strategies from and align the existing Hospital Supplier Diversity Program with the PUC’s and Insurance Commissioner’s Supplier Diversity program.

According to the [American Hospital Association](#), increasing procurement diversity is not just a social mission but a business strategy that widens the supplier pool and increases competition on the price and quality of goods and services.

“Everyone benefits from increasing procurement diversity – minority, women, LGBT, and disabled veteran business enterprises have more economic opportunities within a hospital’s supplier roster, while the community benefits from a supplier roster that mirrors patient and community populations,” **added Assemblymember Rodriguez.**

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Assemblymember Rodriguez ([Twitter](#)) represents the 53rd Assembly District which includes the cities of Chino, Montclair, Ontario, Pomona, and Upland. He is Chair of the Assembly Committee on Emergency Management.