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**AB-55 Alternative birth centers: licensing and Medi-Cal reimbursement.** (2025-2026)

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**Assembly Bill No. 55**

**CHAPTER 595**

An act to amend Section 1204.3 of the Health and Safety Code, and to amend Section 14148.8 of the Welfare and Institutions Code, relating to alternative birth centers.

[ Approved by Governor October 11, 2025. Filed with Secretary of State October 11, 2025. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 55, Bonta. Alternative birth centers: licensing and Medi-Cal reimbursement.

Existing law provides for the licensure and regulation of various types of clinics, including alternative birth centers, by the State Department of Public Health, and makes a violation of those provisions a crime. Existing law defines an alternative birth center as a clinic that is not part of a hospital and that provides comprehensive perinatal services and delivery care to pregnant women who remain less than 24 hours at the facility. Existing law requires a licensed alternative birth center specialty clinic, and a licensed primary care clinic that provides services as an alternative birth center, to meet certain criteria, including, among others, being located in proximity to a facility with the capacity for management of obstetrical and neonatal emergencies, as specified.

Existing law establishes the Medi-Cal program, which is administered by the State Department of Health Care Services and under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid program provisions. Existing law sets forth certain criteria for Medi-Cal reimbursement to alternative birth centers for facility-related delivery costs.

Under existing law, as a criterion under both the licensing provisions and the Medi-Cal reimbursement provisions described above, the facility is required to be a provider of comprehensive perinatal services as defined in the Medi-Cal provisions.

This bill would remove, under both sets of criteria, the certification condition of being a provider of comprehensive perinatal services as defined in the Medi-Cal provisions. The bill would require the facility to provide perinatal services that are comprehensive in nature, as specified, consistent with certain standards. The bill would remove the above-described proximity requirement and would instead require a written policy for hospital transfer. The bill would require the policy to include certain requirements relating to, among other things, arrangements for the referral of a complication, arrangements for the transfer of care, provision of medical records, information about the estimated transfer time, and a clear explanation of the facility's overall emergency transfer plan, as specified.

The bill would also make a technical change to an obsolete reference within a related provision.

By creating new requirements for an alternative birth center or a primary care clinic that provides services as an alternative birth center, the violation of which is a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

### **SECTION 1.** Section 1204.3 of the Health and Safety Code is amended to read:

**1204.3.** (a) An alternative birth center that is licensed as an alternative birth center specialty clinic pursuant to paragraph (4) of subdivision (b) of Section 1204 shall, as a condition of licensure, and a primary care clinic licensed pursuant to subdivision (a) of Section 1204 that provides services as an alternative birth center shall, meet all of the following requirements:

(1) Provide perinatal services that are comprehensive in nature, including, but not limited to, all of the following, consistent with the standards of the midwifery and birth center model of care and as described in paragraph (3):

(A) Psychosocial assessments.

(B) When appropriate, referrals to counseling.

(C) Nutritional assessments.

(D) When appropriate, referrals to counseling on food supplement programs, vitamins, and breastfeeding.

(E) Education on overall health, childbirth, and parenting.

(2) Maintain a quality assurance program.

(3) Meet the standards for certification established by the American Association of Birth Centers, or at least equivalent standards as determined by the state department.

(4) In addition to standards of the American Association of Birth Centers regarding proximity to hospitals and presence of attendants at births, meet both of the following conditions:

(A) Have and implement a written policy for hospital transfer, approved by the governing body of the alternative birth center or the governing body of the primary care clinic that provides services as an alternative birth center, as applicable. The written policy shall include, but not be limited to, all of the following:

(i) The specific arrangements for the referral of a complication to a physician and surgeon for consultation. The certified nurse-midwife or licensed midwife shall not be required to identify a specific physician and surgeon.

(ii) The specific arrangements for the transfer of care during the prenatal period, hospital transfer during the intrapartum and postpartum periods, and access to appropriate emergency medical services for the patient or client and the baby if necessary, and recommendations for preregistration at a hospital that has obstetric emergency services and is most likely to receive the transfer.

(iii) A requirement that at the time of transfer the certified nurse-midwife or licensed midwife, who was responsible for the patient's or client's care immediately prior to the time of transfer, provide the hospital with all of the transferred patient's or client's medical records that are available at the time of the transfer, including prenatal records, and speak with the receiving provider who is responsible for the patient's or client's hospital care at the time of transfer, about labor up to the point of the transfer, including any information that has not yet been added to the medical record. Other records that are not yet available or included in the medical record shall be sent as soon as practicable after transfer.

(iv) A requirement that, during consultation with the patient or client at the time of initial orientation to the alternative birth center, or the primary care clinic that provides services as an alternative birth center, and its model of care, all patients and clients be informed of the estimated transfer time, which is the expected duration from departure from the birth center to arrival at the planned receiving hospital. This information shall also include a clear explanation of the birth center's overall emergency transfer plan, including specified measures in place to mitigate any risk associated with distance from the planned receiving hospital and to ensure safe transfer for both pregnant person and fetus or neonate. This information shall be provided in writing and shall be included in the patient's or client's medical file with the patient's or client's signed acknowledgment.

(B) Require the presence of at least two attendants at all times during birth, one of whom shall be a physician and surgeon, a licensed midwife, or a certified nurse-midwife.

(5) Have a written policy relating to the dissemination of the following information to patients and clients:

(A) A summary of current state laws requiring child passenger restraint systems to be used when transporting children in motor vehicles.

(B) A listing of child passenger restraint system programs located within the county, as required by Section 27362 of the Vehicle Code.

(C) Information describing the risks of death or serious injury associated with the failure to utilize a child passenger restraint system.

(b) The state department shall issue a permit to a primary care clinic licensed pursuant to subdivision (a) of Section 1204 certifying that the primary care clinic has met the requirements of this section and may provide services as an alternative birth center. Nothing in this section shall be construed to require that a licensed primary care clinic obtain an additional license in order to provide services as an alternative birth center.

(c) (1) Notwithstanding subdivision (a) of Section 1206, no place or establishment owned or leased and operated as a clinic or office by one or more licensed health care practitioners and used as an office for the practice of their profession, within the scope of their license, shall be represented or otherwise held out to be an alternative birth center licensed by the state unless it meets the requirements of this section.

(2) Nothing in this subdivision shall be construed to prohibit licensed health care practitioners from providing birth-related services, within the scope of their license, in a place or establishment described in paragraph (1).

**SEC. 2.** Section 14148.8 of the Welfare and Institutions Code is amended to read:

**14148.8.** (a) (1) The State Department of Health Care Services shall provide Medi-Cal reimbursements to alternative birth centers for facility-related delivery costs at a statewide all-inclusive rate per delivery that shall not exceed 80 percent of the average Medi-Cal reimbursement received by general acute care hospitals with Medi-Cal contracts and shall be based on an average hospital length of stay of 1.7 days. The reimbursement rate shall be updated annually and shall be based on the California Medical Assistance Commission's annually published legislative report of average contract rates for general acute care hospitals with Medi-Cal contracts. However, the reimbursement shall not exceed the alternative birth center's charges to any non-Medi-Cal patient for similar services. This paragraph shall apply to Medi-Cal reimbursement for facility-related delivery costs of alternative birth centers until the effective date of any necessary federal approval obtained by the department pursuant to paragraph (2).

(2) Effective no earlier than July 1, 2017, the department shall reimburse facility-related Medi-Cal delivery costs of eligible alternative birth centers based on a statewide all-inclusive rate per delivery that shall not exceed 80 percent of the average diagnosis-related groups (DRG) Level 1 rates received by general acute care hospitals pursuant to Section 14105.28 and the applicable provisions of the Medi-Cal State Plan. Reimbursement pursuant to this paragraph shall not exceed the alternative birth center's charges to any non-Medi-Cal patient for similar services. The department shall seek any federal approvals necessary to implement this paragraph. This paragraph shall not be implemented until any necessary federal approvals are obtained. This paragraph shall not be construed to make inoperative any existing payment reductions that are applicable to alternative birth center services, including, but not limited to, the payment reductions imposed pursuant to Section 14105.192, subject to paragraph (3).

(3) Effective July 1, 2022, or the effective date specified in any necessary federal approvals obtained by the department to implement subparagraph (B) of paragraph (13) of subdivision (h) of Section 14105.192, whichever is later, reimbursement to alternative birth centers shall be exempt from the payment reductions imposed by subdivision (d) of Section 14105.192.

(b) In order to be eligible for reimbursement pursuant to this section, an alternative birth center shall satisfy the following criteria as determined by the state department:

(1) The facility shall meet all applicable requirements of Section 1204.3 of the Health and Safety Code.

(2) The facility may utilize licensed midwives, certified nurse-midwives, certified nurse practitioners, and clinical nurse specialists when appropriate.

(3) The facility shall meet the standards for certification established by the American Association of Birth Centers, or at least equivalent standards as determined by the department, including those relating to the proximity and involvement of hospitals, obstetricians, and pediatricians.

(c) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section, in whole or in part, by means of provider bulletins or notices, policy letters, or other similar instructions, without taking regulatory action.

(d) This section does not alter the scope of practice for any health care professional or authorize the delivery of health care services in a setting or in a manner not authorized by the Health and Safety Code or the Business and Professions Code.

(e) This section shall be implemented only to the extent that any necessary federal approvals are obtained and federal financial participation is available and is not otherwise jeopardized.

**SEC. 3.** No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.