



CALIFORNIA CHILDREN'S HOSPITAL ASSOCIATION



United Hospital Association



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CALIFORNIA ASSOCIATION of PUBLIC HOSPITALS AND HEALTH SYSTEMS



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June 25, 2021

President pro Tempore Toni Atkins
California State Senate
State Capitol, Room 205
Sacramento, CA 95814

Speaker Anthony Rendon
California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Richard Pan, MD
Chair, Senate Health Committee
State Capitol, Room 2191
Sacramento, CA 95814

The Honorable Jim Wood, DDS
Chair, Assembly Health Committee
State Capitol, Room 6005
Sacramento, CA 95814

The Honorable Susan Talamantes Eggman
Chair, Senate Subcommittee No. 3
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Joaquin Arambula
Chair, Assembly Subcommittee No.1
State Capitol, Room 5155
Sacramento, CA 95814

SUBJECT: Disaster Preparedness Modernization – SPONSOR

Dear Legislators:

Over the past year, hospitals across California responded to the unprecedented challenge of an unprecedented pandemic with an unprecedented effort — caring for massive surges of COVID-19 patients whose lives were saved thanks to the care they received. These extraordinary efforts helped keep thousands upon thousands of California families whole, but they also drained significant financial resources. Even with federal financial relief, **hospitals in the Golden State still endured a net loss of more than \$8 billion last year.** And the financial losses continue to mount, with California hospitals projected to lose up to an additional \$2.2 billion in 2021 and no additional federal relief in sight.

If we have learned anything during the pandemic, it's that hospitals need flexibility to deploy innovative approaches and adapt to rapidly changing circumstances to care for patients in a disaster. The future of hospital *disaster response must be focused on ensuring people's health care needs are met*, not on complying with arbitrary regulations that gird the infrastructure of the past — whether that disaster is an earthquake, disease outbreak, or more severe, widespread wildfires. It's time for lawmakers to take a fresh look at a 1990s state law that will further drain billions of dollars from hospitals and — if not modified — is likely to result in hospital closures across the state.

Specifically, it's imperative that the Legislature **adopt the proposal through this year's state budget process that will refocus 2030 hospital seismic requirements on emergency services and provide additional time until 2037 for hospitals to comply as they begin to recover from the impact of the pandemic.**

This reform will substantially lower the estimated \$100+ billion price tag carried by the current law. At a time when hospitals, lawmakers, employers, and the public are all concerned about rising health care costs, **this proposal represents an immediate and effective action lawmakers can take now to make health care more affordable.**

This bill does three things:

1. Refocus the Requirement on Post-Event Emergency Medical Services

The first component of the proposal is to *refocus* the current standard. That standard requires that every hospital building be able to be *fully operational* following an earthquake, even those that would have no utility after a disaster. Nearly two-thirds (64%) of California hospitals have not yet been able to retrofit or replace their buildings to achieve this level. Unless current law is changed, hospitals unable to secure the funding to complete that construction in the next several years by January 1, 2030, will be forced to close their doors. With hospital margins and revenue forecasts left in bad shape by the pandemic, it will be difficult if not impossible to secure financing for projects of this magnitude.

No community should lose its local hospital because of an outdated state law.

Hospitals train constantly for disasters, including internal and external patient transfers, all with an intense focus on strategies to keep patients safe. This bill recognizes the existing planning and capability of every hospital to manage disaster response, and focuses resources on the needs of this community once a disaster strikes, in the emergency room, and on the services needed to support emergency care.

Specifically, the operational standard should be modernized to apply only to those buildings in which post-event emergency medical services are located. These services include the emergency department, and the resources and services necessary to support it, including food, water, pharmaceutical supplies, clinical laboratory service, radiology service, operating rooms, pre-and post-surgery spaces, and more. No one is, or should be, receiving knee replacements, plastic surgeries, or other non-emergency services following an earthquake or other disaster.

Further, given that a disaster can result in a surge of patients, the hospital would be required to have services necessary to support the emergency department at a level of 150% what they have historically needed to care for patients who present at the emergency department. This ensures hospitals will have the capacity to care for a surge of patients based on historic levels.

2. Strengthen Patient Care Areas

Second, hospitals know they would be remiss in their obligations in seeking this reform if their buildings weren't already safe. Today, more than 96% of all patient care buildings have met the state's rigorous seismic life safety construction standards for 2020, with the remaining handful of buildings required to come into compliance no later than 2025. This means patients and workers will be protected when the next earthquake strikes.

This proposal would further ensure the stability of these buildings by requiring an additional state-led engineering evaluation to ensure compliance with the life safety standards. Hospitals will need to certify they are: 1) among the lowest collapse probability and in the areas of the state with the lowest seismic activity or 2) buildings that are single-story wood-framed construction, which is — by design — of very low risk of collapse.

Some have raised the concern that labor and delivery services might not be seismically safe. That is misleading. All patient care areas will be required to be in buildings that withstand an earthquake. In addition, following a seismic event, hospitals will forgo accepting new patients in labor, directing them to neighboring hospitals, as occurs today with emergency departments when a hospital is on diversion. Any patients in delivery in need of a surgical space could be cared for in the emergency department or one of the operating rooms that will support it, which will be operational post-event.

To provide an even greater level of safety, the remaining buildings would further be required to anchor and brace equipment and utility lines to prevent anything in the ceilings from falling — further protecting patients and staff.

3. Provide Additional Time to Comply

Under this proposal, hospitals will have until 2037 to comply with these requirements, providing hospitals with the breathing room necessary to financially recover from the pandemic, all while hospitals remain in compliance with the 2020 seismic life safety standard.

Your Support Is Needed

Opponents to these changes have incorrectly stated that there are hardship exemptions and funds to complete these requirements. That is simply not true. The 2030 seismic standard is state law, and there are no exemptions. Unless the Legislature acts to provide relief, there will be hospitals unable to comply and patients who lack access to care. Other concerns around the inavailability of some *non-emergency* services following a disaster present a false choice. As we've learned from the pandemic, the greatest resource during an emergency is our state's health care workers, whose efforts will be fully directed at emergency care, and not at non-emergent hospital services.

As you consider this proposal, it's important to remember that, by definition, it requires that **the most critical aspect of health care — emergency care — be available to those who need it during and after the next disaster**. By creating a network of hospitals with post-event emergency services throughout the state, California will be well-positioned to respond to a seismic event, or any other disaster that comes our way.

For these reasons, CHA and its more than 400 hospital and health system members respectfully request your "YES" vote on legislation to modernize the 2030 seismic standard.

Should you have any questions, please call Kathryn Austin Scott on her Cell: (916) 812-7406

Sincerely,

California Hospital Association
Sharp HealthCare
Mayers Memorial Hospital District
Tenet Healthcare Corporation
Cedars-Sinai
Stanford University
Providence St. Joseph Health
University of California
Good Samaritan Hospital
Los Robles Health System
Riverside Community Hospital

Regional Medical Center of San Jose
West Hills Hospital & Medical Center
Scripps Health (which has 5 Hospitals)
MemorialCare Saddleback Medical Center
MemorialCare Long Beach Medical Center
MemorialCare
MemorialCare Miller Children's & Women's Hospital Long Beach
Adventist Health (which has 20 Hospitals)
Beverly Hospital

cc: Angie Wei, Legislative Affairs Secretary, Office of the Governor
Tam Ma, Deputy Legislative Affairs Secretary, Office of the Governor
Mark Ghaly, Secretary, California Health and Human Services Agency
Elizabeth Landsberg, Director, Office of Statewide Health Planning and Development
Marjorie Swartz, Office of the Senate President pro Tem
Agnes Lee, Office of the Speaker of the Assembly
Vince Marchand, Consultant, Senate Health Committee
Lara Flynn, Consultant, Assembly Health Committee
Joe Parra, Consultant, Senate Republican Caucus
Scott Ogus, Senate Budget and Fiscal Review Committee
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