

# Extend 2030 Seismic Compliance Deadline

## SB 1432 (Caballero, D-Merced) would:

Extend the 2030 seismic compliance deadline and create new requirements for hospitals and the state Department of Health Care Access and Information to enhance transparency and accountability

## Without it:

Access to care will be jeopardized as hospitals will not meet the 2030 seismic compliance deadline

## BACKGROUND

Due to the work and billions of dollars spent over the past few decades, nearly all hospitals have met the 2020 life and safety state standard that ensures their buildings are safe and will remain standing after a major earthquake, protecting patients and workers. However, without additional time to comply with the 2030 operational standards, access to vital health services is at risk throughout California.

California's hospitals continue to experience financial and operational challenges, leaving many in financial distress. From 2019 to 2020, California hospital's total net income decreased by \$4.49 billion.

Despite these challenges, which have been compounded by rising costs for all hospital needs, including construction related costs, hospitals are required to invest funds to meet the fully operational seismic requirement. The Alfred E. Alquist Hospital Seismic Safety Act requires that all hospital buildings continue to provide patient services following an earthquake by January 1, 2030. Under current law, hospitals that are unable to meet the state's operational standards **will be forced to close** and patient care will cease in those buildings.

## ISSUE

According to a 2019 RAND Institute study, the estimated cost for upgrades and construction needed for all California hospitals to comply with the 2030 seismic operational standards range from \$34 billion to \$140 billion depending on the compliance approach, whether retrofitting existing buildings or constructing new ones. The time frame and cost to meet operational standards are major challenges, especially for financially distressed hospitals.

Furthermore, the RAND study suggests the cost of upgrades would put 40% of California hospitals in "severe financial distress" (i.e., at immediate risk of bankruptcy). Community and public hospitals would take the most significant hit, further hindering access to care for the many Medi-Cal and Medicare patients who depend on them.

In addition, California's communities must understand that hospitals would be forced to modify services to comply with the seismic requirements, impacting health care services for patients. To this end, extending the fully operational requirement and providing hospitals with up to an additional five years to comply will allow hospitals and communities to balance the needs for acute care services and seismic compliance to the 2030 operational standards.



## LEGISLATIVE SOLUTION

SB 1432 addresses the need for seismic safety for hospitals with financial and operational challenges while prioritizing health access in communities across the state.

SB 1432 preserves access to vital health services in California and enhances earthquake disaster planning by:

- Providing an up to five-year time extension depending on the hospital's project. This will provide time to **balance compliance with preserving access to care.**
- Adding requirements for **enhancing transparency, and improving government accountability** including penalties, milestones, and enhanced seismic compliance plans.

These steps will ensure a transparent and accountable process.

## SPONSOR

California Hospital Association