

# Extend 2030 Seismic Compliance Deadline

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

Extend the 2030 seismic compliance deadline, enhance disaster planning in the event of an earthquake, and create new reporting requirements for hospitals to enhance transparency and accountability

## **Without it:**

Access to care will be jeopardized as hospitals struggle to meet the 2030 seismic compliance deadline

## **BACKGROUND**

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

Hospitals are an important part of their communities. After supporting communities through the COVID-19 pandemic, California hospitals experienced new 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 the ongoing operational and financial challenges that hospitals continue to face, compounded by rising costs, hospitals are required to invest additional funds to meet the operational 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 standards range from \$34 billion to \$140 billion depending on 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.

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. Sixty-two percent of hospitals statewide have at least one building that has yet to meet the 2030 structural standards.

In addition, California must understand when hospitals would be forced to modify services to comply with the seismic requirements and understand the impacts to health care services for patients. The state must conduct more analysis and reporting to help the Legislature, as well as the communities that will be impacted, understand the costs and trade-offs associated with meeting the 2030 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 initial three years once a compliance plan is submitted, then up to five years depending on the hospital's project. This will provide time to balance compliance with preserving access to care.
- Requiring patient and worker continuity plans, in conjunction with existing emergency preparedness plans, to ensure continued care.
- Adding requirements for reporting to the Legislature on the availability of seismic funding, enhancing transparency, and improving government accountability.

These steps will ensure a transparent and accountable process.

## **SPONSOR**

California Hospital Association