

# Extend 2030 Seismic Compliance Deadline, Enhance Disaster Planning

## 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 to enhance transparency and accountability

## Without it:

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

## BACKGROUND

Over the past few decades, nearly all hospitals have spent billions to ensure their buildings will remain standing after a major earthquake, protecting patients and workers.

Unfortunately, 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 financial challenges that hospitals continue to face, compounded by rising costs, hospitals are required to invest significant funds to meet the next 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. Pursuant to current law, hospitals that do not comply with 2030 seismic standards will be required to close their doors.

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.

## ISSUE

The time frame and cost to meet 2030 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. Hospitals not in compliance by 2030 will be forced to close, leaving populations without access to health care. The closure of rural and disproportionate share hospitals will more acutely impact their surrounding communities.

More than 50% of California hospitals lose money every day to care for patients. Furthermore, hospitals continue to face significant cost pressures, with some being forced to reduce services just to keep their doors open. Hospitals are essential to their communities, and California must be accountable to preventing loss of access to care. 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 enhances California's earthquake disaster planning by:

- Addressing patient and worker movement in case of an earthquake by requiring patient and worker continuity plans, in conjunction with existing emergency preparedness plans, to ensure continued care.
- 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.
- Adding requirements to report to the Legislature on seismic funding, enhance stakeholder analysis and review, and improve government accountability.

These steps will ensure a transparent and accountable process.

## SPONSOR

California Hospital Association