

## California Hospital Association *Revised* Proposal on the 2030 Seismic Requirements

1. **Allow Additional Time to Meet the 2030 Standard:** The previous proposal would modernize the 2030 seismic standard that all hospital buildings must be able to be fully operational after an earthquake **and** provide up to seven additional years to meet the standard. The revised proposal only provides additional time — up to seven years — to meet these requirements. This would **provide hospitals time** to continue to address COVID-19 surges and recover from the devastating financial impacts of COVID-19, both of which were barriers to construction.

The multi-year pandemic has also disrupted the timelines of hospitals' strategic initiatives and has created out-year uncertainty to hospital cost and revenue forecasts. This has forced hospitals' leadership to reassess their long-term planning and added significant risk when deciding to take on expensive multi-year capital projects.

2. **Hospitals to Submit Master Plans:** The revised proposal also adds the **master plan and annual reporting** modeled after previous seismic extension legislation ([SB 499, Ducheny, 2009](#)) for added accountability. This will require hospitals in need of additional time to report to the state Department of Health Care Access and Information (HCAI), which regulates hospital buildings — *by October 1, 2024* — an initial master plan and any updates annually thereafter. This will include the following information for every hospital building on the campus:
  - The hospital's plan for how it will retrofit, replace, or remove the structural performance category 2 (SPC 2) building(s) from acute care service
  - The projected construction start and completion dates
  - The estimated cost. HCAI will provide guidance to hospitals *by October 1, 2023*, on how to calculate their estimated costs. This guidance will include, but not be limited to, whether hospital equipment and technology or other costs not directly related to compliance with the 2030 seismic requirements, should be included in the estimated costs.
  - The number of patients and services to be provided
3. **Collect Data to Inform Future Decision Making:** Even with additional time, some hospitals will not be able to meet these requirements and by law will be forced to close their doors. To allow the Legislature to have objective data to help inform these future discussions, this proposal would also require **data reporting** to the Legislature by HCAI *by October 1, 2025*. The data reporting would include:
  - An inventory of the services provided in each SPC 2 hospital building. These are the *services that could close* if the hospital cannot meet the seismic requirements.

- An estimate of the *cost to retrofit or rebuild* these SPC 2 hospital buildings to meet the current seismic requirements. This would be a statewide estimate, but stratified by rural, urban, or suburban; percent of Medi-Cal and Medicare patients; underserved communities; type of construction, and; seismic probability of the county.
- An estimate of the *increased cost to California consumers*. This would be similar to the reviews by the California Health Benefits Review Program (CHBRP) to calculate what impact on insurance premiums patients are expected to see. HCAI could contract with CHBRP or another entity to complete this work.

4. **Plan for Patient and Worker Continuity:** Given that patients may need to be moved out of a building that is 2020 compliant but not 2030 compliant, or to a different hospital to complete their care after an earthquake, hospitals with SPC 2 buildings would create **patient and worker continuity plans** to augment existing emergency preparedness plans. This plan will ensure that patients continue to receive the care they need and that employees understand how the patient care plan may affect their workflow during and after a seismic event. It would also ensure that if hospital buildings are shut down for repairs following an earthquake, the affected workers will know how that will impact them and the patients they treat.

In developing the plan, the hospital shall consult with the Medical Health Operational Area Coordinator, Local Emergency Medical Services Authority, and other county entities and hospitals within the hospital's service area, as appropriate. The plan will address:

- The number of patients who could potentially be affected by SPC 2 buildings on the hospital campus. These buildings will withstand the earthquake but may require evacuation and repairs.
- Locations on the hospital campus that could be utilized as alternate care sites for workers to care for patients — including but not limited to — other inpatient or outpatient units, temporary structures such as tents, and areas not typically used for patient care such as conference rooms.
- How the hospital would transfer any patients, as needed, to other hospitals or other care settings, through transfer agreements or protocols. This would include what forms of transportation would be utilized so that patients can safely be transported.

In addition, the plan will provide a specific process to communicate the following information to workers affected by emergency care plans or the shutdown of the SPC 2 building, as well as their bargaining representatives, if applicable:

- The request for waivers from state law or normal operations from the California Department of Public Health (CDPH) and the California Emergency Medical Services Authority (EMSA)
- The timeline for the use of any requested or utilized CDPH and EMSA waivers
- A timeline for repairs and reopening of the SPC 2 building, if available
- Updates and revisions to the timeline for repairs and reopening, if available
- The use of alternate care sites, if applicable
- The availability of open or temporary positions within the hospital or health system

5. **Funding for Hospital Seismic Compliance:** Understanding that [over 50% of our hospitals are operating in the red](#) at this phase of the pandemic, many hospitals will need assistance in funding the

efforts to retrofit or rebuild hospitals to meet the 2030 requirements. There are currently only a few options for hospitals to consider for funding projects of this size, including:

- **Internal funding.** This is simply not an option for most California hospitals, as their reserve resources can't accommodate projects of this scope.
- **Debt financing.** This is not available to all hospitals, would add billions in interest costs to California's health care system, and impede investments in staffing resources and improved patient care.
- **Grant funding.** This is desirable but is limited in size and scope, highly competitive, and unpredictable.

This proposal includes a requirement for HCAI, in consultation with California Health Facilities Financing Authority, to submit to the Legislature by *October 1, 2023*, a **Hospital Construction Financing Overview**. This report would include an inventory of current financing programs available for hospital construction to meet the 2030 seismic requirements and potential options for new funding to meet these requirements, such as state infrastructure funds, grants, and bond funding. As part of this report, HCAI should consider how construction costs are rising and the impact on a hospital's ability to pay debt service.