



July 11, 2022

The Honorable Chris Holden
Chair, Assembly Appropriations Committee
1021 O Street, Suite 8220
Sacramento, CA 95814

SUBJECT: SB 1339 (Pan) — SUPPORT IF AMENDED

Dear Assembly Member Holden:

After decades of work and billions spent to meet the 2020 hospital seismic mandate to ensure their buildings are structurally sound, hospitals are well prepared to respond to earthquakes or other disasters. By January 1, 2030, all hospital buildings must meet a second mandate to be fully operational in the event of an earthquake, or they will be forced to close.

Prior to the COVID-19 pandemic, the staggering cost statewide of the 2030 seismic requirements was challenging for most hospitals. Today, with 51% of California hospitals operating with negative margins and even more barely above break-even, meeting these requirements is simply impossible. As of this year, nearly two-thirds (64%) of California hospitals have yet to meet the 2030 requirements. As a result, most find themselves in a position where high-quality, equitable care for all within their communities is in real jeopardy.

Now, in this next phase of the pandemic, it is vital that the Legislature **provide hospitals with relief on these requirements so that hospitals can continue to address COVID-19 surges and recover from the devastating financial impacts of the pandemic**, both of which have been barriers to construction.

Senate Bill (SB) 1339 (Pan) identifies some of the key considerations that should advance and enhance the policy discussion on updating the 2030 requirements:

- Which **communities** are at risk of losing services because their local hospital hasn't been — and won't be — able to meet the 2030 requirements?
- What specific **medical services** might consumers lose?
- How **much would it cost** for these hospitals to undertake these construction projects to maintain services to their communities?

California can't wait for the report on these considerations to be completed in 2025, as projected; a resolution must be reached sooner, or communities throughout the state will begin to see negative impacts we all want to avoid. **The California Hospital Association (CHA) supports this bill moving forward and continues to advocate for additional time to allow hospitals to begin to recover from the devastating financial impacts of COVID-19.**

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COVID-19 not only devastated the hospital field financially, but 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 hospital leadership to reassess their long-term planning and added significant risk when deciding to take on expensive multi-year capital projects that add significant debt without additional revenue, and in many instances would further disrupt operations.

For these reasons, CHA and its more than 400 hospital and health system members support, if amended, SB 1339 and respectfully request your "YES" vote on this bill if our concerns are addressed.

Sincerely,



Kathryn Austin Scott

Senior Vice President, State Advocacy and Relations

cc: The Honorable Richard Pan, MD
The Honorable Members of the Assembly Appropriations Committee
Tam Ma, Deputy Legislative Secretary, Governor's Office
Dr. Mark Ghaly, Secretary, Health and Human Services Agency
Elizabeth Landsberg, Director, Department of Health Care Access and Information
Allegra Kim, Consultant, Assembly Appropriations Committee
Gino Folchi, Consultant, Assembly Republican Caucus