

CHA News Release

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CONTACT:

Jan Emerson-Shea
(916) 552-7516 | (916) 804-0663 – Cell
@jemersonshea – Twitter

New RAND Report Findings Suggest Lawmakers Re-examine 2030 Hospital Seismic Mandate

SACRAMENTO (April 1, 2019) — Twenty-five years after California adopted stringent requirements to keep hospitals operational after an earthquake, a new report by the RAND Corporation suggests state lawmakers should consider policy alternatives that take into account the massive financial costs and reflect the way health care is now delivered.

Under a 1994 state law, all California hospitals are expected to withstand a major earthquake. After billions of dollars and decades of work, all hospitals will meet this goal by 2022. This means that hospitals will have achieved the highest level of safety possible for patients, employees, and visitors alike.

The same state law, however, also requires that hospitals “remain operational” after a major quake by 2030. Hospitals are committed to providing emergency services following a disaster, but the 2030 standards leave little flexibility in how to carry out that function, a problem that could cause some hospitals to shutter entirely and inflates health care costs for everyone at a time when hospitals are working hard to keep costs in check.

“Now that hospital buildings are safe for patients and workers, we turn our attention to how we care for patients after an earthquake,” said CHA President & CEO Carmela Coyle. “Hospitals will never waver from our mission to care for patients, even after a disaster, but we believe that

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can be done today in a more efficient, less costly way than suggested by the 1994 law. The RAND report’s findings have opened the door to policy alternatives that ensure service availability, provide operational flexibility to hospitals and make care more affordable for everyone.”

The RAND report pegged the cost of complying with the 2030 requirements at more than \$100 billion, a number that could double when factoring in inflation and financing costs. This price tag, according to the report, will present significant challenges to hospitals. The report found that 34 percent of California’s hospitals are already in some form of financial distress, and that number could swell to more than 50 percent if the standards are not modified. This could result in reduced hospital capacity, reduction of services or outright closure of some hospitals.

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