

Special Audio Report Transcript

Headline: California Hospitals Begin Submitting Reports on Compliance With Seismic Safety Standards

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Text:

I'm Kelly Wilkinson with an update on seismic safety deadlines for California hospitals. This is a special report for *California Healthline*, a daily news service from the California HealthCare Foundation.

Devastation caused by the 1989 Loma Prieta earthquake prompted state legislators to pass a law requiring hospitals to replace or update buildings with the highest risk of collapse in a major earthquake.

Since then, a chain of delays has pushed the first deadline back to 2013. And that could backslide even further. Part of the problem, says Charles Meade, is that the state has lacked a clear picture of whether hospitals were making any progress. Meade is a former RAND study director who authored reports on this issue.

(Meade): "The assumption was just that, the hospitals will go out and solve the problem. And no one was going to go sit there and manage the process at all. It was assuming they'd all be good citizens or something like that. Well, that didn't turn out that way. And so that's why they're -- the state is realizing they need to get more involved in sort of helping people get over the finish line, if you will."

As part of legislation passed in 2009, hospitals were required to submit compliance reports to the state by Nov. 1. That was the first deadline that carried financial penalties if hospitals failed to report.

Roger Richter is senior vice president for professional services with the California Hospital Association.

(Richter): "They'll basically show who's on schedule and who isn't. And for those who aren't compliant, what is the reason they can't meet the deadline."

Hospitals filed reports with the Office of Statewide Health Planning and Development. That office is now analyzing those reports. Deputy Director

Paul Coleman says hospitals were required to report how many buildings are classified as SPC-1. That's an engineering term that applies to buildings with more than a 1.2% chance of collapse in a major earthquake. Hospitals had to detail what services take place in those buildings.

(Coleman): "There was a disconnect between the number of our structural category 1 buildings, those being at risk for collapse. And what services would be lost if those buildings were removed from service."

Coleman says since the original law was passed in 1994, there has been progress.

(Coleman): "To date, about 45% of the buildings have been either reclassified or acute care services removed. So there has been some progress by the industry. It's just that we have that remaining, like I said, 679 buildings, or about 55% of the inventory still that is yet to be done."

Gov. Arnold Schwarzenegger (R) recently vetoed legislation that would have granted a three-year extension to certain hospitals working to meet the 2013 deadline. His veto message said more extensions would reward hospitals that have put off compliance.

CHA's Roger Richter says it's too early to say whether their organization will pursue another deadline-extension bill. He said CHA is waiting to see the results of the recent reports.

Cost estimates for hospitals to come into compliance with seismic standards have increased exponentially since the original law passed. And Richter says financing is a *big* factor for hospitals.

(Richter): "If something was flawed, it was the cost estimates at the beginning. It was just unrealistic to say that this could be done for \$14 billion. When we're probably almost 10 times that amount at this time."

The process of building new hospitals is not just expensive, but time-consuming because of regulations, says Charles Meade.

(Meade): "Hospitals are typically not just one building, but they are five, 10 buildings or something like that. So it's not just like you're going out and replacing a garage or something like that."

Meade says it costs about \$1,000 per square foot to build a new hospital. He says the goal of the original law is a good one -- making sure hospitals remain standing and operational after a big quake. But, he says, it's not that simple.

(Meade): "The problem is that, that goal -- which a lot of people would support and say sounds completely reasonable -- crashes head on with the idea of them, well, if you want to have that goal, that means you gotta tear down these hospitals and build new hospitals."

And that, he says, raises a lot of cost questions.

(Meade): "In other words, I'm an employer, I'm paying health care insurance. Do I want to pay extra money so we can meet that goal? And I don't know that people have really looked at it in that way, but that's what it comes down to."

The Office of Statewide Health Planning and Development will summarize reports by Feb. 1. Then, the question of compliance and deadlines will likely go back to state legislators.

This has been a special report for *California Healthline*, a daily news service from the California HealthCare Foundation. If you have feedback or other issues you'd like to have addressed, please email us at CHL at CHCF.org. I'm Kelly Wilkinson. Thanks for listening.