STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/23)

Fiscal Year	Business Unit Number	Department
2024-2025	4140	Department of Health Care Access and Information
Hyperion Budget Request Name 4140-069-BCP-2025-GB		**Relevant Program or Subprogram** 3840–Facilities Development

Budget Request Title
HCAI Chaptered Legislation (AB 869, SB 1382, SB 1447)

Budget Request Summary
The Department of Health Care Access and Information (HCAI) requests 10.0 ongoing permanent positions and $2,565,000 expenditure authority in 2025-26, $2,420,000 in 2026-27, $2,420,000 in 2027-28, $2,170,000 in 2028-29 and annually thereafter from the Hospital Building Fund to support program services associated with the implementation as required by AB 869 (Chapter 801, Statutes of 2024), SB 1382 (Chapter 796, Statutes of 2024), and SB 1447 (Chapter 896, Statutes of 2024).

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed	
☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A		
Does this BCP contain information technology (IT) components? ☒ Yes ☐ No *If yes, departmental Chief Information Officer*	**Department CIO** Michael Valle	**Date** 1/10/2025

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. N/A **Project Approval Document:** N/A

Approval Date: N/A **Total Project Cost:** N/A

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Lori K. Campbell	1/10/2025	Chris Tokas	1/10/2025
Department Director	**Date**	**Agency Secretary**	**Date**
Elizabeth A. Landsberg	1/10/2025	Darci Delgado for Kim Johnson	1/10/2025

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☒ ITCU ☐ FSCU ☐ OSAE ☒ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Joseph Donaldson	1/10/2025

A. Problem Statement

The Department of Health Care Access and Information (HCAI) requests a combined budget change proposal to implement statutory requirements associated with AB 869 (Chapter 801, Statutes of 2024), SB 1382 (Chapter 796, Statutes of 2024), and SB 1447 (Chapter 896, Statutes of 2024) related to building standards for health care facilities.

Program Overview

The Alfred E. Alquist Hospital Facilities Seismic Safety Act (HFSSA) requires that hospitals be constructed to ensure the safety of patients and staff in the event of an earthquake and to ensure that hospitals are reasonably capable of remaining operational and providing services to the public after a seismic event.

Existing law requires general acute care hospitals to comply with specific structural and nonstructural seismic safety requirements by designated deadlines (HSC §129675). This statute was enacted in response to the damage sustained by some hospitals during the Northridge Earthquake. All hospital buildings were required to be evaluated and designated in specific structural (SPC) and nonstructural performance categories (NPC). Buildings designated as Structural Performance Category-1 (SPC-1) are considered most hazardous and at risk of collapse or significant loss of life in the event of an earthquake.

HCAI promulgates building standards for hospitals, skilled nursing facilities, licensed clinics, correctional treatment centers, and chemical dependency recovery hospitals, as well as standards to carry out the provisions of the HFSSA. HCAI is responsible for the enforcement of the HFSSA and preempts the local building jurisdictions for plan review and construction observation of hospitals and skilled nursing facilities in enforcing Title 24, California Building Standards Code. HCAI reviews and approves plans and specifications for the alteration, addition, or new construction of hospital buildings and skilled nursing facilities and the observation of their construction to assure compliance with the provisions of the California Building Standards Code. Additionally, the Department is authorized to develop building standards, as necessary, to carry out the provisions of the HFSSA.

B. Justification

Chaptered Legislation

AB 869 (Chapter 801, Statutes of 2024) establishes a process for small, rural, critical access and district hospitals, as well as hospitals that are recipients of the Distressed Hospital Loan Program, to seek a delay of up to three years to the seismic safety compliance deadline of January 1, 2030. To secure the delay, the specified hospitals are required to submit a seismic compliance plan and a Nonstructural Performance Category (NPC) – 5 evaluation report, and secure HCAI approval of these submissions. This statute also provides HCAI with discretion to extend the delay by an additional two years, if certain conditions are met.

The bill also ensures specific rural hospitals are eligible for the Small and Rural Hospital Relief Program (SRHRP), to secure a Structural Performance Category (SPC)-4D assessment and encourages these hospitals to apply to the SRHRP to support their efforts to comply with seismic safety requirements. This statute requires eligible hospitals to meet specific conditions before receiving a grant from any new appropriations to the SRHRP. This legislation requires HCAI to review compliance plans, NPC plans, and financial indicators of hospitals.

SB 1447 (Chapter 896, Statutes of 2024) allows a delay of the deadline for Children's Hospital Los Angeles (CHLA) to comply with seismic safety standards that require hospital buildings to be reasonably capable of providing care after a major earthquake. CHLA could seek approval for a delay of up to three years beyond the 2030 seismic safety compliance deadline if certain specified criteria are met and HCAI grants approval. CHLA's need for a delay in complying must be based on circumstances beyond the hospital's control. The statute requires CHLA to submit a compliance plan and a Nonstructural Performance

Category (NPC) – 5 evaluation report to HCAI for review and approval. Using the compliance plan, CHLA and HCAI will identify milestones to be used to determine if CHLA is making adequate progress. If a milestone or the new deadline is missed, CHLA is subject to penalties.

SB 1382 (Chapter 796, Statutes of 2024) makes non-hospital affiliated, licensed primary care clinics, including rural health clinics (RHCs) and federally qualified health centers (FQHCs), subject to the building requirements outlined in federal law for RHCs and FQHCs to participate in Medicare and Medicaid. The statute prohibits the construction standards for non-hospital affiliated, licensed primary care clinics from being more restrictive than the construction standards for hospital affiliated clinics, which are known as OSHPD-3 requirements.

HCAI, in consultation with the Community Clinics Advisory Committee, prescribes minimum construction standards for clinics as found in California Building Standards Code. The regulations prescribe the kinds of services which may be provided by clinics in each category of licensure and the minimum standards of adequacy, safety, and sanitation of the physical plant and equipment, minimum standards for staffing with duly qualified personnel, and minimum standards for providing the services offered. These minimum standards are based on the type of facility, the needs of the patients served, and the types and levels of services provided.

This legislation requires HCAI to research, develop and repeal or propose for adoption building standards specific to primary care clinics in a future Title 24 Code Adoption Cycle. Participation with the Community Clinics Advisory Committee, the Hospital Building Safety Board, as well as public stakeholder meetings will be facilitated to develop the building standards.

Resource Request

HCAI's technical staff including architects, engineers and finance specialist will evaluate and determine a facility's request to delay the January 1, 2030 seismic compliance deadline. The determination will include review of seismic compliance plans, SPC, NPC upgrade, service relocation projects, proposed schedule and financial distress factors. Following the determination, HCAI staff will monitor the progress of each facility and use milestones to measure performance. If any milestones are missed, fines will be issued, and further construction permits may be blocked. HCAI IT staff will develop a streamlined facility-user interface to submit and track applications. HCAI staff will publish compliance plans, current compliance status, established milestones, issued fines and other related information on HCAI's website on a real-time basis. HCAI, in coordination with stakeholders, will develop regulations to establish seismic compliance standards and clinic standards, ensuring that all healthcare facilities meet the necessary requirements.

In 2025-26 and ongoing 10.0 permanent position expenditure authority from the Hospital Building Fund is needed as follows:

Office of Statewide Hospital Planning and Development (9.0 Positions)

3.0 PY Senior Structural Engineer (ongoing permanent position)
The Senior Structural Engineers will evaluate and approve seismic compliance plans and retrofit projects for healthcare facilities, ensuring they meet Structural and Nonstructural Performance Category requirements. They will also assist in program administration, including developing and maintaining project software, reviewing applications, tracking project progress, and coordinating the review and issuance of funding requests in collaboration with finance staff.

2.0 PY Senior Architect (ongoing permanent position)
The Senior Architects will oversee the implementation and administration of the seismic safety program for healthcare facilities, maintaining project databases, monitoring compliance, and acting as the primary liaison with General Acute Care Hospitals (GACH). They will also conduct plan reviews, provide expert technical guidance on building codes

and standards, and assist in developing new building standards, ensuring that facilities meet seismic safety, accessibility, and fire and life safety requirements.

1.0 PY Compliance Officer, Health Facilities Construction (ongoing permanent position)
The Compliance Officer will assist in administering the seismic safety program for healthcare facilities, maintaining project databases, developing regulatory standards, and coordinating with GACHs to ensure compliance with statutory requirements. They will also conduct field reviews, provide construction oversight, support the development of database software, and participate in stakeholder education and outreach efforts to enforce the building standards.

1.0 PY Associate Governmental Program Analyst (ongoing permanent position)
The Associate Governmental Program Analyst will assist in processing, monitoring, and reporting on seismic compliance applications, coordinating with technical staff to evaluate financial feasibility and project readiness while continuously maintaining and improving data systems. They will also support the development and adoption of regulation amendments, monitor projects, and ensure compliance with statutory requirements while providing reports to management and technical teams.

1.0 PY Staff Services Analyst (ongoing permanent position)
The Staff Services Analyst will work with facility technical staff to process and close healthcare facility projects, ensuring compliance with Title 24 and resolving any issues. They will also provide technical support and guidance, prepare manuals, and assist internal and external stakeholders through various communication channels while researching and implementing improvements to the process.

1.0 PY Office Technician (Typing) (ongoing permanent position)
The Office Technician will assist with retrieving, organizing, and archiving healthcare facility construction project files, maintaining the filing system, and updating databases to ensure project documents are properly stored and accessible. They will also provide general administrative support, including typing, proofreading, scheduling, answering telephone calls, managing correspondence, and assisting with various tasks to support HCAI managers and staff.

Office of Health Facility Loan Insurance (1.0 Position)

1.0 PY Health Facility Construction Finance Specialist (ongoing permanent position)
The Associate Health Facility Construction Financing Analyst will lead the development, implementation, and review of financial metrics and the grant processes for health facility renovation or construction while also managing an online application portal to streamline project submissions. They will monitor project progress, respond to inquiries from various stakeholders, and ensure compliance with grant requirements by preparing and processing necessary documents.

Office of Information Services (External Contract for IT Special Programming)

$250,000 Information Technology in 2025-26, $250,000 in 2026-27, $250,000 in 2027-28, and $250,000 in 2028-29
HCAI will leverage the existing data infrastructure—the previously-approved Small and Rural Hospital Relief Program solution that it uses today to collect, store, manage, and report seismic compliance plans, current compliance status, established milestones, issued fines, and other related information. New data types and data fields will be added to this existing data infrastructure. This resource request is based on market research and historical experience managing the existing data program and infrastructure with efforts of similar size and complexity.

Contracting resources are requested to modify the existing data capture, storage, and management solutions and infrastructure. Consultant scope will include planning and design, technical integration of new data fields, testing, and modifications to report outputs.

California Building Standards Commission (One-Time Interagency Agreement)

$145,000 Interagency Agreement in 2025-26
Title 24, California Building Standards Code for emergency regulations promulgation and building standards updates.

C. Departmentwide and Statewide Considerations

This proposal aligns with the HCAI Strategic Plan mission of expanding equitable access to quality, affordable health care for all Californians through resilient facilities, actionable information, and the health workforce each community needs.

It also supports the California Health and Human Services (CHHS) Guiding Principles & Strategic Priorities of "Cultivating a Culture of Innovation" with a commitment to programs such the Small and Rural Hospital Relief Program and Distressed Hospital Loan Program that operate throughout multiple HCAI Offices and State of California Departments. In addition, this proposal will "Deliver on Outcomes" ensuring that the delivery of the responsibilities in the statutes is centered on the needs of the people which also directly improve the lives of all Californians.

D. Outcomes and Accountability

Outcomes: Approval of this Budget Change Proposal and the requested resources will allow HCAI to comply with AB 869, SB 1382, and SB 1447 by implementing the statutory program requirements.

Failure to approve this Budget Change Proposal will result in HCAI not being able to implement these new provisions of the State law.

Accountability: HCAI will use its extensive experience and application of best practices to implement the program and technical aspects of this bill. Oversight will be provided by the Hospital Building Safety Board which advises the HCAI Director on the administration of the Hospital Facilities Seismic Safety Act and hears appeals regarding seismic safety and fire and life safety issues for hospital facilities.

E. Implementation Plan

Implementation Plan for the Healthcare Facilities Program

Upon approval, HCAI will allocate funding to hire Senior Structural Engineers, Senior Architects, Compliance Officer, Health Facility Construction Finance Specialist, Associate Governmental Program Analyst, Staff Services Analyst, and Office Technician. These team members will be essential in establishing and implementing the program aimed at ensuring seismic compliance of healthcare facilities. HCAI's IT team will also procure Information Technology resources to modify the existing project management system for application processing, tracking, and reporting. HCAI's Finance team will determine eligible hospitals requesting an additional delay due to financial distress using financial criteria, including, but not limited to, days cash on hand, current ratio, access to working capital, operating margin, cash burn rate, the financial impact of mandatory seismic compliance costs on the hospital or integrated health care system.

The following steps outline the proposed framework and process for healthcare facilities:

Building Standards Development: The program will begin with the development, adoption, and publication of building standards under Title 24, as required by AB 869, SB 1447, SB 1382.

HCAI, in coordination with stakeholders, will develop these regulations to establish seismic compliance standards and clinic standards, ensuring that all healthcare facilities meet necessary requirements.

Eligibility and Application: Facilities seeking a delay of the 2030 seismic compliance deadline will apply through an online portal. Eligibility and the necessary extension period will be determined based on the facility's ownership type, licensing, financial details, seismic compliance plan, construction requirements, and overall timeline with specific milestones.

Preliminary Application Review: HCAI staff, including Senior Architects and Compliance Officers, will review applications using criteria designed to assess seismic compliance needs and project feasibility. The team will ensure that all required documents are submitted, and applications are complete. If information is missing, staff will request the documents and track progress, as needed.

Technical and Financial Review: A combined effort between the Seismic Compliance Unit and the Financial team will assess seismic retrofit projects. The Seismic Compliance Unit will review the seismic compliance plan, related projects, and schedule, while the Financial Specialist will evaluate the financial status of facilities.

Issuance of Extensions: Eligible healthcare facilities will be granted extensions based on the seismic compliance plan. Notifications will be sent to applicants including approved milestones.

Monitoring and Progress: HCAI staff, both in the Seismic Compliance Unit and in the field, will monitor the progress of each facility. Tasks will include review and approval of construction documents, site visits to ensure adherence to seismic standards, and ongoing tracking of the project's milestones. If any milestones are missed, or if the facility fails to meet compliance requirements, fines will be issued, and further construction permits may be blocked until the project is back on track. This ensures accountability and timely completion of all seismic compliance projects with continued oversight to prevent delays.

Issuance of Funding under the Small and Rural Hospital Relief Program: HCAI will review and approve requests for funding based on completed project milestones. Eligible facilities will receive payments upon submission of invoices that meet program guidelines and demonstrate compliance with seismic safety standards.

Reporting: Data from the Seismic Compliance program, including project status, funding disbursement, and compliance outcomes, will be shared across HCAI Offices through a secure in-house online portal, stakeholders and the general public through the HCAI website.

F. Supplemental Information (If Applicable)

Attachment A: Budget Change Proposal Fiscal Detail Sheet

BCP Fiscal Detail Sheet

BCP Title: HCAI Chaptered Legislation (AB 869, SB 1382, SB 1447)

BR Name: 4140-069-BCP-2025-GB

Budget Request Summary

Personal Services

Personal Services	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Positions - Permanent	0.0	10.0	10.0	10.0	10.0	10.0
Total Positions	**0.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**
Earnings - Permanent	0	1,187	1,187	1,187	1,187	1,187
Total Salaries and Wages	**$0**	**$1,187**	**$1,187**	**$1,187**	**$1,187**	**$1,187**
Total Staff Benefits	0	678	678	678	678	678
Total Personal Services	**$0**	**$1,865**	**$1,865**	**$1,865**	**$1,865**	**$1,865**

Operating Expenses and Equipment

Operating Expenses and Equipment	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
5301 - General Expense	0	25	25	25	25	25
5320 - Travel: In-State	0	30	30	30	30	30
5322 - Training	0	10	10	10	10	10
5324 - Facilities Operation	0	140	140	140	140	140
5340 - Consulting and Professional Services - Interdepartmental	0	145	0	0	0	0
5340 - Consulting and Professional Services - External	0	250	250	250	250	0
5346 - Information Technology	0	100	100	100	100	100
Total Operating Expenses and Equipment	**$0**	**$700**	**$555**	**$555**	**$555**	**$305**

Total Budget Request

Total Budget Request	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Total Budget Request	**$0**	**$2,565**	**$2,420**	**$2,420**	**$2,420**	**$2,170**

Fund Summary

Fund Source

Fund Source	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
State Operations - 0121 - Hospital Building Fund	0	2,565	2,420	2,420	2,420	2,170
Total State Operations Expenditures	**$0**	**$2,565**	**$2,420**	**$2,420**	**$2,420**	**$2,170**
Total All Funds	**$0**	**$2,565**	**$2,420**	**$2,420**	**$2,420**	**$2,170**

Program Summary

Program Funding

Program Funding	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
3840 - Facilities Development	0	2,565	2,420	2,420	2,420	2,170
Total All Programs	**$0**	**$2,565**	**$2,420**	**$2,420**	**$2,420**	**$2,170**

Personal Services Details

Positions

Positions	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
VR00 - Various	0.0	10.0	10.0	10.0	10.0	10.0
Total Positions	**0.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**

Staff Benefits

Staff Benefits	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
5150900 - Staff Benefits - Other	0	678	678	678	678	678
Total Staff Benefits	**$0**	**$678**	**$678**	**$678**	**$678**	**$678**

Total Personal Services

Total Personal Services	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Total Personal Services	**$0**	**$678**	**$678**	**$678**	**$678**	**$678**