



September 26, 2024

The Honorable Gavin Newsom  
Governor, State of California  
1021 O Street, Suite 9000  
Sacramento, CA 95814

**SUBJECT: AB 869 (Wood) - REQUEST FOR SIGNATURE**

Dear Governor Newsom:

The Mendocino Coast Health Care District respectfully requests your signature on Assembly Bill (AB) 869 (Wood) — legislation that will prevent California’s rural and district hospitals from closing and create a path for financially distressed hospitals to comply with California’s 2030 seismic standards.

AB 869 covers hospitals like ours in remote locations, with the next hospital many miles away, and where closure would immediately jeopardize the health of the community and its ability to respond to emergencies. This bill would provide a discretionary up to three-year delay, with the potential for two additional discretionary years if certain challenges arise, for financially distressed rural and district hospitals to meet the compliance requirements. **Without such relief, the current deadline may force our hospital to close.**

We are not alone. Half of California’s 60-plus rural community hospitals — often the sole source of care for miles and miles like ours — lose money every day to care for patients. That number is up 10 percentage points in the past five years alone. This is largely the result of state and federal policies that provide lower reimbursement to rural hospitals.

A potential delay of up to five years, at the discretion of the Department of Health Care Access and Information (HCAI), provides us with a path to keep our hospital open as we work to meet the 2030 seismic standards. Funding for construction costs for our hospitals is simply difficult to achieve.

It is important to note that our district hospital like many others must go to voters to approve a bond or tax to fund these projects or to leverage government financing, and with the current toll of inflation, competing interests and the 67% voter approval threshold such an initiative has become much harder to pass. With 2030 rapidly approaching, our district hospital is struggling to secure financing for these projects.



In addition, AB 869 provides access to grant funding for seismic assessments and would expand eligibility for these grants under the Small and Rural Hospital Relief Program. Specifically, single- and two-story general acute care hospitals in rural areas with less than 80 general acute care beds and less than \$75 million in annual revenue would now be eligible. Many of these types of hospitals do not have the financial resources or ability to acquire funding from other sources for planning and estimating the costs of 2030 seismic compliance.

It is important to note that given the 2030 seismic requirements are already existing law, there is no budget impact for HCAI. The only change is the timeframe for compliance beyond 2030.

We are proud to join our colleagues throughout rural California and the California Hospital Association in supporting AB 869 for hospitals in California's most vulnerable communities. By providing additional time to meet the 2030 standard as well as access to grant funding for seismic construction assessments, AB 869 would deliver the relief that small, rural, and district hospitals need to achieve compliance. Due to ongoing financial challenges, rising health care delivery costs, and long-term workforce shortages, many of these hospitals will be forced by state law to close unless a delay is provided.

As the state experienced with the closure of Madera County's only hospital, the health of any community is at grave risk when its hospitals are on the brink.

**For these reasons, and behalf of our hospital and the families that depend upon its services, we respectfully ask for your signature on AB 869**

Sincerely,

Paul Garza, Jr.  
Chair, Mendocino Coast Health Care District