

Date of Hearing: April 21, 2026

ASSEMBLY COMMITTEE ON HEALTH
Mia Bonta, Chair
AB 2527 (Hoover) – As Amended March 16, 2026

SUBJECT: Hospital applications: coordinated processing.

SUMMARY: Requires the State Department of Public Health (DPH) and the Department of Health Care Access and Information (HCAI) to coordinate and act concurrently, to the extent practicable and consistent with applicable law, in the review and processing of any hospital application requiring approval from both departments, as specified. Requires the departments to commence review of a hospital application upon receipt of a complete application and payment of any applicable fee. Prohibits the automatic imposition of a waiting period, but would authorize imposition of a reasonable waiting period if the applicant has demonstrated a documented pattern of failure to honor a payment obligation for prior submissions.

EXISTING LAW:

- 1) Licenses and regulates health facilities by DPH, including general acute care hospitals (GACH) and acute psychiatric hospitals (APH). [Health and Safety Code (HSC) § 1250, *et seq.*]
- 2) Requires, if a GACH or an APH submits a written application to DPH's centralized applications unit (CAU), DPH do both of the following:
 - a) Complete its evaluation and approve or deny the application within 100 days of receiving it, including completing any activities pursuant to b); and,
 - b) Once the written application is approved, requires the district office of DPH, within 30 business days from the date of approval, complete any additional review, including an onsite visit, if applicable, and submit its findings to DPH. Requires, if the hospital's application is approved, DPH to add it to the hospital's license and issue a new or revised license on the 31st business day following approval of the written application. [HSC § 1272]
- 3) Requires, notwithstanding 2), if a GACH or an APH submits a written application to expand a service that it currently provides and that is currently approved, DPH to, within 30 business days of receipt of the completed application, approve the expansion, add it to the hospital license, and issue a revised license, unless the hospital is out of compliance with existing laws governing the service to be expanded. Requires a service approved pursuant to this provision to remain licensed for not more than 18 months, unless DPH approves the license for a longer period. Prohibits DPH from being required to conduct an onsite inspection of the service to approve the expansion. Specifies this provision does not preclude DPH from conducting an onsite inspection of a hospital at any time or denying an application. [*Ibid.*]
- 4) Requires a GACH or an APH that receives a license to modify, add, or expand a service or program pursuant to 2) above to comply with all laws related to that service or program. [*Ibid.*]

- 5) Requires DPH to develop a centralized applications advice program to assist hospitals in identifying and completing the correct paperwork and other requirements necessary to modify, add, or expand a service or program. Requires DPH on or before December 31, 2019, to develop an automated application system to process applications submitted pursuant to 2) above. [*Ibid.*]
- 6) Requires regulations adopted by DPH that set standards for adequacy, safety, and sanitation of licensed health facilities, staffing of these facilities, and the services provided by the facilities, to permit program flexibility by the use of alternate concepts, methods, procedures, techniques, equipment, personnel qualifications, bulk purchasing of pharmaceuticals, or conducting of pilot projects as long as statutory requirements are met and the use has the prior written approval of DPH. This is known as “program flexibility.” [HSC § 1276]
- 7) Requires requests for program flexibility to be submitted in writing by the licensee, along with supporting evidence, and states that while it is the intent of the Legislature that health facilities maintain continuous, ongoing compliance with licensing rules and regulations, it is the further intent of the Legislature that DPH expeditiously review and approve, if appropriate, applications for program flexibility. [HSC § 1276 (c)]
- 8) Requires DPH to develop a standardized form and format for requests by health facilities for program flexibility, and requires DPH, after receiving a completed application, to have 60 days within which to approve, approve with conditions or modifications, or deny the application. Requires denials and approvals with conditions or modifications to be accompanied by an analysis and a detailed justification for any conditions or modifications imposed. Prohibits summary denials in order to meet the 60-day timeframe. [HSC § 1276 (d)]
- 9) Establishes HCAI in the California Health and Human Services Agency to expand equitable access to quality, affordable health care for all Californians through resilient facilities, actionable information, and the health workforce each community needs. [HSC § 127000, *et seq.*]
- 10) Establishes in regulations requirements that prohibit architectural plans from being approved and a license from being originally issued to any hospital which does not conform to: state requirements on seismic safety, fire and life safety and environmental impact; and local fire safety, zoning and building ordinances. Requires evidence of such compliance to be presented in writing to DPH. [California Code of Regulations (CCR) Title 22, § 70115]
- 11) Establishes timelines for hospital compliance with seismic safety standards, including a requirement that buildings posing a significant risk of collapse and a danger to the public (referred to as SPC-1 buildings) be rebuilt or retrofitted to be capable of withstanding an earthquake, or removed from acute care service, by January 1, 2008 (which has been extended for various hospitals to various dates). [HSC § 130060]
- 12) Requires hospitals to be capable of continued operation following an earthquake by January 1, 2030. [HSC § 130065]

FISCAL EFFECT: Unknown. This bill has not been analyzed by a fiscal committee.

COMMENTS:

- 1) **PURPOSE OF THIS BILL.** According to the author, this bill requires DPH and HCAI to review hospital applications concurrently rather than sequentially to help streamline the review process. Sequential review can delay critical infrastructure projects, modernization efforts and service expansions needed to meet community health needs. Streamlining this process has become increasingly urgent in light of the 2030 seismic standards that hospitals must meet. This bill will help ensure that hospitals don't incur any unnecessary delays and will give them the tools needed to successfully meet their upcoming target timelines.
- 2) **BACKGROUND.**
 - a) **CAU.** According to DPH, prior to the CAU, applications were processed in the 13 DPH district offices across the state. Beginning in July 2016, DPH began centralizing all application processing at its headquarters in Sacramento. The goal of the CAU is to ensure standardization and consistency of the state licensing and federal certification application process. The CAU processes applications in the order in which they are received, and processing times vary widely due to the complexity of the application.
 - b) **State licensing vs. federal certification.** Hospital licensure is done by DPH Licensing and Certification Program (L&C), which oversees the licensing and certification of hospitals to ensure compliance with state laws and regulations. This process includes the review and approval of facility licensure, certification, and other license-associated transactions. The L&C Program is responsible for regulatory oversight of licensed health care facilities and health care professionals, ensuring the safety, effectiveness, and quality of health care for all Californians.

In contrast, the federal certification process involves the Centers for Medicare and Medicaid Services (CMS), which evaluates and certifies hospitals as Medicare and/or Medicaid providers. This process includes compliance with Medicare Conditions of Participation, which are health and safety standards that hospitals must meet to participate in the Medicare program. The CMS State Operations Manual (SOM) provides CMS policy regarding survey and certification activities, and survey protocols and Interpretive Guidelines are established to provide guidance to personnel conducting surveys. Both processes are essential for ensuring that hospitals meet the necessary standards for providing quality health care services. However, they operate at different levels and have different requirements and standards.
 - c) **Title 22 and program flex.** Division 5 of Title 22 of the CCR contains the regulations that govern the different types of health facilities, home health agencies, and clinics. DPH has the ability to grant written approval for the use of alternate concepts, methods, procedures, techniques, equipment, personnel qualifications, bulk purchasing of pharmaceuticals, or conducting of pilot projects, as long as statutory requirements are met. DPH has a form on its website for facilities to request program flexibility, which asks what section of Title 22 is being requested for program flexibility, and what is the proposed alternate method for meeting the intent of the regulations. According to DPH, on average, 192 program flexes are approved per year.
 - d) **Overlap between HCAI and DPH hospital building approvals.** The overlap between the HCAI and DPH hospital building approvals primarily involves HCAI, which is

responsible for the development of administrative regulations and building standards for hospitals and other healthcare facilities in California. HCAI's Building Standards Unit works closely with DPH to ensure compliance with health and safety standards.

The process for hospital building approvals under HCAI's jurisdiction includes submitting regulatory proposals to the California Building Standards Commission for approval and adoption. This process is crucial for ensuring that healthcare facilities meet the necessary safety and health standards for patient care. While HCAI focuses on building standards and safety, DPH is responsible for health and safety standards, including environmental health and safety. The two departments collaborate to ensure that healthcare facilities are not only safe for patients but also comply with all relevant health and safety regulations.

The author argues that California hospitals are frequently required to get approvals from both DPH and HCAI for construction projects, service expansions, program flexibility requests, and other regulatory actions and that these reviews often occur sequentially rather than concurrently, resulting in duplicative processes and prolonged timelines. The author contends that sequential review can delay critical infrastructure projects, modernization efforts, and service expansions needed to meet community health demands and that this issue is becoming increasingly urgent as hospitals work toward meeting the 2030 seismic standards. The author argues that while hospitals already face multiple challenges in meeting the 2030 seismic standards, a streamlined review and approval process would help ensure they do not incur additional delays.

- e) **Seismic safety requirements.** The original Seismic Safety Act was passed in 1973, following the 1971 San Fernando Valley (also known as Sylmar) earthquake, and required all new hospital construction to meet seismic safety standards. The Seismic Safety Act did not apply to existing buildings with the expectation that older buildings would be replaced with conforming buildings over time. By the time of the Northridge earthquake in 1994, however, 80% of hospital beds were still in pre-1973 non-conforming buildings. The Northridge earthquake caused significant structural damage to a number of hospitals, with at least two hospitals needing to be evacuated. What also became apparent in the Northridge earthquake was that nonstructural damage was also a threat to patient safety, with damage to heating and ventilation systems and sprinklers, forcing evacuations. Following the Northridge earthquake, the Legislature updated the Seismic Safety Act with SB 1953 (Alquist), Chapter 740, Statutes of 1994, which required HCAI (at that time Office of Statewide Health Planning and Development) to establish earthquake performance categories for hospitals.

SB 1953 also established a January 1, 2008 deadline by which GACHs must be retrofitted or replaced so that they do not pose a risk of collapse in the event of an earthquake. The 2008 deadline has been repeatedly extended by subsequent legislation for most hospitals, into the mid- 2020's. SB 1953 of 1994 also established the January 1, 2030, deadline by which they must be capable of remaining operational following an earthquake.

- 3) **SUPPORT.** The California Hospital Association (CHA) supports this bill and states that concurrent review would help reduce unnecessary delays and processes that slow patient care. This common-sense reform would allow hospitals to bring essential infrastructure

projects and services online more quickly while maintaining appropriate oversight. CHA argues that this issue is becoming increasingly urgent as hospitals work toward meeting the 2030 seismic standards, which require many hospitals to undertake significant construction projects to ensure facilities remain fully operational following a major earthquake. While hospitals already face multiple challenges in meeting the 2030 seismic standards, streamlined review and approval process would help ensure that they do not incur additional delays.

4) PREVIOUS LEGISLATION.

- a) AB 1422 (Gabriel), Chapter 716, Statutes of 2021 requires DPH on or before March 1, 2022, to create a standardized form for any critical care unit program flexibility request. Requires a health facility that submits a critical care unit program flexibility request to conspicuously post a copy of the request in a location accessible to patients and employees. Requires DPH to post all approved requests by a health facility for critical care unit program flexibility on its internet website and include specified information.
- b) AB 2798 (Maienschein), Chapter 922, Statutes of 2018 establishes specific timelines for DPH to approve applications from hospitals seeking to modify, add, or expand a service or program. Requires DPH, if it does not meet those timelines for an expanded service, to deem the application approved and issue a new license that includes the expanded service, which will remain licensed for not more than 18 months. Requires DPH to develop a CAU advice program to assist hospitals in completing application paperwork, and to develop an automated system to process applications.
- c) AB 1225 (Patterson) of 2018 would have required DPH to report to the Legislature by January 1, 2020 on its efforts to update regulations regarding health facilities, and also on its use of program flex waivers, and required DPH to prioritize the adoption of specified regulations relating to cardiovascular surgery and cardiac catheterization laboratories. SB 1225 was not taken up for a vote on the Senate Floor.
- d) AB 2679 (O'Donnell), Chapter 587, Statutes of 2018 requires DPH to amend specified regulations related to the laundry process for hospital linens, by January 1, 2020, to reflect modern advancements in linen laundry processes. AB 2679 passed the Senate Health Committee by a vote of 8-0 on June 20, 2018.
- e) AB 614 (Brown), Chapter 435, Statutes of 2015 permits DPH, without taking regulatory action, to update references in the CCR to health care standards of practice adopted by a recognized state or national association when the state or national association and its outdated standards are already named in the CCR.

- 5) **POLICY COMMENT.** As noted in 10) of Existing Law, current regulations prohibit architectural plans from being approved and a license from being originally issued to any hospital (by DPH) which does not conform to: state requirements on seismic safety, fire and life safety and environmental impact; as well as local fire safety, zoning and building ordinances. Often the perceived inefficiencies of the HCAI and DPH approval and licensing process are due to the complexity of the project. For example, building a hospital from the ground up requires navigating a complex sequence of planning, regulation, construction, and staffing that typically spans three to five years. The process follows a predictable path: secure approvals, design and build the facility, hire and credential staff, and pass inspections before you can open the doors. DPH cannot inspect a facility until it is completely built. Moving

forward, the author may wish to work with DPH and HCAI to more clearly identify which specific hospital applications should be streamlined.

REGISTERED SUPPORT / OPPOSITION:

Support

California Hospital Association

Opposition

None on file

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