

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY  
Children's Hospital Program**

**Staff Summary  
Resolution 2005-16  
September 29, 2005**

**Applicant:** Children's Hospital - **Amount Requested:** \$1,122,880  
San Diego (CHSD)  
3020 Children's Way  
San Diego, CA 92123-4282  
San Diego County

**Project Site:** 3020 Children's Way  
San Diego, CA 92123-4282

**Description of Applicant:**

CHSD is a 501(c)(3) general acute care hospital with a current license from the Department of Health Services. The 2004 (year ending June 30) audit was submitted and it was free of "going concern" language. The 2005 audit was not completed in time for the September meeting.

**Project:**

CHSD is seeking grant funds as reimbursement for the cost of its remodeled Hematology/Oncology clinic (Clinic). The purpose of the project was to increase the number of outpatient treatment rooms and to locate the outpatient services close to the inpatient unit. Other improvements included a child friendly waiting room, physician dictation room, a lab draw room and equipment to support the operations. The new outpatient service area is now located in an under-utilized gymnasium.

**Proposition 61 Evaluation Factors:**

Based on the review of the application and other submitted materials, staff concludes CHSD's project conforms to the six evaluation factors identified in Proposition 61 language.

*The grant will contribute toward expansion or improvement of health care access by children eligible for governmental health insurance programs and indigent, underserved, and uninsured children:*

The remodeling and the relocation of the outpatient clinic added six (6) additional exam rooms for a total of nine (9). The Clinic cares for 600 active patients, who visit the Clinic on average almost twice a month. Over 60% of the patients are Medi-Cal eligible.

Prior to the remodeling, the Clinic was using seven (7) licensed inpatient beds. Because of the remodel, those beds are back to being available for admitted patients. With the seven beds now available for admissions, the CHSD has reduced the probability for diversions even with the total pediatric beds being reduced in the county. CHSD had a 90% occupancy rate during last winter.

An added benefit was some of the space abandoned by the outpatient services has been converted to a pediatric dental clinic. In fiscal year 2005, the dental clinic had 2,822 encounters.

*The grant will contribute toward the improvement of child health care or pediatric patient outcomes:*

One of the unique features of the Clinic is the ability to treat the children in an outpatient setting. Thus the children are able to go home and sleep in their own beds. Also, prior to the remodel, children with chronic pain had to travel to Los Angeles to receive needed services. Now referrals for chronic pain services can be accommodated at the Clinic.

*The children's hospital provides uncompensated or undercompensated care to indigent or public pediatric patients:*

CHSD is a certified California Children's Services (CCS) hospital. Approximately 54% of its net patient revenues come from government programs such as Medi-Cal and CCS. In FY'04, CHSD provided over \$40 million in uncompensated and under-compensated care. It has financial counselors to assist in finding alternative sources of payment from both public and private programs. Also, Medi-Cal eligibility workers are on site to assist the families.

*The children's hospital provides services to vulnerable pediatric populations:*

CHSD cared for 7,319 CCS patients, which represents about 53% of the total patients. It is the only hospital in San Diego and Imperial Counties dedicated solely to pediatrics. CHSD has the only Level 4 (most acute) Neonatal Intensive Care Unit in the region.

In 2001, CHSD and the Regents of the University of California signed an agreement to transition the pediatric clinical, teaching, research and public service programs of the University of California, San Diego to CHSD.

*The children's hospital promotes pediatric teaching or research programs:*

More than 300 pediatric family practice and specialty residents train at CHSD. The residents come from five San Diego based residency programs from UCSD, Scripps (Chula Vista and Mercy) and from both Balboa and Pendleton Naval Medical Centers.

CHSD's Center for Clinical research oversees and conducts over 200 clinical trials a year investigating new drugs, devices and techniques.

*Demonstration of project readiness and project feasibility:*

The construction started on February 1, 2003 and was substantially completed in October 2003. Office of Statewide and Health Planning's (OSHDP) construction final was approved on November 30, 2004. The final closeout took longer than usual due to several factors including documenting change orders, project manager changes, and resubmitting lost paperwork to OSHDP. The facility is operational 12 hours a day, five days a week.

<u>Sources of Funds:</u>		<u>Uses of Funds</u>	
CHFFA Grant	\$1,122,880	Remodel	\$1,081,387
Internal funds	<u>0</u>	Equipment Purchases	<u>41,493</u>
TOTAL	<u>\$1,122,880</u>	TOTAL	<u>\$1,122,880</u>

**Legal Review:**

No information was disclosed to question the financial viability or legal integrity of the Applicant.

**CHFFA Bond Issues:**

CHSD has two Authority bond issues dated 1993 and 1996. The current outstanding balance for the two bond issues totals \$80,665,000 as of June 30, 2005.

**Staff Recommendation:**

Staff recommends the Authority approve a resolution for Children's Hospital – San Diego to provide a grant not to exceed \$1,122,880 (less costs of issuance), subject to all requirements of the Children's Hospital Program.