

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

**Staff Summary
Resolution No. CHP 2009-04
March 26, 2009**

Applicant: Loma Linda University Medical Center (LLUMC)
Loma Linda University Children's Hospital
11234 Anderson Road
Loma Linda, CA 92354
San Bernardino County

Project Site: 11234 Anderson Road
Loma Linda, CA 92354

Amount Requested: \$2,875,442

Prior Amount Awarded: \$3,230,505

Description of Applicant:

Loma Linda University Children's Hospital (LLUCH) is an operating unit of Loma Linda University Medical Center (LLUMC), which is a non-profit 501(c)(3) corporation. The Department of Health Services issued a license to LLUMC to operate and maintain a general acute care hospital. LLUMC is licensed for 84 neonatal intensive care unit beds (NICU) and 73 pediatric service beds. The 2007 (year ending December 31) audited financial statements for LLUMC and affiliates were free of "going concern" language.

Project:

LLUMC seeks grant funds as reimbursement for the costs to replace/update older equipment for patient care. Items listed in the application were earmarked for numerous departments including NICU, laboratory, and imaging. Some of the expenditures were for a pre-analytic blood sample handling machine (\$728,000 – pediatric proportional share), mobile fluoroscopy unit (\$202,000 – pediatric proportional share), several ventilators (\$334,000) and a variety of surgical equipment – pediatric proportional share.

Proposition 61 Evaluation Factors:

Based on the review of the application and other submitted materials, staff evaluated LLUMC's project using the six 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.

Approximately 70 percent of LLUMC patients are Medi-Cal eligible. The hospital needs to replace outdated equipment to remain current in an ever changing technological environment. Laparoscopic surgical procedures are less invasive, which equate to a decrease in overnight stays, thus more outpatient procedures which in turn leads to better access to care. Pediatric patient days have increased by 16.06% from 2003 to 2008. In addition, LLUCH expanded its NICU by 12 beds in 2006 and added 19 acute care beds in 2007.

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

The equipment acquisitions range from laparoscopic equipment, a mobile fluoroscopy unit to several ventilators. Laparoscopic surgical procedures are less invasive, which improves outcomes by reducing complications and infections. The mobile fluoroscopy unit gives the physician immediate feedback on central line positioning, decreasing the need for postoperative x-rays. As pediatric ventilator days increased by 52% from 2003 to 2008, new ventilators were needed to keep up with the demand, as well as to replace the outdated and unsupported units.

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

LLUMC is a certified California Children's Services (CCS) hospital. Approximately 45 percent of its net patient revenues come from government programs such as Medi-Cal and CCS. In Fiscal Year 2007, LLUMC provided over \$52.5 million in uncompensated and under-compensated care. LLUMC has financial counselors to assist in finding alternative sources of payment from both public and private programs. Additionally, Medi-Cal eligibility workers are on site to assist the families.

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

LLUCH is the only Level 1 pediatric trauma center to serve the 1.2 million children residing in Inyo, Mono, San Bernardino and Riverside counties. LLUCH had over 125,000 outpatient visits in Fiscal Year 2007, an 86% increase over the past five years.

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

Each year, more than 120 physicians, 80 RN students and 200 other healthcare students serve within LLUCH.

Demonstration of project readiness and project feasibility:

All of the equipment expenditures were from July 2003 through August 2008. All equipment is currently in service and used in the delivery of patient care.

<u>Sources of Funds:</u>		<u>Uses of Funds</u>	
CHFFA Grant	\$2,867,484	Equipment Purchases	\$2,867,484

Legal Review:

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

Conditions:

At CHFFA's August 28, 2008 meeting, the Board approved LLUMC's first grant award with two conditions. The first condition directed the Authority to obtain a validation order from the appropriate legal jurisdiction. The second condition directed Loma Linda University Medical Center to indemnify CHFFA from any and all legal costs associated with the validation order, regardless of whether the order is obtained.

Since the validation action has not yet been filed, LLUMC requested this grant award to be included in the validation action to be filed. Thus, the following two conditions are included in the resolution:

1. The Authority obtains a validation order including both grant awards from the appropriate legal jurisdiction.
2. Loma Linda University Medical Center indemnifies CHFFA from any and all legal costs associated the validation order and regardless of whether the order is obtained.

Staff Recommendation:

Staff recommends the Authority approve a resolution for Loma Linda University Medical Center to provide a grant not to exceed \$2,867,484 (less costs of issuance), subject to all requirements of the Children's Hospital Program and the above listed conditions.