

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
Children's Hospital Program

Staff Summary
Resolution CHP 2009-07
April 30, 2009

Applicant: Children's Hospital Central California (CHCC)
9300 Valley Children's Place
Madera, CA 93636
Madera County

Project Site: 9300 Valley Children's Place
Madera, CA 93636

Amount Requested: \$58,947,595

Prior Amount Awarded: \$15,052,405

Description of Applicant:

CHCC is a 501(c)(3) general acute care hospital with a current license from the Department of Health Services. The 2008 (year ending September 30) audited financial statements were free of "going concern" language.

Overview

The hospital is a 338-bed pediatric health care facility. It is the 8th largest freestanding pediatric hospital in the United States and is the only one in a rural area. The facility was built in 1998 and is compliant with the SB 1953 2030 requirements.

Project:

CHCC is seeking grant funds for the following projects:

• Construction/remodeling	\$59,252,360
Less bonds/donations	(16,117,211)
• Equipment purchases	15,821,598
Less internal funds	<u>(9,152)</u>

Total \$58,947,595

Construction/Remodeling

The new construction is known as the West Expansion Addition. The project is a three-floor patient care wing attached to the current hospital. The current facility is approximately 621,000 square feet. The expansion will add an additional 60,000 square feet, eight more pediatric intensive care unit (PICU) beds, two more operating rooms

with shelled space for two more, more imaging and emergency department capacity. CHCC will shell about 25% of the building for future growth.

The remodeling project is known as the West Renovation project. Some of the renovation will include expansion of existing services once certain departments relocate to the new building. This includes an expansion of the Sterile Processing Department and the addition of two radiology rooms.

Equipment purchases

CHCC is requesting grant funds as reimbursement for the costs associated with patient care equipment, including but not limited to a 64-slice CT scanner, new monitors, and new defibrillators. Additional testing and diagnostic equipment was purchased.

Proposition 61 Evaluation Factors:

Based on the review of the application and other submitted materials, staff evaluated CHCC's projects 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:

CHCC's primary service area includes ten counties in Central California and encompasses 45,000 square miles. More than 70% of the children cared for are eligible for governmental health insurance programs. The diagnostic and treatment equipment purchased improves access to the only tertiary and specialized health care available for children who would otherwise need to travel over 200 miles to the next nearest children's hospital. Capacity improvements, including adding eight PICU beds, two surgical suites, eight major care exam rooms, two large trauma rooms and other diagnostic additions, will increase access to care.

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

The equipment purchases, such as replacing outdated monitors, gives families access to the level of quality of care found in larger metropolitan areas of the state. These monitors are now able to communicate with ventilators and will, in the future, communicate with patient records. CHCC is the only children's hospital to have the Snap Shot Pulse software installed on the new 64-slice CT machine. This software allows the new CT to be triggered based on the heart rate. Because of this sensitivity, the radiation dosage is significantly reduced for children. Also, the second CT machine will mean delays will be fewer in case the other machine is down for maintenance

The additional treatment capacity provided by the additional trauma units in the emergency department will mean waiting times will decrease and children will be treated faster.

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

The CHCC is a certified California Children’s Services (CCS) hospital. Approximately 68% of its net patient revenues come from government programs such as Medi-Cal and CCS. 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:

In fiscal year 2008, CHCC had 12,680 inpatient cases, 54,765 emergency department visits and 106,711 outpatient clinic visits. Medi-Cal benefits covered 68% of the inpatient cases and 57.7% of the outpatient visits. CHCC maintains its financial assistance and charity care policies even though the region has chronically high poverty and low philanthropic support.

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

CHCC is affiliated with the University of California, San Francisco Medical School Residency Program and its doctors are faculty for the pediatric residents training at CHCC. CHCC has a long history of clinical research participation and has developed a research institute to implement studies of new pediatric drugs, biological products and medical devices.

Demonstration of project readiness and project feasibility:

The equipment expenditures were incurred from August 1, 2007 through September 30, 2008. All equipment is currently in service and used in the delivery of care to patients.

The West Expansion Addition broke ground in late 2008 and is expected to be completed by the end of 2011. The West Renovation Project should begin in June 2009 and be completed by February 2012.

CHCC’s project funding is detailed as follows:

<u>Sources of Funds:</u>		<u>Uses of Funds</u>	
CHFFA Grant	\$58,947,595	Construction	\$52,090,826
Bonds	8,752,397	Remodel	7,161,534
Capital Campaign	7,364,814	Equipment Purchases	<u>15,821,598</u>
Internal	<u>9,152</u>		
TOTAL	<u>\$75,073,958</u>	TOTAL	<u>\$75,073,958</u>

Legal Review:

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

Staff Recommendation:

Staff recommends the Authority approve a resolution to provide a grant not to exceed \$58,947,595 million (less costs of issuance), subject to all requirements of the Children's Hospital Program.