

Proposition 3 Evaluation Factors:

Based on the review of the application and other submitted materials, staff evaluated the Medical Center's project using the six factors identified in Proposition 3 language.

Factor 1: 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 Santa Monica facility that is being replaced has been determined to be at risk for collapse and/or significant loss of life in an earthquake. The new facility will be compliant with new seismic standards, thereby improving safe access to care. The area of west Los Angeles that is served by the Santa Monica facility has eight hospitals, but only two have dedicated pediatric beds. The addition of 10 new pediatric beds will increase the total number of pediatric beds in the area by 11%. The 26-bed pediatric unit expansion and replacement of the neonatal intensive care unit at the Santa Monica facility will allow Mattel Children's Hospital to decompress bed demand at the Ronald Reagan UCLA Medical Center which has been operating at an extremely high occupancy rate (around 93%) for over a year. By treating general pediatric, pediatric intensive care and neonatal intensive care patients at the expanded and improved Santa Monica facility, access to care can be improved for children requiring the specialized treatment, including brain surgery, heart surgery, and transplants provided at the Ronald Reagan UCLA Medical Center site.

Factor 2: The grant will contribute toward the improvement of child health care or pediatric patient outcomes:

The Santa Monica facility pediatric program expansion will increase MCH's ability to provide improved treatment and related services to children in the Santa-Monica-UCLA Medical Center's service area. MCH's Child Life/Child Development Program which addresses the social, emotional and developmental needs of hospitalized children through individualized therapeutic intervention, play and educational programs is a model for medical centers around the country. The Child Life/Child Development Program will be extended to the Santa Monica facility when the new, more conducive pediatric care space is completed. Because of their small stature and the types of injuries they sustain, emergency treatment of children differs from treatment of adults.

The Santa Monica Facility's emergency department is the only emergency room in Santa Monica designated as an 'Emergency Department Approved for Pediatrics', or EDAP, by the Los Angeles County Emergency Medical Services (EMS) Agency. An EDAP is a licensed emergency department approved to receive pediatric patients ages 14 and under following treatment by paramedics in the field. Children in need of emergency treatment are directed to EDAP hospitals like the Santa Monica facility, where they are treated by specially trained and equipped staff, resulting in better patient outcomes. The newly rebuilt Emergency Medicine Center will include one treatment room dedicated to pediatric patients.

Factor 3: The children's hospital provides uncompensated or undercompensated care to indigent or public pediatric patients:

The Santa Monica facility increasingly serves Medi-Cal patients: The percent of patient days billed to Medi-Cal has increased from 5.8% in 2001 to about 14% today. MCH is a certified CCS hospital² that provided \$7.4 million and \$9.2 million in charity care for fiscal years 2008 and 2009 respectively. The Santa Monica facility 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.

Factor 4: The children's hospital provides services to vulnerable pediatric populations:

The Santa Monica facility had 2,891 pediatric admissions in FY'09. The Medical Center had 53,848 pediatric outpatient visits in FY'09. The Santa Monica facility has a strategic partnership with the Venice Family Clinic, the largest free clinic in the country. About a quarter of the clinic's patients are children, most of whom are low-income, lack private health insurance, and live in low income neighborhoods in Santa Monica facility's service area including Venice, Mar Vista, Santa Monica, Culver City, and Inglewood. Sixteen percent of the Clinic's patients are homeless.

Factor 5: The children's hospital promotes pediatric teaching or research programs:

The UCLA Tri-Campus Pediatric residency program includes 90 residents who are trained at four sites: UCLA (Westwood and Santa Monica campuses), Cedars-Sinai and Olive View Medical Center. The residents also are trained at the Venice Family Clinic. In addition to training in traditional medical competencies, the residency program includes community health and advocacy training to address determinants of health, utilize health promotion and prevention strategies, and advocate on behalf of children for more comprehensive and integrated community based services.

The UCLA Department of Pediatrics and MCH are designated as Child Health Research Centers by the National Institute of Child Health and Human Development. The combined entities are 13th in the nation in funding from the National Institute of Health.

Factor 6: Demonstration of project readiness and project feasibility:

The Santa Monica Replacement Hospital Project started its first phase of 13 phases of construction in 1999. UCLA anticipates full occupancy and licensing to be achieved by mid-2011.

² CCS is a statewide program that arranges, directs, and pays for medical care, equipment, and rehabilitation for children and young adults under 21 years of age who have eligible medical conditions and whose families are unable to pay for all or part of their care.

Sources and Uses of Funds

	Santa Monica Replacement Hospital	Children's Hospital Component
Sources of Funds		
Total CHFFA Grant Requested	\$ 25,000,000	\$ 25,000,000
Applicant Internal Funds - Hospital Reserves	\$ 30,000,000	\$ 3,000,000
Applicant Internal Funds - Donor Funds	\$ 39,905,000	\$ 4,462,318
FEMA SHMPH Grant	\$ 72,200,000	\$ 7,220,000
State Lease Revenue Bonds	\$ 55,000,000	\$ 5,500,000
Hospital Revenue Bonds	<u>\$ 390,700,000</u>	<u>\$ 24,037,078</u>
Total Sources	<u><u>\$ 612,805,000</u></u>	<u><u>\$ 69,219,396</u></u>
Uses of Funds		
Construct Facilities	\$ 498,750,000	\$ 57,170,070
Remodel	\$ 59,602,000	\$ 5,960,200
Purchase Medical Equipment	\$ 33,553,000	\$ 3,752,015
Purchase Furniture & Furnishings	\$ 5,250,000	\$ 587,073
Purchase IT Equipment	<u>\$ 15,650,000</u>	<u>\$ 1,750,038</u>
Total Uses	<u><u>\$ 612,805,000</u></u>	<u><u>\$ 69,219,396</u></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 Resolution No. CHP-3 2010-04 for the UCLA Medical Center to receive a grant not to exceed \$25,000,000 (less issuance and administrative costs), subject to all requirements of the Children's Hospital Program of 2008.