

Project:

The Medical Center is seeking grant funds to construct and equip the pediatric portion of its expanded Comprehensive Cancer Center (Cancer Center) which opened in October 2012. The 49,115-square-foot expansion increased the size of the entire Cancer Center to 121,610 square feet. The expansion has an entire floor dedicated to pediatrics, which includes five examination rooms and 13 infusion chairs for chemotherapy treatment, including two isolation rooms for patients with infection concerns or for patients wanting more privacy. Pediatric oncology patients also have their own indoor play area.

Proposition 3 Evaluation Factors:

Staff evaluated the Medical Center's project through review of the application and other submitted materials using the six factors identified in Proposition 3.

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 expansion increased the number of pediatric infusion beds from 11 to 13 resulting in an estimated 18% increase in the number of seriously ill children UC Davis Medical Center can treat at any given time. Many of those children are patients who lack insurance. Between December 1, 2011 and November 30, 2012, 35.3% of UCD's pediatric oncology patients were eligible for Medi-Cal.

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

The entire Cancer Center building provides care for approximately 10,000 adult and pediatric oncology patients under one roof for the first time. Pediatric cancer patients were previously seen in another building several blocks away from the hospital's cancer center. These children now have convenient access to a full range of cancer care in one building, including infusion, radiation oncology, pharmacy, lab and other key services.

The relocation of pediatric care in the Cancer Center has enabled the Medical Center to provide pediatric cancer patients with specialty clinics designed to complement their clinical cancer treatment and, at the same time, ensure that they continue to receive the treatments and follow-up care they need for the best possible outcomes. For example, the expansion facilitated the start of a post-chemotherapy Long Term Effects clinic which addresses common problems associated with radiation therapy, chemotherapy and surgery that may begin months or even years after diagnosis. The services provided by this clinic are especially important for adolescents who tend to experience more side effects from chemotherapy or that may require care more common to adult oncology patients.

The Cancer Center is also collaborating with Lucile Packard Children's Hospital's Stem Cell Transplant service on a post-stem cell transplant clinic. Through this service, stem cell transplant pediatricians will travel to the Cancer Center to see patients locally in conjunction with the UC Davis Pediatric Hematology/Oncology physicians. Previously, patients needing transplant care and consultation had to travel over 2 hours to Palo Alto to be seen.

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

The Medical Center provided approximately \$49.2 million and \$52.1 million in charity care for fiscal years 2011 and 2012, respectively. It is the only Disproportionate Share Hospital² (DSH) in Sacramento County. DSH adjustment payments provide financial help to hospitals that serve a significantly disproportionate number of low-income patients to help cover the costs of care to low-income patients that are not paid by other payers, such as Medicare, Medi-Cal, the Children's Health Insurance Program (CHIP) or other health insurance.

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

In addition to the Cancer Center's new pediatric facilities, UCDCCH facilities include a 36-bed general pediatric medical/surgical unit, a 49-bed neonatal intensive care unit, and an 11-bed pediatric emergency room. UCDCCH has the only Level 1 pediatric trauma center in the region.³ Additionally, the hospital's Pediatric Intensive Care Unit supports UCDCCH's trauma and congenital heart surgery programs, which serve the inland Northern California region's most vulnerable pediatric patients. UCDCCH had 5,936 pediatric admissions and 147,649 outpatient visits during Fiscal Year 2011. Between December 1, 2011 and November 30, 2012, 743 pediatric oncology patients comprised 4,399 outpatient visits to the Cancer Center, UCD's other infusion centers, and the Radiation Oncology Clinic.

Through the Cancer Care Network, UCDCMC collaborates with a number of community hospitals and clinical centers throughout the Central Valley and Northern California to offer cancer care. UCDCMC's community-based outreach and education programs are designed to address disparities in cancer outcomes across diverse populations. The network combines UCD's academic and research expertise with the personal relationships and insights of community cancer centers. Patients benefit from the latest approaches for diagnosis and treatment while close to home and surrounded by the support of family and friends. The UC Davis Cancer Care Network provides basic and advanced cancer care for both common and rare conditions. The network leverages state-of-the-art broadband telemedicine technology enabling teams of specialists from member cancer centers to meet in videoconferences called "virtual tumor boards" to share medical information and agree on treatment plans. Patients then receive care in their own communities from their own physicians.

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

The Cancer Center's "clinical trials support unit" currently runs about 150 protocols, all therapeutic in nature, for specific treatments of various cancers, and that number is expected to increase with all cancer services under one roof. UCDCCC also anticipates that the additional space provided in the infusion center will allow for more for Phase 1 clinical trials, in which novel therapies are tested in a small group of people as a first step to evaluate their safety and potential therapeutic benefit. The expectation is that the expanded Cancer Center can support much-needed trials for the pediatric population.

² States receive an annual federal DSH allotment. Eligible hospitals are referred to as DSH hospitals.

³ Trauma centers vary in their specific capabilities and are identified by "Level" designation: Level-1 is the highest. Higher levels of trauma centers will have highly sophisticated medical diagnostic equipment and trauma surgeons available, including those trained in such specialties as neurosurgery and orthopedic surgery.

UC Davis Comprehensive Cancer Center is one of only 41 cancer centers in the United States designated “comprehensive” by the National Cancer Institute (NCI). An NCI-designated comprehensive cancer center must demonstrate reasonable depth and breadth of research in each of three major areas: laboratory, clinical, and population-based research, as well research across disciplines and scientific areas. In addition, a comprehensive center must also demonstrate professional and public education and outreach capabilities, including the dissemination of clinical and public health advances in the communities it serves. The designation is reserved for less than 1 percent of cancer centers nationwide.

The Medical Center’s Pediatric Residency Program accepts twelve residents each year. A majority of the inpatient training occurs on the hospital campus. Some of the ambulatory training takes place at urgent care clinics, Kaiser Hospital, Shriners Hospital, and at private offices. The Pediatric Residency Program’s community-based child advocacy program “Community and Health Professionals Together” has received two national awards for its work.

Besides cancer, UCDCCH’s faculty performs research in many pediatric sub-specialties such as pulmonology, nephrology, endocrinology, neonatology, infectious diseases, and child protection.

Factor 6: Demonstration of project readiness and project feasibility:

The construction and equipping of the Cancer Center Expansion is complete, and it has been in use since October 2012.

Sources and Uses of Funds:

<u>Sources of Funds:</u>		<u>Actual Uses of Funds:</u>	
Prop 3 Request	\$10,422,010	Construction	\$ 29,737,284
Internal Funds	14,636,685	Equipment	2,680,178
Donations	<u>7,958,767</u>	Furniture	<u>600,000</u>
Total	<u>\$ 33,017,462</u>	Total	<u>\$ 33,017,462</u>

Legal Review:

Although disclosures were made by the applicant, the information disclosed does not appear to detrimentally affect the financial viability or legal integrity of the applicant.

Staff Recommendation:

Staff recommends the Authority approve Resolution No. CHP-3 2013-02 for the University of California Davis Medical Center to receive a grant not to exceed \$10,422,010 (less costs of issuance and administrative costs), subject to all requirements of the Children’s Hospital Program of 2008.

RESOLUTION NO. CHP-3 2013-02

**A RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING
EXECUTION AND DELIVERY OF GRANT FUNDING
UNDER THE CHILDREN'S HOSPITAL BOND ACT OF 2008
TO THE UNIVERSITY OF CALIFORNIA, DAVIS MEDICAL CENTER**

WHEREAS, The California Health Facilities Financing Authority (the "Authority"), a public instrumentality of the State of California, is authorized by the Children's Hospital Bond Act of 2008 (Pt. 6.1 (commencing with Section 1179.50), Div. 1, Health and Safety Code; hereafter the "Act") and implementing regulations to award grants from the proceeds of general obligation bonds in an amount not to exceed \$39,200,000 less the bond issuance and administrative costs to University of California, Davis Children's Hospital ("Grantee") to finance eligible projects; and

WHEREAS, Authority staff reviewed the Grantee's application against the eligibility requirements of the Act and implementing regulations and, pursuant to the Act and implementing regulations, recommends approval of a grant in an amount not to exceed \$10,422,010 less the bond issuance and administrative costs to the Grantee for the eligible project (the "Project") described in the application;

NOW THEREFORE BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

Section 1. The Authority hereby approves a grant of \$10,422,010 less the bond issuance and administrative costs to the Grantee to complete the Project as described in the Children's Hospital Program Application and Exhibit A to this Resolution (Exhibit A is hereby incorporated by reference) within a project period that ends on January 31, 2014.

Section 2. The Executive Director is hereby authorized for and on behalf of the Authority, to approve any minor, non-material changes in the Project described in the application submitted to the Authority and extend the project period completion date identified in Section 1 as authorized under the Act and implementing regulations. Nothing in this Resolution shall be construed to require the Authority to provide any additional funding, even if more grants are approved than there is available funding. Any notice to the Grantee shall indicate that the Authority shall not be liable to the Grantee in any manner whatsoever should such funding not be completed for any reason whatsoever.

Section 3. The Executive Director is hereby authorized and directed, for and on behalf of the Authority, to draw money from the Children's Hospital Bond Act Fund (2008) not to exceed those amounts approved by the Authority for the Grantee. The Executive Director is further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Grantee any and all documents necessary to complete the transfer of funds that are consistent with the Act and implementing regulations.

Section 4. The Executive Director of the Authority is hereby authorized and directed to do any and all things and to execute and deliver any and all documents which the Executive Director deems necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 5. This Resolution expires January 31, 2014.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by University of California, Davis Medical Center to construct and equip the pediatric portion of its expanded Comprehensive Cancer Center (Center) at 2315 Stockton Boulevard, Sacramento, CA 95817.