

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY**  
**Children’s Hospital Program of 2008**  
**Proposition 3**

**Staff Summary**  
**Resolution No. CHP-3 2015-02**  
**April 30, 2015**

**Applicant:** Children’s Hospital & Research Center at Oakland                      CHO-04-03  
(Children’s Hospital Oakland)  
747 52<sup>nd</sup> Street  
Oakland, CA 94609  
Alameda County

**Project Sites:** Patient care equipment at the main hospital (address above) and at other specified licensed and satellite locations in Oakland (Alameda County) and Walnut Creek (Contra Costa County):

Outpatient Center at 744 52<sup>nd</sup> Street, Oakland, CA 94609, Alameda County

Shadelands Outpatient Clinic at 2401 Shadelands Drive, Walnut Creek, CA 94598, Contra Costa County

Summit Unit at Alta Bates Summit Medical Center at 3100 Summit Street, Oakland, CA 94609, Alameda County

**Amount Requested:** \$3,422,027

<b>Summary of Grant Amounts</b>	<b>Proposition 61</b>	<b>Proposition 3</b>
Eligible Amount	\$74,000,000	\$98,000,000
less previous awards	(\$74,000,000)	(\$94,577,973)
less requested amount	-	(\$3,422,027)
<b>Remaining Amount Eligible if Requested Amount is Approved</b>	<b>\$0</b>	<b>\$0</b>

**Description of Applicant:**

Children’s Hospital & Research Center at Oakland (Children’s Hospital Oakland or “the hospital”) is a non-profit 501(c)(3) general acute care hospital with a current license from the California Department of Public Health. The 2013 (year ending December 31) audit was submitted and is free of “going concern” language.<sup>1</sup>

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<sup>1</sup> The absence of ‘going concern’ language tends to suggest the organization is in good operational health for that fiscal year. The Authority’s regulations define “Going Concern Qualification” in sections 7030(n) and 7051(n) for Proposition 61 and Proposition 3, respectively.

**Project:**

Children's Hospital Oakland is seeking grant funds to purchase patient care equipment. A list of patient care equipment that has been purchased was included with the application. Items on the list include a patient monitoring system (\$1,175,794), 230 wireless syringe pumps (\$1,065,711), a blood irradiator machine (\$374,571), and a patient monitoring system for the MRI control room (\$90,045).

**Proposition 3 Evaluation Factors:**

Based on the review of the application and other submitted materials, staff evaluated Children's Hospital Oakland'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 new patient care equipment contributes to children's improved access to health by expediting procedures, improving patient flow, and reducing wait time.

Children's Hospital Oakland purchased 230 customizable wireless syringe pumps enabling the hospital to replace an outdated model of existing pumps with an upgraded model and also expand the number of pumps in service for patient care. The updated model was designed to increase the accuracy of delivering medication to critical care patients, including children in neonatal and pediatric intensive care. The wireless technology offered by the new pumps allows health care providers to send and receive medication delivery information more efficiently. The hospital reports that all of the new pumps can simultaneously receive approved changes, such as updated drug dosing information, enabling the pumps to always be up-to-date. Previously, pumps were taken out of service in rotation for software updates, which limited the number of children that could receive care at a given time.

Children's Hospital Oakland has also seen an increase in access since it purchased a backup remote monitoring system for the MRI control room in June 2013. The monitoring system enables hospital staff to track the vital signs of children who need sedation and require monitoring while they are being scanned. The addition of a second monitor has enabled the hospital to maximize the number of patients that receive scans when they might otherwise have been turned away because the primary monitor was being repaired. The hospital reports that since it installed the backup monitoring system it has provided approximately 80 more MRI scans per month and the average number of MRI scans per month increased from 362 to 443 between 2013 and 2014.

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

Children's Hospital Oakland's upgraded patient monitoring system is an example of improved health care and patient outcomes. Electronic patient monitoring systems can reduce the risk of infection and other complications, as well as assist in providing comfort to patients. Children's Hospital Oakland purchased a new patient monitoring system to support the medical surgery departments on two floors of the main hospital and a 20-bed unit at Alta Bates Summit Medical Center. Children's Hospital Oakland leases patient beds from Alta Bates for use primarily when the main hospital is at its maximum capacity. The hospital's prior system had reached the end of its project life of service and was no longer supported by the manufacturer; consequently, the availability of technical support and replacement parts was limited. A significant benefit of the updated monitoring system is its compatibility with the hospital's Electronic Medical Record (EMR) system, enabling medical information to be stored digitally so that a patient's clinical history can be reviewed and accessed as the child moves from the main hospital to the Alta Bates location.

The hospital replaced its blood irradiator when the previous machine's radiation source was no longer functioning efficiently, and processing times were becoming longer as a result. The replacement irradiator is faster and more effective, providing for a faster turnaround thereby improving patient outcomes. Irradiators are used to prevent donor blood cells from attacking the immune system in immunocompromised children who need a blood transfusion, such as oncology patients, neonates, premature infants and patients needing bone marrow transplants.

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

Children's Hospital Oakland is a certified California Children's Services (CCS) hospital<sup>2</sup>. In 2013, the hospital provided approximately \$24 million in uncompensated and under-compensated care. Children's Hospital Oakland 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 patients' families.

Also, Children's Hospital Oakland has the only pediatric hospital-based Federally Qualified Health Center (FQHC) in California and, according to the hospital, is the only one in the country that places an emphasis on treating homeless children. An FQHC is a community-based organization that provides comprehensive primary and preventative care in federally-designated underserved areas regardless of patients' ability to pay or health insurance status. Children's Hospital Oakland's FQHC provides primary care and mental health services to the Medi-Cal pediatric populations at four sites.

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<sup>2</sup> 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.

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

In fiscal year 2013, Children’s Hospital Oakland had approximately 10,298 admissions, 45,548 emergency department visits and 238,590 outpatient visits. Approximately 70% of all patient visits were paid by public insurance, primarily Medi-Cal, and fewer than 30% were paid by private insurance providers.

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

According to Children’s Hospital Oakland, the hospital has the second largest pediatric residency program in California. The program sponsors over eighty-five residents and fellows, primarily in the departments of Primary Care, Hematology-Oncology, Pulmonology, Emergency Medicine and Infectious Diseases. The hospital received a \$3.84 million grant from the United States Health Resources and Services Administration to fund four additional residents each year over five years with a focus on primary care.

Also, the hospital provides month-long clinical experiences to more than ninety-five senior medical students from throughout the country. Children’s Hospital Oakland serves as a pediatric nursing training hospital for fifteen other hospitals throughout the United States.

Children’s Hospital Oakland Research Institute (CHORI) currently has grants totaling \$45 million. CHORI is ranked tenth in the nation for children’s hospitals receiving grants and contracts from the National Institutes for Health (NIH). With the funding from these NIH grants and contracts, more than 240 scientist, post-doctoral, clinical fellows, and laboratory staff are focused on basic laboratory research and clinical trials in the areas of immunobiology, infectious disease prevention, hematology, oncology, nutrition, diabetes, as well as genetics and genomics. There efforts have led to the following key discoveries at CHORI:

- Bone marrow and cord blood transplant program to cure blood diseases
- Development of more sensitive lab tests to evaluate cardiovascular disease risk in children of all ages.
- Successful treatments for basal cell carcinomas, the most common skin cancer
- Development of a low-cost meningococcal vaccine for Africa.

*Factor 6: Demonstration of project readiness and project feasibility:*

According to Children’s Hospital Oakland, the equipment was acquired between January 1, 2013 and December 1, 2014 and is in use delivering patient care.

<u>Source of Funds:</u>		<u>Use of Funds*</u>	
CHFFA Grant	\$3,422,027	Equipment Purchases	\$3,422,027
Total	<b>\$3,422,027</b>	Total	<b>\$3,422,027</b>

**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 2015-02 for Children's Hospital & Research Center at Oakland to provide a grant not to exceed \$3,422,027 (less issuance and administrative costs), subject to all requirements of the Children's Hospital Program of 2008.

## **RESOLUTION NO. CHP-3 2015-02**

### **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 CHILDREN'S HOSPITAL & RESEARCH CENTER AT OAKLAND**

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 \$98,000,000 less the bond issuance and administrative costs to the Children's Hospital & Research Center at Oakland ("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 \$3,422,027 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 \$3,422,027 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 May 31, 2016.

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 May 31, 2016.

Date Approved: \_\_\_\_\_

## **EXHIBIT A**

### **PROJECT DESCRIPTION**

The proceeds of the grant will be used by Children's Hospital & Research Center at Oakland to purchase patient care equipment as provided in the application for the hospital facility located at 747 52<sup>nd</sup> Street Oakland, California 94609 and other specified locations in Oakland and Walnut Creek:

- 744 52<sup>nd</sup> Street, Oakland, California 94609  
(Outpatient Center)
- 2401 Shadelands Drive, Walnut Creek, California 94598  
(Outpatient Clinic)
- 3100 Summit Street, Oakland, CA 94609  
(Summit Unit at Alta Bates Summit Medical Center)