

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

**Staff Summary  
Resolution 2005-21  
December 1, 2005**

**Applicant:** Children's Hospital & Research Center at Oakland  
dba Children's Hospital Oakland (Corporation)  
747 52<sup>nd</sup> Street  
Oakland, CA 94609  
Alameda County

**Project Site:** 747 52<sup>nd</sup> Street  
Oakland, CA 94609

**Amount Requested:** \$1,696,546

**Prior Amount Awarded:** \$0

**Description of Applicant:**

The Corporation is a non-profit 501(c)(3) general acute care hospital with a current license from the Department of Health Services. The 2004 (year ending December 31) audit was submitted and it was free of "going concern" language.

**Project:**

The Corporation is seeking grant funds as reimbursement for the cost of a project to replace/update older equipment and to purchase new equipment for patient care. Most of the items listed in the application were earmarked for numerous departments including laboratory, cardiology, surgery and imaging. The three largest expenditures were for a nuclear medicine camera (\$481,000), an echocardiography machine (\$177,000) and an endoscopy tower and scopes (\$100,000).

**Proposition 61 Evaluation Factors:**

Based on the review of the application and other submitted materials, staff evaluated the Corporation'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:*

The ability to obtain reimbursement for normal capital expenditures helps the Corporation improve its cash flow thus strengthening its ability to improve access to healthcare services for children. The approximately \$1.7 million the Corporation is

seeking is equivalent to the amount of charity care it has provided for the first nine months of this fiscal year.

The echocardiography machine, one of the items to be reimbursed, expands healthcare access and will increase testing capacity.

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

The equipment acquisitions range from the mundane such as refrigerators and centrifuges for the laboratory to the latest technologically advanced equipment such as the nuclear medicine camera.

The nuclear medicine camera replaced the DSX Gamma Camera, which had excessive down time. This caused significant inconvenience to the patients, but worse, it caused delays in diagnosis and thus treatment.

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

The Corporation is a certified California Children's Services (CCS) hospital. Approximately 60% of its net patient revenues come from government programs such as Medi-Cal and CCS. It provided approximately \$10.2 million and \$2.4 million in charity care for fiscal years 2003 and 2004 respectively. The reason for the sharp decline is due to the Corporation seeking accreditation for its Bone Marrow Program. To become accredited, the Corporation had to provide at least 20 procedures without compensation over a rolling 12 month period. It has provided approximately \$1.6 million in charity care through September (9 months YTD). 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 FY '04, the Corporation had approximately 8,900 admits, 47,400 emergency department visits and 106,000 outpatient visits. Over 60% of the inpatient visits were covered by Medi-Cal/CCS, while about 53% of the outpatient visits were covered by Medi-Cal/CCS. Over the past five years, the Corporation's number of Medi-Cal/CCS patient days has increased from 51% of its total to 66%.

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

The Corporation has the third largest pediatric residency program in California. The program sponsors over 85 residents and fellows primarily in Primary Care and also in Hematology-Oncology, Pulmonology, Emergency Medicine and Infectious Diseases. Also, it serves as a teaching hospital for 15 other hospitals in Northern California.

Children’s Hospital Oakland Research Institute was founded in 1958. It currently has 41 grants totaling approximately \$20 million

*Demonstration of project readiness and project feasibility:*

All of the equipment expenditures were from March 2003 through June 2005. All equipment is currently in service and used in the delivery of patient care.

<u>Source of Funds:</u>		<u>Use of Funds</u>	
CHFFA Grant	<u>\$1,696,546</u>	Equipment Purchases	<u>\$1,696,546</u>

**Legal Review:**

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

**CHFFA Bond Issues:**

None.

**Staff Recommendation:**

Staff recommends that the Authority approve a resolution for Children’s Hospital & Research Center at Oakland to provide a grant not to exceed \$1,696,546 (less costs of issuance), subject to all requirements of the Children’s Hospital Program.