

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

**Staff Summary  
Resolution 2006-02  
January 26, 2006**

**Applicant:** Children's Hospital of Orange County (CHOC) # CHOC - 02  
455 South Main Street  
Orange, CA 92868-3874  
Orange County

**Project Site:** 455 South Main Street  
Orange, CA 92868-3874

**Amount Requested:** \$18,400,897

**Prior Amount Awarded:** \$4,508,947

**Description of Applicant:**

CHOC is a 501(c)(3) general acute care hospital with a current license from the Department of Health Services. The Fiscal Year 2005 (year ending June 30) audit was submitted and it was free of "going concern" language.

**Project:**

CHOC is seeking grant funds to expand and remodel its Ambulatory Care Center and to purchase patient care equipment. The purpose of the project is to consolidate its Primary Care Clinic and its Specialty Clinics into one location. The clinics are scattered about not only on its campus, but also in nearby off-site buildings. The consolidation will save on lease expenses and will make it easier for the families to seek treatment and provide for additional capacity.

The project will increase the total number of exam rooms from 62 to 83, and will add 16 infusion rooms, two dental rooms, additional registration areas and, a triage room. Traffic flow and security improve with the remodeling. The Ortho clinic will now have 10 exam rooms from the current four. The cast room will increase by one bay to four and two x-ray rooms will be added.

The building footprint remains the same. CHOC has the ability to add services in the existing building, since the administrative functions have been moved to another building.

## **Proposition 61 Evaluation Factors:**

Based on the review of the application and other submitted materials, staff evaluated CHOC'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 remodeling project will increase capacity in both the Primary Clinic and the Specialty Clinics. Additional triage exam rooms, x-ray rooms and casting bays will increase the access for the most vulnerable children to be seen and treated in a timely manner.

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

The remodeled Primary Care Clinic will have a triage room for walk-ins. Also, it will have a centrally located treatment room for children needing urgent care. The new waiting/registration areas have been designed to improve patient safety by better separating primary care patients, who are more likely to have infectious conditions, from patients who have more chronic conditions.

The Specialty Clinics exam rooms will be tailored toward the specific needs of the patients and physicians. For example, the chronic lung disease clinic will have the ability to perform pulmonary function testing. Also, all orthopedic rooms will be equipped with digital radiology technology. Currently, the only x-ray is in the main hospital building, which means a significant walk for the patients and their families and a separate scheduled appointment.

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

CHOC is a certified California Children's Services (CCS) hospital. Approximately 34 percent of its net patient revenues come from government programs such as Medi-Cal. In Fiscal Year 2005, CHOC provided over \$56.5 million in uncompensated and under-compensated care. 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:*

CHOC is the pediatric safety net for Orange County's most medically vulnerable children. It is the leading regional referral center for pediatric subspecialty care. For Fiscal Year 2003, approximately 58 percent of CHOC's patients had government paid insurance or had no insurance at all. From 2002 to 2005, its discharges have increased

from 8,490 to 10,290, which is a 21 percent increase. For the same period, the inpatient days increased 25 percent.

CHOC reaches out to provide preventive and primary care in low-income, high-risk areas where children have limited access to care. CHOC's outreach clinics include the CHOC Orange Community Clinic, located on the main CHOC campus; Clinica CHOC para Niños in Santa Ana; the CHOC Clinic at the Santa Ana Boys and Girls Club, and the CHOC Costa Mesa Clinic in Costa Mesa. Based on the success of the CHOC Clinic in Santa Ana, CHOC celebrated the opening of the new CHOC Clinic at the Garden Grove Boys and Girls Club in August 2005. The project was developed in collaboration with the Orange County Children and Families Commission and the Garden Grove Boys and Girls Club.

CHOC also operates four mobile clinics – two in Santa Ana and two in Anaheim. These programs were developed in partnership with the Santa Ana and Anaheim Unified School Districts to deliver health services to medically needy children at school sites. The custom-designed mobile vans are staffed with bilingual medical teams that provide well-child check-ups, immunizations and primary care to identified low-income children at targeted schools. Additionally CHOC supports the CHOC BreathMobile, a mobile asthma testing and treatment facility serving Orange County.

During Fiscal Year 2005, CHOC's specialty clinics, primary care clinics and its outreach clinics, including the mobile health clinics, had 126,666 ambulatory care visits, an increase of 10.1 percent over Fiscal Year 2004.

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

CHOC's current training program for pediatricians and pediatric subspecialists supports 60 residents and fellows. CHOC, in addition to its own residency and fellowship programs, currently supports residents from the University of California at Irvine, Riverside General Medical Center, Kaiser Permanente and fellows from Harbor/University of California Los Angeles. CHOC also provides regular training sessions for medical students from Dartmouth University, Western University and St. George University. In addition, CHOC provides upon request, clerkships from medical students throughout the world.

CHOC's state-of-the-art basic science research laboratories support three primary areas of research: autoimmune and inflammatory disease, cancer and, most recently, the identification and isolation of non-fetal neural stem cells that someday may be cultured and used to replace nerve tissue destroyed by disease or injury. CHOC scientists work closely with CHOC medical staff physicians, as well as researchers from laboratories around the world. CHOC receives grants and contracts from federal agencies, including National Institute of Health, the Centers for Disease Control and Prevention, and the Maternal and Child Health Bureau. CHOC also receives considerable research funding from private nonprofit organizations.

CHOC participates in a number of clinical studies and trials. Its researchers currently are participating in a hemophilia surveillance study to monitor the safety of blood-derived products. Because of the clinical research performed at CHOC, its patients have access to clinical trials in the following specialties: cardiology, critical care, endocrinology, hematology, infectious disease, neurosurgery, oncology, pulmonary, and rheumatology.

*Demonstration of project readiness and project feasibility:*

Construction should start in start in February 2006 and CHOC expects completion by August 2007.

<u>Sources of Funds:</u>		<u>Uses of Funds</u>	
CHFFA Grant	\$18,400,897	Remodel	\$16,641,264
		Equipment Purchases	<u>1,759,633</u>
TOTAL	<u>\$18,400,897</u>	TOTAL	<u>\$18,400,897</u>

**Legal Review:**

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

**CHFFA Bond Issues:**

CHOC has three Authority bond issues dated 1991, 1996 and 2004. The current outstanding balance for the three bond issues totals \$116,500,000 as of June 30, 2005.

**Seismic Issues**

CHOC has about \$520,000 worth of work to perform to be in compliance with the 2008 seismic requirements. Part of the grant proceeds will address this issue. It has about \$1.85 million worth of work to perform to be in compliance with the 2030 seismic requirements. The majority of the work will be addressed when CHOC builds a new tower, which has an anticipated completion date of 2012. CHOC plans to use the balance of the Prop 61 funds for that project.

**Staff Recommendation:**

Staff recommends the Authority approve a resolution for Children’s Hospital of Orange County to provide a grant not to exceed \$18,400,897 (less costs of issuance), subject to all requirements of the Children’s Hospital Program.