

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
Children's Hospital Program

Staff Summary
Resolution 2007-01
January 25, 2007

Applicant: Children's Hospital Central California (CHCC)
9300 Valley Children's Place
Madera, CA 93638
Madera County

Project Site: 9300 Valley Children's Place
Madera, CA 93638

Amount Requested: \$3,769,691

Prior Amount Awarded: \$5,309,524

Description of Applicant:

CHCC is a 501(c)(3) general acute care hospital with a current license from the Department of Health Services. The 2006 (year ending September 30) audited financial statements were free of "going concern" language.

Overview

The hospital is a 255-bed pediatric health care facility. It is the 13th largest freestanding pediatric hospital in the United States and is the only one in a rural area. The facility was built in 1998 and is compliant with the SB 1953 2030 requirements.

Project:

CHCC is seeking grant funds for the following three projects:

- | | |
|--|--------------------------|
| • Picture Archiving and Communications System (PACS) | \$2,593,835 |
| • Radiology project | 539,300 |
| • Equipment purchases | <u>636,556</u> |
| | Total \$3,769,691 |

PACS

PACS is a digital imaging system using computers or networks dedicated to the storage, retrieval, distribution and presentation of images. CHCC plans to use the grant funds to purchase equipment and pay for capital costs associated with the infrastructure improvements.

PACS handles images from various modalities, such as ultrasonography, magnetic resonance imaging, positron emission tomography, computed tomography and

radiography (plain X-rays). PACS replaces hard-copy based means of managing medical images, such as film archives. It expands on the possibilities of such conventional systems by providing capabilities of off-site viewing and reporting (distance education, tele-diagnosis). Additionally, it enables practitioners at various physical locations to peruse the same information simultaneously (teleradiology). With the decreasing price of digital storage, PACS systems provide a growing cost and space advantage over film archival.

Radiology project

CHCC is requesting grant funds to reimburse the costs associated with remodeling the radiology room and buying associated equipment. The equipment included an X-ray table that has its own generator, monitoring hardware and software and has the ability to tilt into a vertical position.

Equipment purchases

CHCC is requesting grant funds to reimburse the costs associated with patient care equipment including but not limited to patient bed systems, surgical tables and urodynamic testing equipment. Additional testing and diagnostic equipment was purchased for surgery, radiology, emergency and ambulatory clinics.

Proposition 61 Evaluation Factors:

Based on the review of the application and other submitted materials, staff evaluated CHCC's projects 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:

CHCC's primary service area includes nine counties in Central California and encompasses 45,000 square miles. More than 70% of the children cared for are eligible for governmental health insurance programs. The diagnostic and treatment equipment purchased improved access to the only tertiary and specialized health care available for children who would otherwise need to travel over 200 miles to the next nearest children's hospital.

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

With PACS, digital images will be immediately available to the physician. A faster diagnosis will result in faster treatment. This will also eliminate the possibility of lost or misplaced films.

The remodel of the radiology unit will help decrease the wait times for patients. For the past five years, imaging exams have increased an average of almost 5%/year and, with

this new design, the department is able to meet the anticipated growth in volume through 2011.

All of the equipment purchased contributes to access to the quality of care found in larger metropolitan areas of the state. For example, the GSI Audera system allows electrophysiological assessment of hearing sensitivity in unresponsive and difficult to test children, especially newborns.

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

The mission of CHCC is to provide high-quality, comprehensive health care services to children, regardless of their ability to pay. 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 fiscal year 2006, CHCC had 11,798 inpatient cases, 46,675 emergency department visits and 108,636 outpatient clinic visits. Medi-Cal benefits covered 69.6% of the inpatient cases and 61.4% of the outpatient visits. CHCC maintains its financial assistance and charity care policies in this region with chronically high poverty and low philanthropic support.

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

CHCC is affiliated with the University of California, San Francisco Medical School Residency Program and its doctors are faculty for the pediatric residents training at CHCC. CHCC has a long history of clinical research participation and has developed a research institute to implement studies of new pediatric drugs, biological products and medical devices.

Demonstration of project readiness and project feasibility:

The PACS project started on April 1, 2006 and is expected to be complete by March 31, 2007.

The radiology project started in January 2005 and was completed in September 2005.

The equipment expenditures were incurred from April 1, 2005 through June 30, 2006. All equipment is currently in service and used in the delivery of care to patients.

CHCC's project funding is detailed as follows:

<u>Sources of Funds:</u>		<u>Uses of Funds</u>	
CHFFA Grant	\$3,769,691	Equipment Purchases	\$3,379,497
		Remodel	<u>390,194</u>
TOTAL	<u>\$3,769,691</u>	TOTAL	<u>\$3,769,691</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 a resolution to provide a grant not to exceed \$3,769,691 million (less costs of issuance), subject to all requirements of the Children's Hospital Program.