

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
Children's Hospital Program

Staff Summary
Resolution 2007-04
August 30, 2007

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

Project Site: 747 52nd Street
Oakland, CA 94609

Amount Requested: \$4,132,346

Prior Amount Awarded: \$1,696,546

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 2006 (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 costs 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 of the largest expenditures were for a CT 40-slice camera (\$1,343,000), acute care bedside monitors (\$541,000) and anesthesia monitors (\$242,000).

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 \$4.1 million the Corporation is seeking is almost equivalent to the amount of charity care it provided in FY'06

In addition, upgraded equipment improves access for the hospital's patients most of whom are government insured or uninsured. The Digital Mobile X-ray unit, one of the items to be reimbursed, expands healthcare access and will increase testing capacity by replacing antiquated equipment that was not compatible with the hospital's PACS.

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 CT 40-Slice Scanner.

The CT 40-Slice Scanner replaced a CT 2-Slice Scanner. The CT 2-Slice Scanner was slow and had a lot of downtime. Also, it had a 4 to 5 week procedure backlog, which resulted in delayed diagnosis and treatment. The new scanner provides detailed, 3-D images enabling more definitive exam results.

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 \$2.1 million and \$4.4 million in charity care for fiscal years 2005 and 2006 respectively. 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 '06, the Corporation had approximately 9,600 admits, 51,600 emergency department visits and 122,000 outpatient visits. Over 64% of the inpatient visits were covered by Medi-Cal/CCS, while about 56% of the outpatient visits were covered by Medi-Cal/CCS.

When the Corporation applied for its first grant in 2005, it had approximately 8,900 admits, 47,400 emergency department visits and 106,000 outpatient visits for FY '04. 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.

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 January 2005 through December 2006. 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>\$4,132,346</u>	Equipment Purchases	<u>\$4,132,346</u>

Legal Review:

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

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 \$4,132,346 (less costs of issuance), subject to all requirements of the Children’s Hospital Program.