

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

**Staff Summary
Resolution No. CHP 2010-01
February 25, 2010**

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

Project Site: 747 52nd Street
Oakland, CA 94609
Alameda County

Amount Requested: \$25,133,999

Prior Amount Awarded: \$39,983,166

Description of Applicant:

Children's Hospital Oakland (CHO) is a non-profit 501(c)(3) general acute care hospital with a current license from the Department of Health Services. The 2008 (year ending December 31) audit was submitted and it was free of "going concern" language.

Project:

CHO is seeking grant funds for three projects. The projects include:

| | |
|---|---------------------|
| • Cardiology and Radiology Angiography and Interventional Suite (Cath Lab) | \$ 5,260,803 |
| • Peri-operative Information Management System | 5,264,038 |
| • Patient Care Equipment | <u>14,609,158</u> |
| Total: | <u>\$25,133,999</u> |

Cardiology and Radiology Angiography and Interventional Suite (Cath Lab)

CHO proposes to construct a 1,800 square foot Cath Lab, approximately twice the size of the existing Cath Lab. The new Cath Lab will allow the installation of new equipment for the diagnosis and treatment of certain heart and blood vessel disorders and other diseases under the guidance of imaging technologies. The \$5.2 million listed above is comprised of \$3.0 million for remodeling the existing Cath Lab and \$2.2 million for purchasing equipment.

Peri-operative Information Management System (PICIS)

CHO seeks reimbursement for the acquisition of their PICIS system. The PICIS records patient information during the peri-operative period (the time spanning surgery-scheduling through the post-anesthesia recovery period). The PICIS links the main Operating Room (OR), the Outpatient Surgery Center and the Walnut Creek surgery site.

Patient Care Equipment

CHO seeks reimbursement for various equipment acquisitions dating between January 31, 2004 and December 31, 2008. These major equipment items include, but are not limited to, inpatient pharmacy robot equipment and installation (approximately \$3.8 million), PACS (Picture Archiving and Communications System, approximately \$2.3 million), a Magnetic Resonance Imaging (MRI) upgrade, chemistry analyzers with an immuno-assay system, 12 anesthesia machines, and two anesthesia gas analyzers.

Proposition 61 Evaluation Factors:

Based on the review of the application and other submitted materials, staff evaluated CHO's projects using the six factors identified in Proposition 61 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:

CHO is a Northern California pediatric level one trauma center, a neurosurgery and neurology referral center, and tertiary referral center for patients with suspected congenital cardiac disease. Approximately 58.7% of the outpatient visits are covered by government health insurance programs.

CHO will be able to provide greater access for more children with the construction of a larger Cath Lab. Improved access will also be provided with the installation of new biplane flat panel detectors (FPD) diagnostic imaging equipment. According to the hospital, the new FPD technology requires only one scan in some cases, compared to two or more scans required by the older equipment, thereby saving time and potentially allowing more patients to be seen. The new Cath Lab is expected to accommodate more patients other than cardiology, for example from radiology and Electrophysiology. It is estimated close to 250 interventional radiology procedures can be relocated or added to the schedules in the new Cath Lab, compared to 10-15 such procedures performed in the current lab. CHO indicates the relocated procedures will relieve CHO's over-capacity in other departments such as Diagnostic Imaging and CHO's main OR.

The new PICIS system improves patient access with increased workflow efficiency in the OR and it also improves resource utilization. It is estimated CHO can increase the number of patients treated in the daily access of the OR by 5-10%. PICIS is used as an effective tool for increasing surgical scheduling efficiency, optimizing workflow process efficiency, improving patient care with automatic data capture of patient progress and accurate equipment/supply management.

The new anesthesia machines have given the ventilated patients increased access to surgical and MRI services, directly benefiting up to 10 patients per month. The new

anesthesia ventilators have made it possible to bring critically ill patients to the OR for procedures that previously would not have been possible because of patients' complex ventilation needs.

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

According to CHO, inclusion of the high quality, biplane flat panel detectors (FPD) in the Cath Lab will reduce time required to produce images. This is particularly useful when caring for trauma patients, where physicians need to make critical decisions quickly. Higher quality images of tiny cardiac blood vessels allow physicians to perform procedures accurately on tiny infants with congenital cardiac disease. One angiogram in some neurology cases is sufficient in the new lab as compared to multiple angiograms with the current Cath Lab, which results in saved time, as well as reduced exposure to radiation and contrast doses. CHO estimates some patients will receive as much as 97 % less radiation exposure.

The PICIS system is expected to provide improvement in child health care by providing data to show how patient outcomes may be affected by factors such as timing of antibiotics, surgical infections, surgery readmissions and adverse reactions to anesthesia.

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

CHO is a certified California Children's Services (CCS) hospital. In 2008 CHO provided approximately \$2.9 million in uncompensated and under-compensated care. CHO 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 families.

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

In fiscal year 2009, CHO had approximately 10,872 admissions, 55,498 emergency department visits and 179,854 outpatient visits. 67.4% of the inpatient visits and 58.7% of the outpatient visits were covered by government health insurance programs.

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

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

Factor 6: Demonstration of project readiness and project feasibility:

Cath Lab:-The project design was recently approved by OSHPD in December 2009. Construction is anticipated to start in February 2010 and end approximately in August 2010. CHO indicates all equipment has been ordered.

PICIS:-The Outpatient Center installation has been completed and went live in November 2009. The main Operating Room and Walnut Creek surgery suite installation is currently underway, with targeted completion by spring 2010.

The Patient Care Equipment (diagnostic, treatment and other equipment used throughout CHO): According to CHO, all equipment was acquired between the dates of January 31, 2004 and December 31, 2008, was then subsequently installed, and is currently utilized in the delivery of care to the patients.

| <u>Source of Funds:</u> | | <u>Use of Funds</u> | |
|--------------------------------|---------------------|----------------------------|---------------------|
| CHFFA Grant | \$25,133,999 | Remodel | \$ 3,064,290 |
| | | Equipment Purchases | <u>22,069,709</u> |
| Total | <u>\$25,133,999</u> | Total | <u>\$25,133,999</u> |

Legal Review:

No information was disclosed to detrimentally affect the financial viability or legal integrity of the applicant.

Staff Recommendation:

Staff recommends the Authority approve Resolution No. 2010-01 for Children’s Hospital & Research Center at Oakland to provide a grant not to exceed \$25,133,999 (less costs of issuance), subject to all requirements of the Children’s Hospital Program.