

California Health Facilities Financing Authority (“Authority”)

Children’s Hospital Bond Act of 2018 – Proposition 4

Information Item

December 6, 2018

Summary

On November 6, 2018, California voters passed Proposition 4, the Children’s Hospital Bond Act of 2018 (the “2018 Act”), to issue \$1.5 billion in General Obligation bonds for capital improvement projects at 13 children’s hospitals as well as other public or private nonprofit hospitals that provide services for children eligible for the California Children’s Services (“CCS”)¹ program. The purpose of the Children’s Hospital Program is to improve the health and welfare of California’s critically ill children, by providing a stable and ready source of funds for capital improvement projects for children’s hospitals.

Similarities to Previous Children’s Hospital Programs

Similar to the two previous statewide measures, the Children’s Hospital Bond Act of 2004 (the “2004 Act”) and the Children’s Hospital Bond Act of 2008 (the “2008 Act”), Proposition 61 and Proposition 3, respectively, the 2018 Act proposes that a percentage of the funds will be made available to 13 Children’s Hospitals on a non-competitive basis:

- 18% (\$270 million) of the total funds be available for grants to five (5) University of California general acute care hospitals,
- 72% (\$1.08 billion) of the total funds to eight (8) nonprofit children’s hospitals, and
- The Authority will award grants to eligible children’s hospitals based on the same six factors regarding:
 - improvement of healthcare access, improvement of pediatric patient outcomes, project readiness and feasibility, the hospitals’ contribution and promotion of pediatric teaching/research programs, and the hospitals’ ability to provide services to vulnerable pediatric populations.

Differences from Previous Children’s Hospital Programs

Dissimilar to the 2004 and 2008 Acts, the 2018 Act proposes that:

- 10% (\$150 million) of the total funds be available for grants to hospitals that provide pediatric services to children eligible for the CCS program (approximately 180 hospitals).
- The Authority staff will develop a scoring mechanism to award the 10% of grant funds on a competitive basis.
- In addition to the six factors listed above, Authority staff may recommend that the 10% competitive portion of the 2018 Act include additional scoring criteria regarding:
 - certification as Special Care Centers², number of approved Special Care Centers, geographical access to care, patient utilization statistics, and financial need.

1) California Children’s Services (CCS) is a statewide program that arranges, directs, and pays for medical care, equipment, and rehabilitation, when these services are authorized by the program. Services can be authorized for children and young adults under 21 years of age who have eligible medical conditions and whose families are unable to pay for all or part of their care.

2) Special Care Centers (SCC) provide comprehensive, coordinated health care to CCS and Genetically Handicapped Persons Program (GHPP) clients with specific medical conditions. SCCs are organized around a specific condition or system and are comprised of multi-disciplinary, multi-specialty providers who evaluate the client’s medical condition and develop a family-centered health care plan to facilitate the provision of timely, coordinated treatment.

The Authority is planning to host a webinar to gather input from key stakeholders regarding the additional scoring criteria in addition to seeking feedback and guidance from the California Hospital Association.

Below are charts displaying total grant amounts for the respective Children’s Hospital Bond Acts, the available amounts by hospital type, and an estimated timeline.

**Children’s Hospital Programs
Total Funding**

	2018 Act	2008 Act	2004 Act
Total Amount Available for Grants	\$1,500,000,000	\$980,000,000	\$750,000,000

**Children’s Hospital Programs
Amount per Hospital Type**

Hospital Type	Eligible Applicants	2018 Act		2008 Act	2004 Act
		Total Amount Available	Hospital Amount	Hospital Amount	Hospital Amount
UC Children’s Hospitals	5	\$270,000,000	\$54,000,000	\$39,200,000	\$30,000,000
Nonprofit Children’s Hospitals	8	\$1,080,000,000	\$135,000,000	\$98,000,000	\$74,000,000
CCS	180 (estimated)	\$150,000,000	TBD	N/A	N/A

Estimated Timeline

Action Item for Board Approval of Emergency Regulations	January 2019
Send Emergency Regulations to OAL	February 2019
OAL Approves Emergency Regulations	February/ March 2019
Open First Funding Round Application Submission Period	March/ April 2019