

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY**  
**Children's Hospital Program of 2018 (Proposition 4)**

**STAFF SUMMARY**

<p><b>Applicant:</b> California Hospital Medical Center          - Los Angeles          1401 South Grand Avenue          Los Angeles, CA 90015          Los Angeles County</p>	<p><b>Application Number:</b> EH-10  <b>Authority Meeting Date:</b> June 25, 2020  <b>Resolution Number:</b> CHP-4E 2020-09  <b>Requested Amount:</b> \$15,000,000.00  <b>Recommended Amount:</b> \$15,000,000.00</p>
<p><b>Project Site:</b> Same as above.</p>	
<p><b>Description of Applicant:</b> California Hospital Medical Center- Los Angeles (Hospital) is a non-profit 501(c)(3) general acute care hospital. The Hospital has full approval as a California Children's Services program from the California Department of Health Care Services.</p>	
<p><b>Summary of Project:</b> The Hospital is seeking grant funds to construct a 24-bed Level III Neonatal Intensive Care Unit (NICU) within a new 140,000 square foot tower, renovate the existing Tibbitts Tower that will house a 10-bed Pediatric (PEDS) Unit as well as equip these two hospital departments. Although the Hospital is relocating the existing NICU and the PEDS Unit and decreasing the number of beds by two for each unit, the larger footprint of the uniquely designed private rooms will be better equipped to serve patients and improve access.</p>	
<p><b>Proposition 4 Evaluation Factors:</b><sup>1</sup> Based on the review of the application and other submitted materials, staff evaluated the Hospital's project using the factors identified in Proposition 4.</p> <p><i>Factor 1: The grant will contribute toward expansion or improvement of health care access by children eligible for governmental health insurance programs<sup>2</sup> and indigent, underserved, and uninsured children:</i></p> <p>The NICU is part of a larger expansion of the hospital campus encompassing the construction of a brand new seismically sound 4-story, 140,000 square foot patient care tower. Although the NICU will decrease its capacity by two beds, the relocated unit will be better designed and equipped to serve patients and improve access to care that was previously not provided. The Hospital's decision to decrease the NICU bed capacity from 26 to 24 beds was due to changes in the California Building Code criteria for NICUs. The California Building Code requires additional spaces, such as a lactation room, a formula preparation room, and refrigerated storage to be provided in a NICU, which were previously not accessible. With an expanded footprint, the new NICU will offer both private rooms and a larger communal care space, enhancing the patient experience and allowing for parents and other family members to participate in the care of the neonate, while protecting their privacy in a comfortable environment. The spacious rooms and advanced equipment will promote faster healing, allowing the patients to be discharged sooner and thereby increasing capacity.</p> <p>The PEDS Unit will be relocated from the seismically non-compliant 1964 tower that does not meet SB 1953 seismic retrofit regulations, and that is scheduled to be decommissioned, into an existing tower that is undergoing renovations and will include ten large private and uniquely designed child-centered rooms. Although the PEDS Unit capacity will be reduced slightly from 12 beds to ten beds, the Hospital anticipates that the project will ultimately expand and improve health care access to serve additional pediatric patients. The Hospital will be able to expand its pediatric surgical capability after the project is completed because of the updated PEDS Units and its new affiliation with an academic medical center. Selected pediatric surgical cases will be safely performed at the Hospital as opposed to transferring patients to dedicated children's hospital, resulting in an increased inpatient volume. The updated equipment and child-centered rooms will promote faster healing, allowing the patients to be discharged sooner and thereby increasing capacity.</p> <p>The Hospital anticipates that a minimum of 70 additional pediatric patients (of which approximately 66 will be eligible for Governmental Health Insurance Programs), a 6% increase from the 1,159 pediatric patients served in fiscal year 2019, will benefit from improved health care access after completion of this project. In fiscal year 2019, over 95% of children served in the Hospital were covered by Medi-Cal.</p>	

<sup>1</sup> Staff also ensured that the hospital met an additional three evaluation factors that are not project specific but specific to the hospital, which include:

1. The hospital provides uncompensated or undercompensated care to indigent or public pediatric patients.
2. The hospital provides services to vulnerable pediatric populations.
3. The hospital promotes pediatric teaching or research programs.

<sup>2</sup> Government Health Insurance Programs mean governmental assistance programs that include, but are not limited to, Medicaid (Medi-Cal), Optional Targeted Low Income Children (OTLIC), California Children's Services (CCS), Child Health and Disability Prevention (CHDP) and county indigent programs.

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

**NICU** - The single-family design of the Hospital's new NICU will significantly contribute to the improvement of child health care and pediatric patient outcomes. According to the Hospital, privacy for mothers to comfortably and consistently have skin-to-skin contact will have long-term benefits in the development of premature babies. According to the March of Dimes, a nonprofit organization that works to improve the health of mothers and babies, skin-to-skin contact promotes weight gain, regulation of heart rate and breathing, enhances self-regulation, promotes deep sleep, supports breastfeeding and bonding and ultimately decreases length of stay in the Hospital. The reconfiguration allows medical staff to have sufficient space to provide efficient treatment, which was not adequate previously. In addition, the new NICU will have individualized milk warmers at each bedside. The Hospital's NICU currently has only eight individualized bedside warmers. Individualized milk warmers are ideal and the gold standard for care as it decreases the risk of infection and contamination from shared equipment leading to better pediatric patient outcomes.

**PEDS Unit** - The design of the pediatric treatment room will improve patient care and outcomes by providing sufficient space for medical staff to provide treatment. The rooms will have colorful, joyful walls and a coping kit that includes diversion and distraction tools to help with non-pharmacological pain management. Physicians and nursing staff are encouraged to Position-for-Comfort, which allows children to feel secure in their parents' arms as opposed to being restrained. These child-centered procedures and the environment foster compliance, lessen pain perceptions of the children, and allows children to feel safe while they are in the hospital.

*Factor 3. Demonstration of project readiness and project feasibility:*

The new tower capital project, which includes the NICU, was started in the Spring of 2018 and is anticipated to be completed by the Summer of 2021. Construction of the PEDS Unit is anticipated to start in December 2020 and be completed by the end of 2021. The current COVID-19 outbreak has impacted the Hospital's operations and the timeline of this project as work on the project was temporarily suspended; however, this timeline takes into consideration the delays.

Since the NICU's construction costs cannot be isolated from the entire new tower, grant proceeds will only cover the eligible pediatric portion of the NICU project. Authority staff has determined that a proportionate share of 9.42% of the total costs for the new tower are eligible for reimbursement from grant funds. The PEDS Unit and equipment costs do not require a proportionate share.

**Sources of Funds:**

Prop 4 Grant Funds	\$15,000,000.00
Hospital Internal Funds	165,161,250.00
Philanthropy- major gifts, grants	35,000,000.00

**Total** **\$215,161,250.00**

**Uses of Funds:**

Construction/renovation	\$213,030,411.98
Equipment	1,969,588.02
Admin Costs	150,000.00
COI	11,250.00

**Total** **\$215,161,250.00**

**Legal Review:** Although disclosures were made by the applicant, the information disclosed does not appear to detrimentally affect the financial viability or legal integrity of the applicant.

**Staff Recommendation:** Staff recommends the Authority approve Resolution No. CHP-4E 2020-09 for California Hospital Medical Center- Los Angeles to provide a grant not to exceed \$15,000,000.00, less costs of issuance and administrative costs, subject to all requirements of the Children's Hospital Bond Act of 2018.

**RESOLUTION NO. CHP-4E 2020-09**

**RESOLUTION OF THE CALIFORNIA HEALTH  
FACILITIES FINANCING AUTHORITY APPROVING  
EXECUTION AND DELIVERY OF GRANT FUNDING  
UNDER THE CHILDREN’S HOSPITAL PROGRAM OF 2018  
TO CALIFORNIA HOSPITAL MEDICAL CENTER - LOS ANGELES**

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the Children’s Hospital Bond Act of 2018 (Pt. 6.3 (commencing with Section 1179.81), Div. 1, Health and Safety Code; hereafter the “Act”) and implementing regulations to award grants from the proceeds of general obligation bonds in an amount not to exceed \$15,000,000.00, less the bond issuance and administrative costs, to California Hospital Medical Center - Los Angeles (“the Grantee”) to finance eligible projects; and

WHEREAS, Authority staff reviewed the Grantee’s application against the eligibility requirements of the Act and implementing regulations and, pursuant to the Act and implementing regulations, recommends approval of a grant in an amount not to exceed \$15,000,000.00, less bond issuance and administrative costs, to the Grantee for the eligible projects (the “Project”) described in the application;

NOW THEREFORE BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

Section 1. The Authority hereby approves a grant of \$15,000,000.00, less bond issuance and administrative costs, to the Grantee to complete the Project as described in the Children’s Hospital Program Application and Exhibit A to this Resolution (Exhibit A is hereby incorporated by reference) within a grant period that ends on December 31, 2022.

Section 2. The Executive Director and the Deputy Executive Director are hereby authorized, for and on behalf of the Authority, to approve any minor, non-material changes in the Project described in the application submitted to the Authority and extend the grant period completion date identified in Section 1 as authorized under the Act and implementing regulations. However, any extension approved by the Executive Director and the Deputy Executive Director shall not surpass the grant resolution expiration date. Nothing in this Resolution shall be construed to require the Authority to provide any additional funding. Any notice to the Grantee shall indicate that the Authority shall not be liable to the Grantee in any manner whatsoever should such funding not be completed for any reason whatsoever.

Section 3. The Executive Director and the Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to draw money from the Act Fund not to exceed those amounts approved by the Authority for the Grantee. The Executive Director and the Deputy Executive Director are further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Grantee any and all documents necessary to complete the transfer of funds that are consistent with the Act and implementing regulations.

Section 4. The Executive Director and the Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to do any and all things and to execute and deliver any and all documents, which the Executive Director and the Deputy Executive Director deem necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 5. This Resolution expires December 31, 2023.

Date Approved: \_\_\_\_\_

## **EXHIBIT A**

### **PROJECT DESCRIPTION**

The proceeds of the grant will be used by California Hospital Medical Center - Los Angeles to fund the eligible pediatric portion of the costs of constructing and relocating the Neonatal Intensive Care Unit and the costs of renovating the Pediatric Unit as well as the costs of equipping these two hospital departments.