

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
Children's Hospital Program of 2004 (Proposition 61)

Resolution Number CHP 2022-01

March 9, 2022

Applicant: University of California, Irvine Medical Center
101 The City Drive South
Orange, California 92868

Project Sites: 101 The City Drive South, Orange, California 92868

Amount Requested: Proposition 61: \$128,121.00 Grant #: UCI-03

On January 26, 2022, forfeited funds in the amount of \$128,121 from the Children's Hospital Program of 2004 became available for a fourth funding round, on a first-come, first-served basis for applications received from any eligible University of California children's hospital.

Project:

University of California, Irvine Medical Center (UCI or Hospital) is seeking grant funds to reimburse the costs of 14 transcutaneous monitors for its Neonatal Intensive Care Unit (NICU).

Sources of Funds:

Prop 61 Request	\$128,121.00
Internal Funds	452.00
Total	<u>\$128,573.00</u>

Uses of Funds:

Equipment	\$128,573.00
Total	<u>\$128,573.00</u>

Staff Recommendation:

Staff recommends the Authority approve Resolution Number CHP 2022-01 for the University of California, Irvine Medical Center to receive a grant not to exceed \$128,121.00, subject to all requirements of the Children's Hospital Bond Act of 2004.

Proposition 61 Evaluation Factors:

Staff reviewed the provided application and other submitted materials in determining whether the applicant satisfactorily met the six factors identified in Proposition 61. Below is a summary of how the applicant met these specific factors.

Factor 1: The grant will contribute towards expansion or improvement of health care access by children eligible for governmental health insurance programs and indigent, underserved, and uninsured children.

Transcutaneous Monitors:

The Hospital plans to purchase 14 new transcutaneous monitors for its NICU to replace some of the existing monitors, which are at the end of their useful lives because of software upgrading issues. The transcutaneous monitors are used to monitor oxygenation and ventilation levels in NICU patients who require respiratory support. The smallest and frailest newborns in the NICU are subject to continuous transcutaneous monitoring for several months at a time. Without the new transcutaneous monitors, the Hospital will not be able to ensure access to the same high standard of clinical care for all newborns admitted to the NICU. The Hospital currently has 30 monitors, plans to replace 14 monitors now, and plans to replace an additional six monitors in the near future. The replacement of the 14 existing monitors will preserve access to respiratory support services for all of the NICU's patients.

In fiscal year (FY) 2021, UCI admitted 408 newborns to the NICU, 298 of whom were Medi-Cal patients. Additionally, 163 newborns (approximately 40%) of all newborns admitted into the NICU required transcutaneous monitoring.

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

Transcutaneous Monitors:

The transcutaneous monitors provide real-time and continuous tracking of the pressure of carbon dioxide levels, which is an indicator of neonates' brain and lung functionality. The transcutaneous monitors can rapidly detect if the patient is suffering from impaired respiratory gas exchange and subsequent respiratory failure. The constant monitoring allows for early medical intervention and can prevent medical complications, such as respiratory failure or chronic lung disease in preterm babies. Also, because the transcutaneous monitors are placed on neonates' skin, the need for frequent blood draws to monitor neonates' carbon dioxide levels is significantly reduced. Frequent blood draws can be painful and could require blood transfusion due to blood volume depletion. The smallest and sickest infants in the NICU may require continuous monitoring for several months. The monitors improve patient outcomes by providing a less invasive way of tracking carbon dioxide levels, detecting early need for medical intervention, and reducing the chance of post-blood draw complications like blood volume depletion.

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

In FY 2021, UCI incurred \$13,129,727 million in unreimbursed cost of care provided to pediatric patients with government-sponsored health care coverage (largely Medi-Cal) and also provided \$1,986,000.00 in uncompensated charity care to pediatric patients. UCI operates two community-based Federally Qualified Health Centers (FQHC), in Anaheim and Santa Ana, serving patients from newborn to adults. In calendar year 2020, the two FQHCs served a total of 23,733 patients, of which 6,511 were pediatric patients (0-17 years of age) and 142 were either underinsured or uninsured.

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

In FY 2021, 77.6% of the inpatient pediatric patients (1,228 discharges), 52.9 % of outpatient pediatric patients (7,598 unique patients), and 57.1% of outpatient pediatric visits (25,059 visits) at UCI were Medi-Cal insured.

UCI has transfer agreements with 24 hospitals and other clinical practices in adjacent counties, such as Los Angeles County, San Bernardino County, and Riverside County to improve access for children eligible for governmental insurance programs. The transfer agreements ensure the acceptance of babies who require acute care at UCI from hospitals that cannot adequately meet the pediatric patients' medical needs.

UCI also provides services for pediatric patients through various programs such as: the Pediatric Gender Diversity Program, which provides care for gender-expansive children through young adulthood with support services such as counseling, puberty suppression, and gender-affirming hormone therapy and the Van School Clinic, which provides van-based mobile family medicine services at local schools.

In addition, UCI provides various services to vulnerable pediatric patients through the FQHCs, such as: Vaccines for Children, which is a federal funded program that provides vaccinations to children who cannot otherwise afford the costs of the vaccination and Children's Health and the Disability Prevention Program, which coordinates transportation, scheduling services, and diagnostic and treatment services for pediatric patients who are uninsured or are Medi-Cal insured.

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

UCI's Department of Pediatrics trains more than 150 medical students annually. UCI has a joint pediatric residency program with Children's Hospital of Orange County and Miller Children's and Women's Hospital, that trains over 80 categorical Pediatric residents annually as well as combined Pediatric-Genetics residents. Over a third of the graduates to date have received further training in pediatric subspecialties. Moreover, since 2014, over 80% of all pediatric residency graduates stayed in California to practice medicine. Additionally, UCI's Department of Pediatrics offers postdoctoral training programs, including, but not limited to, pediatric fellowships in: Neonatology, Critical Care Medicine, Pulmonology, Infectious Disease, Child Neurology, Urology, Hospital Medicine, and Endocrinology.

Another teaching program through UCI is its neonatal-perinatal fellowship, and since 2003, a total of 58 fellows have completed the program, of which 80% remained in California and are practicing as neonatologists. This program trains seven neonatal-perinatal fellows annually with the intent to expand the program to allow up to 12 fellows by 2023. UCI also promotes pediatric research through various programs, such as the Epilepsy Research Center and the Center for Autism Research and Treatment.

Factor 6: Demonstration of project readiness and project feasibility.

UCI purchased the transcutaneous monitors on February 11, 2022, and all monitors were received by February 23, 2022. All monitors were placed in service on February 25, 2022 after they were inspected and tested by UCI's biomedical engineering staff.

Legal Review:

Although disclosures were made by the applicant, the information disclosed does not appear to detrimentally affect its financial viability or legal integrity.

Description of Applicant:

The Hospital, established in 1965 and located in Orange County, is a general acute care hospital with 417 beds licensed by the California Department of Public Health. The Hospital is part of the University of California system, which is governed by the Board of Regents of the University of California. The Hospital has a 30-bed NICU and has the county's only combined quaternary-level perinatal-neonatal program¹. The Hospital has certified that its most recent financial audit is free of "going concern" language.²

¹ Tertiary and quaternary care represent the most advanced form of health care and may include complex surgery, such as neurosurgery, cardiac surgery, plastic surgery, and transplantation, as well as neonatology, psychiatry, cancer care, intensive care, palliative care, and many other complex medical and surgical interventions. Quaternary care may even involve experimental treatments and procedures. Quaternary-level care is an extension of tertiary-level care, which is the highest-level designation. The quaternary-level designation for perinatal-neonatal programs is only given to units that meet highly rigorous standards set by the state and is staffed and equipped to care for high-risk pregnancies and for newborns who are critically ill/extremely sick, premature or may require surgical intervention. It is considered an extension to tertiary care due to the advanced and specialized care that is provided by the hospital in the designated area of expertise.

² The absence of "going concern" language tends to suggest the organization is in good operational health for that fiscal year. The Authority's regulations define "Going Concern Qualification" in Section 7030(n) of the program regulations.

RESOLUTION NO. CHP 2022-01

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING UNDER THE CHILDREN'S HOSPITAL PROGRAM OF 2004 TO UNIVERSITY OF CALIFORNIA, IRVINE MEDICAL CENTER

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 2004 (Pt. 6 (commencing with Section 1179.10), Div. 1, Health and Safety Code; hereafter the "Act") and implementing regulations award grants from the proceeds of general obligation bonds in an amount not to exceed \$128,121.00 to University of California, Irvine Medical Center ("Grantee") to finance eligible projects; and

WHEREAS, Authority staff reviewed the Grantees' applications 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 \$128,121.00 to the Grantee for the eligible project (the "Projects") 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 \$128,121.00 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 project period that ends on September 30, 2023.

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 project 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 transaction contemplated hereby.

Section 5. This Resolution expires September 30, 2024.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by the University of California, Irvine Medical Center to reimburse the costs of 14 transcutaneous monitors for its Neonatal Intensive Care Unit.