

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
Children’s Hospital Program of 2008 (Proposition 3)**

Resolution No. CHP-3 2023-01

March 30, 2023

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

Project Site: 101 The City Drive South, Orange, CA 92868

Amount Requested: Proposition 3: \$3,954,058.81 Grant #: UCI-05-03

As of January 3, 2023, forfeited funds in the amount of \$23,139,121.48 from the Children’s Hospital Program of 2008 became available for the third 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) is seeking Proposition 3 grant moneys to reimburse and fund the cost of various renovation projects and patient care equipment. The renovation projects include, among others, the expansion of the human breast milk bank. The patient care equipment includes, but is not limited to 30 panda warmers, 28 sound monitors, one airway cart, one surgical imaging system, one vascular ultrasound viewer, and 168 syringe pumps.

Sources of Funding:

Net Prop 3 Funds ¹	\$3,931,322.98
Internal Funds ²	<u>22,735.83</u>
Total	<u>\$3,954,058.81</u>

Uses of Funding:

Renovation	\$1,264,377.20
Equipment	<u>2,689,681.61</u>
Total	<u>\$3,954,058.81</u>

Staff Recommendation:

Staff recommends the Authority approve Resolution No. CHP-3 2023-01 for University of California Irvine Medical Center to receive a grant not to exceed \$3,954,058.81 (less costs of issuance and administrative costs), subject to all the requirements of the Children’s Hospital Bond Act of 2008.

¹ Net Prop 3 Funds is the total Prop 3 requested amount of \$3,954,058.81, less costs of issuance and administrative costs.

² Internal Funds in the amount of \$22,735.83 will be used to pay the administrative costs (\$19,770.29) and costs of issuance (\$2,965.54).

Proposition 3 Evaluation Factors:

Staff reviewed the submitted application and other materials in determining whether the applicant satisfactorily met the six factors in Proposition 3. 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.

Human Breast Milk Bank:

UCI plans to renovate and expand its existing human breast milk bank that is used to prepare and store human breast milk. UCI's current human breast milk bank cannot accommodate the increasing demand for fresh and frozen milk. UCI intends to renovate its existing human breast milk bank room to maximize utilization of the existing space as well as expand the space by utilizing the space of an adjacent unused bathroom. Architectural plans have already been prepared for the expansion. With the increased milk storage and preparation space, UCI anticipates reaching its goal of having 90% of newborns consuming human breast milk upon discharge.

In fiscal year 2022, UCI admitted 428 newborns to its NICU, of which 61.4% (263 newborns) were Medi-Cal patients. UCI estimates that 30 additional pediatric patients will be served annually upon the completion of the project.

Panda Warmers:

UCI plans to replace 30 existing Panda Warmers, which are at the end of their useful life and add an additional Panda Warmer to their emergency room. The Panda Warmers are used to maintain thermoregulation during newborn resuscitation and medical procedures and examination. Panda Warmers provide a temperature and humidity-controlled environment, being highly effective in preventing hypothermia, which is a significant problem associated with an increased risk of neonatal death and poor neurological outcomes.

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Pediatric Ear, Nose, and Throat Airway Cart & Pediatric Imaging System:

UCI plans to purchase a new pediatric Ear, Nose, and Throat (ENT) airway cart and a surgical imaging system for its pediatric surgery department in order to be able to perform surgery on newborns or pediatric patients who have an abnormal growth or obstruction of the airway. Currently, UCI cannot perform this type of surgery and has transferred nine patients to other hospitals in the Los Angeles Metro area over the past two years.

The six-drawer pediatric ENT airway cart can carry various laryngoscopes, bronchoscopes, and other surgery supporting equipment. The ENT airway cart will allow surgeons to perform supraglottoplasty³, tonsil and adenoid removal, nasal septum repairs, and surgically clear airway blockages.

The surgical imaging system includes five pediatric size fiberscopes to streamline endoscopic procedures across all pediatric surgical specialties. The new imaging system allows for emergency airway visualization, thereby promoting accurate diagnosis, supporting critical surgical decision-making, and improving patient outcomes. The new imaging system produces at least 25% higher light intensity than the previous models, generates higher contrast of blood vessels on the mucosal surface, and reproduces natural toned, delicate patterns and structures of tissue via LED light.

In fiscal year 2022, UCI performed surgery on 318 pediatric patients, and 53.1% (169 patients) were Medi-Cal patients. By purchasing the new ENT airway cart and surgical imaging system, UCI expects to serve 30 additional pediatric patients annually.

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

Syringe Pumps:

UCI plans to purchase 168 syringe pumps to replace all their existing syringe pumps, which have reached the end of their useful life. A syringe pump is used to control the administration of fluids, which include pharmaceutical drugs, parenteral nutrition, blood and blood products, and enteral nutrition. These syringe pumps are programmed to communicate and share pediatric patient information with UCI's electronic health record system. Additionally, the syringe pumps will be integrated with UCI's pharmacy formulary to ensure that the dosage administered is an exact match to the dose prescribed. This innovative technology will improve patient outcomes by minimizing the chance of medication errors.

Sound Monitors:

UCI plans to install 28 new sound monitors in the NICU to measure and monitor sound levels inside the unit. Noise levels greater than 45 decibels can damage cells and membranes in the inner ear of premature infants. Additionally, premature infants have an increased risk for hearing loss due to their prematurity, severity of illness, and frequent need for ototoxic medications.⁴ Common sources of excessive noise in the NICU are human voices, alarms of medical equipment and doors, the operation of ventilators, closing of metal lids on metal containers, and moving medical equipment in the NICU. The sound monitor provides a visual cue to the health care provider when sound levels are above the desired threshold in the NICU, which alerts providers and staff to immediately quiet the room. The sound monitors will help UCI determine the causes of excess noise and educate staff and families on behavioral changes and personal noise abatement techniques to reduce excessive noise in the NICU and prevent potential long term hearing loss for premature infants.

³ Supraglottoplasty is a microscopic surgical procedure to alter malformed structures of the upper larynx. This allows a child with certain conditions, such as severe laryngomalacia, to breathe more easily.

⁴ Ototoxic medications such as aminoglycoside antibiotics, frequently used on NICU patients, can damage the ear, resulting in hearing loss, ringing in the ear, or balance disorders.

Pediatric Vascular Viewer with Ultrasound Probe:

UCI plans to purchase one new pediatric vascular ultrasound viewer with an ultrasound probe for the emergency room. It is difficult for nurses and phlebotomists to start intravenous infusions on pediatric and NICU patients due to their small size and tiny blood vessels. A pediatric vascular ultrasound viewer improves the accuracy of needle sticks, making it possible to stick patients with a needle only once. Minimizing the amount of needle sticks a pediatric or NICU patient experiences can help reduce stress levels for the patient. Additionally, by reducing the time necessary to successfully start an infusion, the vascular ultrasound viewer ensures a quicker infusion of life saving medications. UCI expects this piece of equipment alone to serve 450 pediatric patients annually.

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

In fiscal year 2022, UCI incurred \$122 million in unreimbursed costs of care to pediatric patients with government-sponsored health care coverage (largely Medi-Cal) and provided over \$3 million 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 newborns to adults. In calendar year 2020, the two FQHCs served a total of 23,733 patients, of which 6,511 were pediatric patients (0 to 17 years of age), who were either underinsured or uninsured.

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

In fiscal year 2022, 70.4% of the inpatient pediatric patients (1,382 discharges), 60.6% of outpatient pediatric patients (10,303 unique patients), and 58.7% of the outpatient pediatric visits (29,243 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 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 federally funded program that provides vaccinations to children who cannot otherwise afford the costs of the vaccination and Child Health and 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 75% 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. UCI also promotes pediatric research through various programs, such as the Epilepsy Research Center and the Pediatric Exercise Research Center.

Factor 6: Demonstration of project readiness and project feasibility.

UCI anticipates all renovation projects and equipment purchases to be completed by June 30, 2024.

Legal Review:

Staff has reviewed UCI's responses to the questions contained in the legal status portion of the application. It has been determined, in consultation with legal counsel, that the legal issues disclosed do not affect the financial viability or legal integrity of the applicant.

Description of Applicant:

UCI, established in 1965, is a general acute care hospital licensed by the State Department of Public Health to operate 459 beds. UCI is part of the University of California system, which is governed by the Board of Regents of the University of California. UCI has the county's only combined quaternary-level perinatal-neonatal program.⁵

UCI submitted its most recent audited financial statements for fiscal years 2021 and 2022, which are free of "going concern" language.⁶

⁵ Quaternary care represents 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. 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.

⁶ 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 California Code of Regulations, title 4, section 7051.

RESOLUTION NO. CHP-3 2023-01

**RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING
EXECUTION AND DELIVERY OF GRANT FUNDING
UNDER THE CHILDREN’S HOSPITAL PROGRAM OF 2008
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 2008 (Health & Safety Code, §1179.50 et seq; the “Act”) and implementing regulations (Cal. Code Regs, § 7051 et seq.) to award grants from the proceeds of general obligation bonds to finance eligible capital improvement projects for the construction, expansion, remodeling, furnishing, equipping, financing, or refinancing of a children’s hospital, as defined in the Act; and

WHEREAS, University of California Irvine Medical Center (“Grantee”) qualifies as an eligible entity under the Health and Safety Code, section 1179.51(b); 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 \$3,954,058.81, less bond issuance and administrative costs, to the Grantee for the eligible project (the “Project”) described in the application.

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

Section 1. Pursuant to Health and Safety Code, section 1179.55, the Authority hereby approves a grant of \$3,954,058.81, less bond issuance and administrative costs, to the Grantee to complete the Project as described in the Children’s Hospital Program of 2008 application and Exhibit A to this Resolution (Exhibit A is hereby incorporated by reference) by December 30, 2025, the end of the project period.

Section 2. For and on behalf of the Authority, the Executive Director and the Deputy Executive Director are hereby authorized and directed to do all of the following:

a) Approve any minor, non-material changes in the Project described in the application submitted to the Authority. Nothing in this Resolution shall not 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 funding not be completed for any reason whatsoever.

b) Extend the project period end date identified in Section 1. However, any extension approved by the Executive Director and the Deputy Executive Director shall not extend past the grant resolution repeal date.

c) Allocate moneys from the Children's Hospital Bond Act Fund of 2008, created pursuant to Health and Safety Code section 1179.53, not to exceed those amounts approved by the Authority for the Grantee.

d) Execute and deliver to the Grantee any and all documents necessary to complete the transfer of moneys that are consistent with the Act and implementing regulations.

e) Do any and all things and to execute and deliver any and all documents that the Executive Director and the Deputy Executive Director deem necessary or advisable to effectuate the purposes of this Resolution and the transactions contemplated herein.

Section 3. This Resolution shall repeal on December 30, 2026, unless extended by action of the Authority prior to that date.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by University of California Irvine Medical Center to reimburse and fund the cost of various renovation projects and patient care equipment. The renovation projects include, among others, the expansion of the human breast milk bank. The patient care equipment includes, but is not limited to 30 panda warmers, 28 sound monitors, one airway cart, one surgical imaging system, one vascular ultrasound viewer, and 168 syringe pumps.