

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

**Resolution No. CHP-3 2024-01**

**April 25, 2024**

**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: \$1,547,275.83 Grant #: UCI-06-03

As of July 27, 2023, forfeited funds in the amount of \$11,226,785.10 from the Children’s Hospital Program of 2008 are 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 costs of various pediatric patient care equipment and renovations related to the installation of patient care equipment. The patient care equipment includes, but is not limited to, 32 infant cardiorespiratory transport monitors, 16 neoped critical care ventilators<sup>1</sup>, four near-infrared spectroscopy (NIRS) cerebral monitors, four slit lamp cameras, two body temperature regulation systems, two blood gas interpretation machines, and one pediatric anesthesia ventilator.

**Sources of Funding:**

Net Prop 3 Funds <sup>2</sup>	\$1,538,378.99
Internal Funds <sup>3</sup>	\$8,896.84
<b>Total</b>	<b><u>\$1,547,275.83</u></b>

**Uses of Funding:**

Equipment	\$1,538,378.99
Admin Costs	\$7,736.38
COI	\$1,160.46
<b>Total</b>	<b><u>\$1,547,275.83</u></b>

**Staff Recommendation:**

Staff recommends the Authority approve Resolution No. CHP-3 2024-01 for University of California Irvine Medical Center to receive a grant not to exceed \$1,547,275.83 (less costs of issuance and administrative costs), subject to all the requirements of the Children’s Hospital Bond Act of 2008.

<sup>1</sup> The ventilators are specially designed to support neonatal through pediatric patients up to 30 kg in weight.

<sup>2</sup> Net Prop 3 Funds is the total Prop 3 requested amount of \$1,547,275.83 less costs of issuance and administrative costs.

<sup>3</sup> Internal Funds in the amount of \$8,896.84 will be used to pay the administrative costs (\$7,736.38) and costs of issuance (\$1,160.46).

### **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.*

#### **Infant Cardiorespiratory Transport Monitors**

UCI plans to purchase 32 new infant cardiorespiratory transport monitors, of which 30 will be dedicated to each bed of the 30-bed Neonatal Intensive Care Unit (NICU) and two will be used for the transport shuttles used to bring neonates from the labor and delivery unit and the emergency room to the NICU. Currently, the NICU has two transport monitors that are shared in the 30-bed unit, and as such cannot be configured to be assigned to each patient individually, and vital signs cannot be stored and continuously monitored. The new monitors will enable UCI to continuously record the vital signs of neonates even when those neonates are receiving medical care and treatment in other areas of the UCI medical campus. The data will feed into UCI's electronic medical records system, allowing clinical staff to access historical and real-time data leading to better decisions for treatment and improved patient health outcomes. Although the two monitors UCI currently uses in the NICU are dated, they will be used as backup for patient overflow in the NICU if necessary. All NICU patients will benefit from the new transport monitors.

In FY 2023, UCI admitted 389 total newborns to the NICU, and 275 of those newborns, or 70.4%, were Medi-Cal patients.

#### **Blood Gas Interpretation Machines**

UCI purchased two new blood gas interpretation machines for the NICU, to replace the existing ones, which are no longer being serviced by the manufacturer. The machines provide blood gas tests measuring oxygen, carbon dioxide, and pH balance levels to determine how well a patient's lungs and kidneys are working. With the new equipment, UCI decreased the turnaround time for interpreting blood gases from fifteen minutes to less than five minutes, allowing providers to make quicker and better-informed decisions regarding the treatment of neonates, thereby ensuring better access to care and outcomes.

UCI expects every NICU patient to benefit from the two new blood gas interpretation machines similar to the infant cardiorespiratory transport monitors above.

#### **Slit Lamp Cameras**

UCI plans to purchase four new slit-lamp cameras to be used exclusively for pediatric patients at two of its ophthalmology clinics, located in Irvine and Orange. Each clinic will receive two slit-lamp cameras for each exam room dedicated to treating pediatric ophthalmology patients. A slit-lamp camera allows the ophthalmologist to capture high-resolution eye images to diagnose and more accurately monitor the progression of congenital cataracts and ocular

lesions. UCI ophthalmologists have relied on symptom descriptions provided by the pediatric patients to assess and monitor ocular conditions, while this new technology can capture the development and progression of ocular conditions objectively, leading to earlier identification and treatment of ocular conditions and resulting in improved outcomes for pediatric patients. UCI expects that a total of 1,353 pediatric ophthalmology patients will benefit from the new slit-lamp cameras between the two clinic locations annually.

In fiscal year (FY) 2023, UCI treated a combined total of 4,199 pediatric patients at these two ophthalmology clinics, of which 1,511, or 36.9%, were Medi-Cal patients.

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

### **Neoped Critical Care Ventilators**

UCI will purchase 16 new neoped critical care ventilators to replace all its existing ones in the Respiratory Care Department, which are at the end of their useful life. A neoped critical care ventilator is a life-supporting breathing device needed by NICU patients, who require breathing assistance because their lungs are underdeveloped, or they are sedated, under anesthesia, or unconscious due to their medical illness. The neoped critical care ventilator provides specialized settings, which allow for the infant to be ventilated effectively through the nasal passages, reducing the need for intubations and leading to reduced risk of injury to throat and vocal cords associated with intubation. UCI expects that over 300 neonates will benefit from the new critical care ventilators annually.

### **Body Temperature Regulation Systems**

UCI replaced its two water blankets previously used to regulate internal body temperatures of the NICU patients with two new Arctic Sun temperature regulation systems. The new Arctic Sun body temperature regulation system technology makes precise, automated adjustments to the patient's temperature within a predetermined range set by a physician. Patient temperature is monitored non-invasively, and automatic adjustments are made to achieve and maintain a preset internal body temperature. The Arctic Sun system improves outcomes by continually monitoring the patient's temperature and notifying clinical staff when internal or external conditions interfere with an infant's safety or system performance. Additionally, the Arctic Sun's gel pad insulation technology reduces skin irritation for neonates and allows parents to hold their child during temperature regulation therapy, improving patient outcomes.

### **NIRS Cerebral Monitors**

UCI purchased four new near-infrared spectroscopy (NIRS) cerebral monitors, adding new technology to UCI's NICU. NIRS cerebral monitors measure tissue oxygen saturation with near-infrared light allowing clinicians to non-invasively and continuously measure oxygenation of the newborn brain at the patient's bedside. It also allows medical staff to provide early intervention to restore the optimal balance between oxygen treatments due to faster and continuously monitored data. This monitoring technology was previously unavailable to UCI's NICU patients and will be used to treat extremely premature infants and neonates, who are critically ill or at risk of neurologic compromise. UCI anticipates that between 50 and 60 neonates will benefit annually from the NIRS cerebral monitors.

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

In FY 2023, UCI incurred \$130 million in unreimbursed costs of care to pediatric patients with government-sponsored health care coverage (largely Medi-Cal) and provided over \$2 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 2022, the two FQHCs served a total of 26,681 patients, of which 7,485 were pediatric patients (0 to 17 years of age), who were either underinsured or uninsured.<sup>4</sup>

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

In FY 2023, 73.4% of the inpatient pediatric patients (1,496 discharges), 55.9% of outpatient pediatric patients (10,266 unique patients), and 57.1% of the outpatient pediatric visits (30,288 visits) at UCIMC were Medi-Cal insured.

UCI has transfer agreements with 27 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

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<sup>4</sup> 2023 data will become available in August 2024.

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 that all equipment purchases and renovations related to equipment installation will be completed by December 1, 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.<sup>5</sup>

UCI submitted its most recent audited financial statements for FYs 2022 and 2023, which are free of "going concern" language.<sup>6</sup>

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<sup>5</sup> 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.

<sup>6</sup> The absence of "going concern" language tends to suggest the organization is in good operational health for that FY. The Authority's regulations define "Going Concern Qualification" in California Code of Regulations, title 4, section 7051.

**RESOLUTION NO. CHP-3 2024-01**

**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 \$1,547,275.83, 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 \$1,547,275.83, 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 June 30, 2026, 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 June 30, 2027, unless extended by action of the Authority prior to that date.

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

## **EXHIBIT A**

### **PROJECT DESCRIPTION**

University of California Irvine Medical Center (UCI) is seeking Proposition 3 grant moneys to reimburse and fund costs of various patient care equipment and renovations related to the installation of patient care equipment. The patient care equipment includes, but is not limited to, 32 infant cardiorespiratory transport monitors, 16 neoped critical care ventilators, four near-infrared spectroscopy cerebral monitors, four slit lamp cameras, two body temperature regulation systems, two blood gas interpretation machines, and one pediatric anesthesia ventilator.