

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

Resolution No. CHP-3 2025-01

May 29, 2025

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: \$843,997.48 Grant #: UCI-07-03

As of April 25, 2024, grant funds in the amount of \$9,679,509.27 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 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 new pediatric patient care equipment and minor renovations related to the upgrade of electrical outlets in various pediatric units. The patient care equipment, includes but is not limited to, three high-frequency jet ventilator systems, one transport gurney, 181 electrical outlets, 32 bedside supply carts, 32 recliners, and one continuous electroencephalogram (EEG) system.

Sources of Funding:

Net Prop 3 Funds ¹	\$839,144.49
Internal Funds ²	<u>\$4,852.99</u>

Total	<u>\$843,997.48</u>
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Uses of Funding:

Equipment	\$751,238.60
Remodel	<u>\$92,758.88</u>

Total	<u>\$843,997.48</u>
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Staff Recommendation:

Staff recommends the Authority approve Resolution No. CHP-3 2025-01 for University of California Irvine Medical Center to receive a grant not to exceed \$843,997.48 (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 \$843,997.48, less costs of issuance and administrative costs.

² Internal Funds in the amount of \$4,852.99 will be used to pay the administrative costs (\$4,219.99) and costs of issuance (\$633.00).

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.

High-Frequency Jet Ventilator (HFJV) Systems

UCI plans to purchase three new HFJV systems, which consist of six ventilators, that work in unison to improve respiratory care in the most vulnerable neonatal and pediatric patients. UCI has currently a less efficient system, and these new ventilators are uniquely designed to work in coordination with each other to provide optimal respiratory care for extremely premature neonates. The new HFJV systems will enable UCI to reduce operation time to reach desired airway pressure, and increase gas flow to pediatric patient's respiratory system and reduce wait times for respiratory therapy sessions for neonates with lung injury. These three new HFJV systems will provide care for 20 critically ill neonates annually in the neonatal intensive care unit (NICU) and can also be used by patients in the newborn nursey and burn units operated by respiratory therapists.

In FY 2024, UCI's respiratory care services provided care for 397 pediatric patients, and 286 of them, or 71.8%, were patients with government-sponsored healthcare coverage or self pay.

Stryker Transport Gurney

UCI purchased one Stryker transport gurney to be used exclusively by NICU patients. The UCI neonatal transport team is the only team in the area that provides transport services for ill or premature infants, who require a higher level of care than the surrounding hospitals can provide. Unfortunately, there have been instances of a critically ill neonate having to wait for transport because the current transport gurney was not readily available. This wait leads to unnecessary delays in the care of ill and vulnerable neonates. The purchase of the new gurney will accommodate more patients, enhancing the efficiency of care delivery. The new transport gurney is expected to transport 30 to 40 critically ill neonates annually, 20-27 of those being on Medi-Cal.

The transport gurney will be used by UCI transport services team to bring care to several other facilities in the region, as UCI has transfer agreements with 24 hospitals and other clinical practices across Orange County and the neighboring counties of Los Angeles, Riverside, and San Bernardino to improve access to care for children eligible for governmental insurance programs.

Electrical Outlets

UCI plans to upgrade 181 electrical outlets in several clinical units, where pediatric patients are treated, including the respiratory therapy (RT) burn unit equipment room, RT pediatric surgical unit equipment room, newborn nursey, NICU equipment room, and the RT equipment room. These upgrades are crucial to ensure that essential medical care equipment, including the HFJV

systems, can be charged and ready for immediate use. Proper charging and outlet accommodations are essential to enhancing patient care and increasing access to care services at UCI. A clinical environment that supports efficiency and ensures readily available equipment helps minimize delays in care, thereby improving patient access. While some equipment can operate on battery power, it is not ideal for routine use. These renovated outlets, unlike the current outlets, will also be connected to the backup generator in the unlikely event that the hospital goes without power. By reducing the likelihood of equipment failure due to power shortages, the electrical outlet upgrades will significantly enhance the reliability of pediatric care equipment in all units. During the renovation, temporary power sources will support pediatric respiratory therapy and NICU equipment when the main power outlets are temporarily offline.

Approximately 800 pediatric patients - of which 270 neonates and approximately 290 pediatric patients under Medi-Cal – will benefit annually from these upgrades to increase access to timely care and improve patient outcomes.

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

Bedside Supply Carts

UCI purchased 32 bedside supply carts dedicated to the NICU, to replace the used carts, which no longer had a reliably functional locking mechanism and necessitated a physical key for access. Using a physical key increases the risk of unlocked supplies at the bedside and does not align with infection prevention goals within the NICU. The previous bedside carts were challenging to maintain, clean, and run counter to infection control best practices at UCI and industry wide.

The new carts also hold essential supplies for admitting NICU patients, starting IVs, and testing for sepsis. Not only does every cart maintain the same essential supplies, but the supplies are also kept in the same spot in each cart. Within a few days, each NICU nurse would know where every item is in the bedside supply cart without touching and opening multiple drawers – reducing risk of infections. 30 of the 32 carts will be next to each neonate’s bed in the NICU, while the remaining two will serve the NICU’s treatment room and resuscitation room, one cart in each. UCI estimates that each neonate in UCI’s NICU, approximately 400 annually, will benefit from the presence and use of the new bedside supply carts.

Recliners

UCI replaced 32 NICU recliners, which were at the end of their useful life, of which 31 will be located at the bedside and one in the “nesting room,” where families spend time preparing for discharge. The new recliners improve patient outcomes by allowing Kangaroo Care to occur. Kangaroo Care is a method of holding an infant to a parent or caregivers’ chest for skin-to-skin contact and has many proven benefits for babies. The method of care supports infants’ physical health, breastfeeding, and bond nurturing. These benefits are even more prevalent in preterm or low birth weight neonates. Recliners can often emit chemicals of concern, such as volatile organic compounds (VOC’s) and formaldehyde, into the air in a process known as off-gassing when they reach the end of their useful life. These chemicals are far more damaging to infants

than adults because of their concentration relative to body size. The new recliners have a healthy and sustainable fabric that meets the highest level for quality and safety, as well as the strictest adherence for VOC's and other chemicals of concern. It is imperative that UCI provide recliners that are safe because neonates will be spending many crucial hours in the recliners receiving Kangaroo Care.

Continuous Electroencephalogram (EEG) System³

UCI plans to purchase a new continuous EEG system comprised of two sets of monitors for the exclusive use of NICU patients. Currently, in UCI's NICU, EEG results are interpreted remotely using results from the past and not in real time. With the current method of measurement, adverse neurologic events are only noted after they occur. Although this form of measurement is helpful, it is less sensitive and specific than the enhanced version with this new EEG system. With the continuous EEG monitoring system, not only can neonatologists intervene while an adverse event is happening, but they can also monitor the effects of treatments in real time. By proactively treating neurological events as they occur in neonates, UCI can increase the level of care. Not only will vulnerable neonates receive a higher quality of monitoring than is currently available, but there will also no longer be a delay in care while an EEG machine is located and transported to the NICU. UCI believes that approximately 36 neonates will benefit annually from this new EEG system and its constant presence in the NICU.

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

In FY 2024, UCI provided \$110 million in healthcare to pediatric patients with government-sponsored health care coverage (largely Medi-Cal) and provided over \$2 million in charity care to inpatient and outpatient 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 2024, the two FQHCs served a total of 29,576 patients, a 34% increase in seven years, of which 7,913 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 FY 2024, 62.8% of the inpatient pediatric patients (960 discharges), 56.7% of outpatient pediatric patients (18,781 unique patients), and 58.5% of the outpatient pediatric visits (52,323 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.

³ Encephalography is a medical test that measures the electrical activity of the brain. When brain waves are measured continually and reviewed in real time, the process is called quantitative electroencephalography (QEEG). QEEG can be used to help diagnose and monitor various conditions affecting the brain including epilepsy, seizures, brain tumors and sleep disorders.

UCI also provides services for pediatric patients through programs, such as the Pediatric Gender Diversity Program, which provides care for transgender-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 265 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 82 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, Hematology, Oncology, Emergency Medicine, Critical Care Medicine, Pulmonology, Infectious Disease, Child Neurology, Urology, Hospital Medicine, General Surgery 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 electrical outlet renovations will be completed by August 21, 2025.

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.⁴

UCI submitted its most recent audited financial statements for FY 2023-2024, which are free of "going concern" language.⁵

⁴ 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.

⁵ 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 2025-01

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 in an amount not to exceed \$39,200,000.00, less the bond issuance and administrative costs, to University of California Irvine Medical Center ("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 the approval of a grant in an amount not to exceed \$843,997.48, 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. The Authority hereby approves a grant in an amount not to exceed \$843,997.48 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 more generally described in Exhibit A to this Resolution (Exhibit A is hereby incorporated by reference) within a grant period that ends on February 22, 2027.

Section 2. For and on behalf of the Authority, the Executive Director and/or the Deputy Executive Director are hereby authorized and directed to do, or cause to be done, any 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. 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 grant period end date identified in Section 1. However, any extension approved by the Executive Director and/or the Deputy Executive Director shall not surpass 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, for the purpose approved herein and in an amount not to exceed those amounts approved herein.

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/or the Deputy Executive Director deem necessary or advisable to effectuate the purposes of this Resolution and the transactions contemplated herein.

Section 5. This Resolution expires on February 22, 2028, 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 costs of new pediatric patient care equipment and minor renovations related to the upgrade of electrical outlets in various pediatric units. The patient care equipment, includes but is not limited to, three high-frequency jet ventilator systems, one transport gurney, 181 electrical outlets, 32 bedside supply carts, 32 recliners, and one continuous electroencephalogram (EEG) system.