

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
Children’s Hospital Program of 2004
Proposition 61

Staff Summary
Resolution No. CHP 2011-03
April 28, 2011

Applicant: University of California, Davis Medical Center #UCD-02
UC Davis Children’s Hospital
2315 Stockton Boulevard
Sacramento, CA 95817
Sacramento County

Project Site: Same as above

Amount Requested: \$15,353,419

Summary of Awards to Hospital	2004 Program	2008 Program
Prior Amount Awarded	\$8,394,089	\$0
Maximum Allowed for Hospital	\$30,000,000	\$39,200,000

Description of Applicant:

The University of California, Davis Medical Center (Medical Center) is a part of the University of California system, which is governed by the Board of Regents of the University of California. UC Davis Children’s Hospital (UCDCH) operates within the Medical Center.

The Medical Center’s 2010 audit (year ending June 30) was submitted with the application and is free of “going concern” language.¹

Project:

The Medical Center is seeking grant funds as reimbursement for the eligible proportional pediatric costs for constructing the Surgery and Emergency Services Pavilion. This project adds approximately 280,000 assignable square feet to the hospital complex.

¹ 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 sections 7030(n) and 7051(n) for Proposition 61 and Proposition 3, respectively.

According to the Medical Center's website, the project consisted of fifteen new components including:

- Emergency department with 63-treatment rooms and three trauma rooms
- Surgery department with 24 operating rooms and a 63-bed post-anesthesia recovery unit
- 10-bed cardiothoracic surgical intensive care unit
- 10-bed neurosurgery intensive care unit
- 12-bed burn unit
- Clinical laboratory with a new robotics system that returns test results quicker
- Radiology department with two 64-slice CTs, one 16-slice CT, two MRIs and two x-ray rooms
- Four catheterization labs
- Food and nutrition service facilities

A portion of the new emergency department dedicates space, equipment and staff for pediatric emergencies.

Proposition 61 Evaluation Factors:

Based on the review of the application and other submitted materials, staff evaluated the Medical Center's project using the six factors identified in Proposition 61 language.

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

The Medical Center is the only Disproportionate Share Hospital in Sacramento County. Approximately 14% of the Medical Center's net revenue comes from Medi-Cal. The new emergency department increases the number of pediatric dedicated emergency beds from seven to eleven. Since the emergency department opened in October 2010, the number of pediatric patients treated per day rose from 29.4 to 41 in February, which is a 39% increase.

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

The Medical Center has the only Level 1 (highest level) Pediatric Trauma Care between San Francisco and Portland. The pediatric section of the emergency department has equipment and supplies such as intubation and intravenous tubes designed specifically for small patients. Five specially trained pediatric emergency physicians provide care. A separate waiting room is provided for the children and their families, where a child life specialist assists the families through their emergencies and offers age-appropriate activities to the waiting children.

Since the new pediatric emergency facilities opened, the number of pediatric patients who left before being treated dropped from 3.75% to 1.2%. Also, the overall length of stay (all patients) has dropped from 4.9 hours to 4.1 hours. The drop in time indicates the patients are being seen sooner, which allows the doctors to diagnose and treat the patients quicker.

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

UCDCH is a certified California Children's Services hospital (CCS).² In fiscal year 2010, 59% of the pediatric inpatients were eligible for government programs such as Medi-Cal and CCS. The Medical Center provided approximately \$34 million and \$40.9 million in charity care for fiscal years 2009 and 2010, respectively. It has financial counselors to assist in finding alternative sources of payment from both public and private programs. Also, Medi-Cal eligibility workers are on site to assist the families.

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

UCDCH is a safety-net provider for children for inland Northern California. It had 6,232 admissions in Fiscal Year 2010 of which approximately 2,750 of those admissions came from the emergency room. UCDCH had 166,000 outpatient visits in Fiscal Year 2010 with emergency room visits accounting for 8,900 of those.

The Medical Center's pediatric telemedicine provides immediate assistance to acutely ill and injured children throughout Northern California. By using high-speed teleconferencing, the telemedicine program offers real-time remote consultation and evaluation in emergency medicine, cardiology, child abuse, child development, and a variety of other subspecialties.

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

The Medical Center's Pediatric Residency Program accepts 12 residents each year. A majority of the inpatient training occurs on the hospital campus. Some of the ambulatory training takes place at urgent care clinics, Kaiser Hospital, Shriners Hospital, and at private offices. Its community-based child advocacy program "Community and Health Professionals Together" has received two national awards for its work.

UCDCH's faculty performs research in many pediatric sub-specialties such as cardiology, child development, genetics, neonatology and pulmonology. Some of its research programs are hypothermia as a therapeutic modality in brain injury, autism spectrum disorders and pediatric diabetic ketoacidosis.

² CCS is a statewide program that arranges, directs, and pays for medical care, equipment, and rehabilitation for children and young adults under 21 years of age who have eligible medical conditions and whose families are unable to pay for all or part of their care.

Factor 6: Demonstration of project readiness and project feasibility:

The facility was ready for occupancy in July 2010. It took over 2 ½ months to move the various departments and patients. The final move was completed on October 18, 2010.

Sources and Uses of Funds

Sources of Funds

Total CHFFA Grant Requested	\$	15,353,419
Hospital Reserves	\$	240,358,526
State Lease Revenue Bonds	\$	102,590,000
Revenue Bonds	\$	65,000,000
Donors	\$	<u>1,173,055</u>
Total Sources	\$	<u><u>424,475,000</u></u>

Uses of Funds

Construct Facilities	\$	424,475,000
Remodel	\$	-
Purchase Equipment	\$	<u>-</u>
Total Uses	\$	<u><u>424,475,000</u></u>

Legal Review:

No information was disclosed to question the financial viability or legal integrity of the Applicant.

Staff Recommendation:

Staff recommends that the Authority approve Resolution No. CHP 2011-03 for the University of California Davis Medical Center to receive a grant not to exceed \$15,353,419 (less costs of issuance and administrative costs), subject to all requirements of the Children’s Hospital Program of 2004.