

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY  
Children's Hospital Programs of 2004 and 2008  
Propositions 61 and 3**

**Staff Summary**

**Resolution No. CHP 2012-02  
and  
Resolution No. CHP-3 2012-05**

**August 30, 2012**

**Applicant:** University of California, San Francisco Medical Center  
UCSF Benioff Children's Hospital  
505 Parnassus Avenue  
San Francisco, California 94143  
San Francisco County

**Project Sites:** 1975 4<sup>th</sup> Street, San Francisco, CA 94158  
1825 4<sup>th</sup> Street, San Francisco, CA 94158

**Amounts Requested:** **Prop 61:** \$30,000,000 Grant #UCSF-01  
**Prop 3:** \$39,200,000 Grant #UCSF-01-03

<b>Summary of Grant Amounts</b>	<b>Proposition 61</b>	<b>Proposition 3</b>
Eligible Amount	\$30,000,000	\$39,200,000
less previous awards	-	-
less requested amount	(\$30,000,000)	(\$39,200,000)
<b>Remaining Amount Eligible if Requested Amount is Approved</b>	<b>\$0</b>	<b>\$0</b>

**Description of Applicant:**

The University of California, San Francisco Medical Center (Medical Center) is a general acute care hospital licensed by the California Department of Public Health. The Medical Center is part of the University of California system, which is governed by the Board of Regents of the University of California. UCSF Benioff Children's Hospital (UCSFCH) is a 152-bed pediatric hospital that operates within the Medical Center.

The Medical Center's 2011 audit (year ending June 30) was submitted with the application and is free of "going concern" language.<sup>1</sup>

**Project:**

The Medical Center is seeking grant funds for the eligible proportional pediatric costs of constructing its new UCSF Medical Center at Mission Bay, a six-story, 289-bed inpatient hospital and an attached six-story outpatient building. The new inpatient building will include a children's hospital consisting of 183 pediatric beds and a pediatric emergency department. The building will also include a 36-bed women's hospital, and a 70-bed cancer hospital. The new campus will include twenty surgical suites.

**Proposition 61 and Proposition 3 Evaluation Factors:**

Staff evaluated the Medical Center's project through review of the application and other submitted materials using the six factors identified in Proposition 61 and Proposition 3.

*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 new hospital will have 31 more beds, including 8 more medical/surgical beds, 5 more oncology/clinical research beds, 7 more Neonatal Intensive Care Unit (NICU) beds, and 11 more Pediatric Intensive Care Unit (PICU) beds. UCSF's new children's hospital will include the first emergency department in the city that will be devoted to pediatric care exclusively. In addition to walk-in and ambulance access to the emergency department, the first ever medical helicopter service in the city of San Francisco will transport critically ill newborns and children to a rooftop helipad.

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

Currently, pediatric inpatient care is provided at two separate locations in San Francisco and outpatient care at several other locations. In the new hospital, pediatric care will be consolidated, providing the opportunity for better coordination of care. The new patient rooms are significantly larger than the old rooms, allowing them to accommodate current diagnostic and therapeutic equipment that can result in improved outcomes. In addition, the new patient rooms will be big enough and better designed for a patient's family to stay overnight, which can be very important to an ill or injured child's well-being. The rooms in the PICU will have a ceiling mounted service boom that delivers power and medical gases. This provides greater mobility and allows better access for the health care providers to the patient. The new surgical suites will be equipped for telemedicine, robotics, lasers, electron radiation therapy, and interventional imaging, so state-of-the-art surgical interventions can be provided to pediatric patients.

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<sup>1</sup> 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.

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

In fiscal year 2011, approximately 49 percent of UC San Francisco pediatric inpatients were eligible for Medi-Cal and California Children's Services (CCS)<sup>2</sup>. The Medical Center is a Disproportionate Share Hospital<sup>3</sup> (DSH). DSH adjustment payments provide financial help to hospitals that serve a significantly disproportionate number of low-income patients to help cover the costs of care to low-income patients that are not paid by other payers, such as Medicare, Medicaid, the Children's Health Insurance Program (CHIP) or other health insurance.

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

UCSFCH had over 51,000 inpatient days in fiscal years 2011 and 2012. In addition to inpatient services, UCSFCH had over 4,200 emergency room visits.

U.S. News & World Report ranks UCSFCH as among the nation's best children's hospitals in cancer, diabetes and endocrinology, gastroenterology, cardiology and heart surgery, kidney care, neurology and neurosurgery, and urology.

Among its special programs, UCSFCH runs an intensive care nursery follow-up program: After infants who meet certain criteria leave the NICU, this program assesses neurodevelopment to provide support to parents, early detection of developmental disabilities and referral services. Also, the Medical Center has partnered with the Diabetic Youth Foundation to run a summer camp for children and families affected by diabetes, staffed by members of the Medical Center's pediatric diabetes team. The Medical Center also partners with six other Northern California hospitals to offer a free summer camp for children who have or have had cancer and their families.

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

UCSF is the only UC campus entirely dedicated to graduate level education in medicine, nursing, pharmacy and related life sciences. UCSF is known for its advanced biomedical research. It has over 1000 principal researchers and is the third largest recipient of National Institutes of Health grants totaling \$475 million. The Pediatric Clinical Research Center (PCRC) provides the infrastructure for UCSF's research in infants, children and youth within UCSFCH. The PCRC includes an inpatient unit staffed by research nurses; an outpatient clinic for outpatient studies; and a specialized research outreach team to carry out studies in the intensive care nursery and pediatric heart center.

UCSF offers two pediatric medical residency programs that are three years in duration. One program provides broad training for careers in primary care or subspecialty pediatrics, and the other couples clinical training with leadership skill development to produce graduates who focus on the needs of underserved children. Three clinical tracks

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<sup>2</sup> 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.

<sup>3</sup> States receive an annual federal DSH allotment. Eligible hospitals are referred to as DSH hospitals.

(primary care, critical care and general) allow residents to build skills in a particular area of clinical pediatrics.

*Factor 6: Demonstration of project readiness and project feasibility:*

UCSF began construction in May 2010. It estimates construction will be completed by August 2014 with occupancy by February 2015.

**Sources and Uses of Funds:**

<u>Sources of Funds:</u>		<u>Actual Uses of Funds:</u>	
Prop 61 Request*	\$ 30,000,000	Construction	\$1,236,500,000
Prop 3 Request*	39,200,000	Equipment	<u>283,500,000</u>
Internal Funds	150,800,000		
Revenue Bonds	700,000,000		
Donations	<u>600,000,000</u>		
<b>Total</b>	<b><u>\$1,520,000,000</u></b>	<b>Total</b>	<b><u>\$1,520,000,000</u></b>

\*Less cost of issuance and administrative costs

**Legal Review:**

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

**Staff Recommendation:**

Staff recommends that the Authority approve Resolution No. CHP 2012-02 for the University of California, San Francisco Medical Center to receive a grant not to exceed \$30,000,000 (less costs of issuance and administrative costs), subject to all requirements of the Children's Hospital Program of 2004, and Resolution No. CHP-3 2012-05 for the University of California, San Francisco Medical Center to receive a grant not to exceed \$39,200,000 (less costs of issuance and administrative costs), subject to all requirements of the Children's Hospital Program of 2008.

**RESOLUTION NO. CHP-3 2012-05**

**RESOLUTION OF THE CALIFORNIA HEALTH  
FACILITIES FINANCING AUTHORITY APPROVING  
EXECUTION AND DELIVERY OF GRANT FUNDING  
UNDER THE CHILDREN'S HOSPITAL BOND ACT OF 2008  
TO THE UNIVERSITY OF CALIFORNIA, SAN FRANCISCO  
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 (Pt. 6.1 (commencing with Section 1179.50), Div. 1, Health and Safety Code; hereafter the "Act") and implementing regulations to award grants from the proceeds of general obligation bonds in an amount not to exceed \$39,200,000 less the bond issuance and administrative costs to the University of California, San Francisco Medical Center (the "Grantee") to finance eligible projects; and

WHEREAS, Authority staff reviewed this 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 \$39,200,000 less the 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 of \$39,200,000 less the bond issuance and administrative costs 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 June 30, 2016.

Section 2. The Executive Director is 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. Nothing in this Resolution shall be construed to require the Authority to provide any additional funding, even if more grants are approved than there is available 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 is hereby authorized and directed, for and on behalf of the Authority, to draw money from the Children's Hospital Bond Act Fund (2008) not to exceed those amounts approved by the Authority for the Grantee. The Executive Director is 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 of the Authority is hereby authorized and directed to do any and all things and to execute and deliver any and all documents which the Executive Director deems necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 5. This Resolution expires June 30, 2016.

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

## **EXHIBIT A**

### **PROJECT DESCRIPTION**

The proceeds of the grant will be used by the University of California, San Francisco Medical Center as reimbursement for eligible proportional pediatric costs of constructing its new UCSF Medical Center at Mission Bay, a six-story, 289-bed inpatient hospital and an attached six-story outpatient building. The new inpatient building will include a children's hospital consisting of 183 pediatric beds and a pediatric emergency department. The building will also include a 36-bed women's hospital, and a 70-bed cancer hospital at 1825 and 1975 4<sup>th</sup> Street, San Francisco, CA 94158.