CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Children's Hospital Program of 2018

Grant Application for Eligible Hospitals

GENERAL OBLIGATION BOND FINANCING FOR PUBLIC AND PRIVATE CALIFORNIA ELIGIBLE HOSPITALS

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Form No. CHFFA 10 CHP18-EH (10/2019)

The Children's Hospital Program of 2018
Application Submission Instructions

Eligible Hospitals shall submit Applications for Grant funds to the California Health Facilities Financing Authority. The narrative portion of the Application is limited to 30 pages in 12 point font such as Arial or Times New Roman with one inch margins. An original and one copy of the Application and all required forms are to be provided in separate binders and tabbed as specified below:

TAB 1. Application

1. Completed pages 1-9 of the Application and Attachment A.
2. Any third-party data or other information requested in the appropriate Application sections.

TAB 2. Financial Information

Most Recent Audited Financial Statements. (California Code of Regulations (CCR), Title 4, Section 7005, subdivision (a)(1))

TAB 3 Organization Information

1. A copy of the current general acute care hospital license issued by the California Department of Public Health or a copy of the current general acute care hospital license of the California nonprofit corporation of which the Applicant is an operating entity. (CCR, Title 4, Section 7005, subdivision (a)(2)(B))
2. A copy of the Applicant's 501(c)(3) determination letter from the Internal Revenue Service (IRS) and a copy of either the tax-exemption letter or a letter from the California Franchise Tax Board (FTB) verifying that the Applicant is in good standing. For Applicants that are operating entities of a California nonprofit corporation, both the IRS and FTB letters are required for the parent corporation. (CCR, Title 4, Section 7005, subdivision (a)(2)(A)(i))*
3. A copy of the Applicant's Articles of Incorporation and Bylaws. Applicants that are operating entities of a California nonprofit corporation, both the Articles of Incorporation and Bylaws are required for the parent corporation. (CCR, Title 4, Section 7005, subdivision (a)(2)(A)(ii))*
4. A copy of the Eligible Hospital's California Children's Services (CCS) approval letter from the California Department of Health Care Services as verification of full approval status as required in Section 7001, subdivision (a)(3)(A).

TAB 4 Legal Information

Legal Status Questionnaire - Attachment B of the Application.

TAB 5 Certification

The Agreement and Certification - Attachment C of the Application.

*NOTE: Public hospitals as defined in Welfare and Institutions Code section 14105.98(a)(25) are exempt from items number 2 and 3 above under organizational information.

The Children's Hospital Program of 2018
Application for Eligible Hospitals

Please type all responses. Incomplete or illegible Applications will not be considered.

A. <u>Summary Information</u>

Date of Application: _____
Total CHFFA Grant Amount Requested: _____
Eligible Hospital Legal Name:

_____

Type of Eligible Hospital

☐ A public hospital as defined in Welfare and Institution Code 14105.98(a)(25).

☐ A general acute care hospital licensed pursuant to Health and Safety Code Section 1250 that is, or is an operating entity of, a California nonprofit corporation.

☐ Check if Eligible Hospital qualifies as a Small and Rural Hospital as defined in Health and Safety Code Section 124840.

Federal Tax ID#: _____
Street Address: _____
City, State, Zip: _____
County: _____
Address of Project (if different from above): _____

_____
County: _____
Contact Person: _____ **Title:** _____
Phone: _____ **Fax:** _____
E-mail Address: _____

NOTE: Eligible Hospitals are limited to $15 million in grant funding less Cost of Issuance and Administrative Costs.

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<**Authority Use Only**>
Date Received: (stamp below) Allocation Meeting Date: _____

Resolution Number: _____

B. Eligible Hospital and Project Eligibility

	Yes	No
1. Is your facility a hospital that provides pediatric services to children eligible for the California Children's Services program that is either (1) a public hospital as defined in Welfare and Institutions Code Section 14105.98(a)(25), or (2) a general acute care hospital licensed pursuant to Health and Safety Code Section 1250 that is, or is an operating entity of, a California nonprofit corporation?	☐	☐
2. Has the Eligible Hospital, been granted by the California Department of Health Care Services, full approval as a California Children's Services hospital?	☐	☐
3. Is the Eligible Hospital, or the California nonprofit corporation of which the Eligible Hospital is an operating entity, currently licensed by the California Department of Public Health as a general acute care hospital?	☐	☐
4. Are the Most Recent Audited Financial Statements of the Eligible Hospital or the California nonprofit corporation of which the Eligible Hospital is an operating entity, free of Going Concern Qualification language?	☐	☐
5. Is the Project an eligible Project? An eligible Project is limited to: Constructing, expanding, remodeling, renovating, furnishing, or equipping a pediatric program of the Eligible Hospital where such costs are incurred only during the Grant Period.	☐	☐
6. If the Eligible Hospital proposes to use Grant funds for a Project other than equipment acquisition, can the Eligible Hospital provide evidence that either: A. The Eligible Hospital or the California nonprofit corporation of which the Eligible Hospital is an operating entity owns the property, OR B. The Eligible Hospital or the California nonprofit corporation of which the Eligible Hospital is an operating entity is a lessee under a lease agreement that satisfies Section 7014 of the Children's Hospital Program of 2018 regulations.	☐	☐

	Yes	No
7. If the Eligible Hospital or the California nonprofit corporation of which the Eligible Hospital is an operating entity, proposes to use Grant funds for a Project that includes architect, design, and/or engineering fees, can the Eligible Hospital provide the Authority documentation that confirms that the Project itself or the Project as a component of a larger project will ultimately benefit the health and welfare of California's critically ill children?	☐	☐

If the Eligible Hospital answered "No" to any question above, the Eligible Hospital is not eligible to apply nor receive a grant.

C. Project Description

❖ Describe the Project and explain:

1. How well the Project contributes to both of the following: (Maximum 60 points)

   A. Expansion of Health Care Access or Improvement of Health Care Access by children eligible for Governmental Health Insurance Programs and Indigent, Underserved, and Uninsured children. (Maximum 30 points)

      i. Include a narrative description and statistics of how the Project contributes towards Expansion of Health Care Access or Improvement of Health Care Access to children eligible for Governmental Health Insurance Programs and Indigent, Underserved, and Uninsured children. As part of the narrative and statistics include:

         a. The hospital's current capacity and/or quantity and scope of Pediatric Services provided, including but not limited to, the number and type/usage of pediatric beds, space (e.g. square feet, rooms, etc.) for outpatient/other services, and/or equipment, as applicable.

         b. The total number of pediatric patients as well as those who are eligible for Governmental Health Insurance Programs and Indigent, Underserved, and Uninsured children served in the last fiscal/calendar year, presented in the format of Chart Number 1, Column A, below.

         c. How the Project will contribute towards the expansion or improvement and the anticipated capacity and/or quantity and scope of services provided after Project implementation, including but not limited to, the number and type/usage of pediatric beds, space, and/ or equipment added, as applicable.

         d. The total number and percentage of additional pediatric patients as well as those that are eligible for Governmental Health Insurance Programs and Indigent, Underserved, and Uninsured children that are projected to be served as a result of the implementation of the Project in a given fiscal/calendar year, presented in the format of Chart Number 1, Column B, below.

         e. Any cultural, language, geographical or other barriers that the Project addresses to improve accessibility for children.

Chart Number 1 - Utilization Statistics			
	A	B	
Pediatric Patients	Number Served in the Last calendar or fiscal year	Number Served Increase	Percent Increase
		With Project Implementation	
Total Pediatric Patients	_____	_____	____%
Governmental Health Insurance Programs	_____	_____	____%
Indigent	_____	_____	____%
Underserved	_____	_____	____%
Uninsured	_____	_____	____%

B. Improvement of Child Health Care or Improvement of Pediatric Patient Outcomes. (Maximum 30 points)

i. Include a narrative description, specifics, and statistics of the ways the Project contributes towards the Improvement of Child Health Care or Improvement of Pediatric Patient Outcomes.

a. If the Project improves upon targeted evidence-based measures that focus on quality improvement, including but not limited to, the Centers for Medicare and Medicaid Services (CMS) Core Set of Children's Health Care Quality Measures, National Committee for Quality Assurance (NCQA) measures, Centers for Disease Control and Prevention (CDC) measures, include the specific quality measure(s), source of measure(s), and how the Project would improve upon the measure(s).

ii. Provide a narrative description of how the Project improves the reliability and sustainability of the Pediatric Services through the update of equipment or facility(ies).

2. How well the Applicant does any or all of the following: (Maximum 40 points)

A. Provides Uncompensated Care or Undercompensated Care to Indigent or public pediatric patients. (Maximum 20 points)

i. Include data and accompanying narrative description on the following:

a. The uncompensated care costs and the percent of uncompensated care costs to total operating expenses extracted from the most recent annual Hospital Disclosure Report filed with OSHPD pursuant to the "Accounting and Reporting Manual for California Hospitals", California Code of Regulations, title 22, Section 97018, in the format below.

Uncompensated Care Costs (UCC)	**Year**
Charity-Other	$X
Charity-Other + Bad Debt	$X
Charity-Other + Bad Debt + County Indigent Program Contractual Adjustments (CIP Cont. Adj.)	$X
UCC % of Operating Expenses	
Charity-Other % of Operating Expenses	X%
Charity-Other + Bad Debt % of Operating Expenses	X%
Charity-Other + Bad Debt + CIP Cont. Adj. % of Operating Expenses	X%

b. The uncompensated care costs and the percent of uncompensated care costs to total operating expenses for Indigent or public pediatric patients receiving health insurance coverage from, including but not limited to Governmental Health Insurance Programs.

Indigent or Public Pediatric Patients UCC	**Year**
Charity-Other	$X
Charity-Other + Bad Debt	$X
Charity-Other + Bad Debt + CIP Cont. Adj.	$X

Indigent or Public Pediatric Patients UCC % of Operating Expenses	
Charity-Other % of Operating Expenses	X%
Charity-Other + Bad Debt % of Operating Expenses	X%
Charity-Other + Bad Debt + CIP Cont. Adj. % of Operating Expenses	X%

ii. A narrative description of the infrastructure that currently exists to assist the families of pediatric patients in finding alternative sources of health care coverage. For example, the hospital patient financial workers providing hospital presumptive eligibility for Medi-Cal, county eligibility staff operating onsite to provide assistance to families of pediatric patients, etc.

B. Provides services to Vulnerable Pediatric Populations. (Maximum 15 points)

i. Provide:

a. The gross patient revenue (by payor) extracted from the most recent annual Hospital Disclosure Report filed with OSHPD pursuant to the "Accounting and Reporting Manual for California Hospitals", California Code of Regulations, title 22, Section 97018.

Gross Patient Revenue (by Payor)	**Year**	**Year**
Medi-Cal less CCS (Traditional and Managed Care)	$X	X%
CCS (Traditional and Managed Care)	$X	X%
County Indigent Programs	$X	X%
Other Third Parties (Traditional and Managed Care)	$X	X%
Other Payors (Indigent)	$X	X%
Other Payors (All Other Payors)	$X	X%
Total	**$X**	**100%**

b. The gross pediatric patient revenue or gross revenue for Pediatric Services (by payor).

Gross Pediatric Patient Revenue (by Payor)	**Year**	**Year**
Medi-Cal less CCS (Traditional and Managed Care)	$X	X%
CCS (Traditional and Managed Care)	$X	X%
County Indigent Programs	$X	X%
Other Third Parties (Traditional and Managed Care)	$X	X%
Other Payors (Indigent)	$X	X%
Other Payors (All Other Payors)	$X	X%
Total	**$X**	**100%**

c. Number of pediatric patients, pediatric patient days, or pediatric patient visits (by payor), as available.

Pediatric Patients/ Pediatric Patient Days/ Pediatric Patient Visits (by Payor)	**Year (#)**
Medi-Cal less CCS (Traditional and Managed Care)	X
CCS (Traditional and Managed Care)	X
County Indigent Programs	X
Other Third Parties (Traditional and Managed Care)	X
Other Payors (Indigent)	X
Other Payors (All Other Payors)	X
Total	**X**

d. The number and type(s) of Special Care Center(s).

e. The percent (%) of the pediatric population the hospital is serving, who have special health care needs, during the timeframe of the most recent annual Hospital Disclosure Report filed with OSHPD pursuant to the "Accounting and Reporting Manual for California Hospitals", California Code of Regulations, title 22, Section 97018.

f. The percent (%) of hospital resources allocated to the pediatric population identified in (e) above.

C. Promotes Pediatric Teaching Programs or Pediatric Research Programs. (Maximum 5 points)

i. Include a description of the following:

a. The study area(s) of the Pediatric Research Program(s).

b. The specific area(s) of the Pediatric Teaching Program(s).

c. The number of individuals currently participating in the Pediatric Teaching Program(s) and the maximum capacity of the Pediatric Teaching Program(s).

d. How the Applicant promotes the Pediatric Teaching Program(s) or Pediatric Research Program(s) and, if applicable, how the Project improves or sustains the Pediatric Teaching Program(s) or Pediatric Research Program(s).

❖ To ensure that the tax-exempt status of the General Obligation bonds funding this program conforms to all applicable bond law, please answer the following:

1. Was any portion of the Project to be refinanced with the Grant originally funded with the proceeds of a tax-exempt financing? If yes, please describe the tax-exempt financing.

D. <u>Project Readiness and Feasibility (Maximum 30 Points)</u>

1. All Eligible Hospitals shall provide a project timeline, which:

   A. Describes expected project start and completion dates (e.g., construction start date(s) and/or equipment installation date(s)).

   B. Describes any potential challenges anticipated in implementing the Project and how these challenges will be managed to ensure timely completion.

2. All Eligible Hospitals shall identify and provide supporting documentation as described for the following types of Projects and funding sources:

   A. For all Projects with the exception of equipment acquisition Projects, submit estimates of Project costs and evidence of property ownership or, if the property is leased to an Eligible Hospital, or a California nonprofit corporation of which the Eligible Hospital is an operating entity, a copy of a lease agreement that satisfies the requirements of Section 7014. The Eligible Hospital shall also provide building permits and/or executed architect, design, engineering, and construction contracts, if available. When applicable, the Eligible Hospital shall submit evidence that it is in compliance with the California Environmental Quality Act (CEQA).

      i. An Eligible Hospital with a Project that does not yet have building permits, and/or executed architect, design, engineering, and construction contracts, and/or evidence of compliance with CEQA shall provide a detailed statement that explains the status of obtaining the missing items within 12 months of Final Allocation as specified in Section 7007.1, subdivision (c)(2)(B)(i) of the Children's Hospital Program of 2018 regulations.

   B. For equipment acquisition Projects, the Eligible Hospital shall submit a specific list of items and cost estimates of equipment (or copies of purchase orders and invoices), and if applicable, cost estimates of installation of such equipment.

   C. If funding sources other than the Grant are required to complete the Project, the Eligible Hospital shall provide proof of the other funding sources, including but not limited to, commitment letters and board approved capital campaign plans. Such documentation shall be in accordance with the Project timeline and budget.

3. All Eligible Hospitals shall demonstrate the feasibility of the Project to generate sufficient revenues to support on-going operation of new or expanded services and/or research programs through one the following: (i) a third-party feasibility study (including but not limited to the scope of the services to be provided with the new Project, financing plan of the Project, forecasted revenues and expenses of the Project operations, market share/service area demand analysis and observations on market positioning); or (ii) funding letters or other documentation. If revenues generated by the Project will be insufficient to support the on-going operation of new or expanded services and/or research programs the Applicant's revenues shall be sufficient to support the on-going operation.

4. The sources and uses of funds.

   A. Applicant shall submit the budget for the proposed Project including all sources and uses of funds including completion of Attachment A, Sources and Uses of Funds. If other sources of funds will be used to complete the Project, the Applicant shall submit copies, if available, of written confirmation of these funding sources, including but not limited to bank and grant commitment letters. If documentation for other sources of funds has been provided for Section D (2)(C), Applicant does not need to provide additional copies.

   B. The Applicant shall itemize what portion of the total funds available will be used for each specific portion of the proposed Project. In some instances, funds from sources other than the requested Grant may be used for portions of a proposed Project that would otherwise be ineligible for the Grant. The Applicant shall describe how the Grant funds as well as other grants, loans, or internal funds will be used. Authority staff must be able to determine that the entire Grant will be used for eligible portions of the proposed Project.

   C. If the proposed Project will benefit both pediatric and non-pediatric patients, the Applicant shall provide: (i) proportionate share use, (ii) methodology employed, and (iii) documentation to demonstrate the methodology employed to determine the proportionate share use for pediatric patients. Examples: The expansion of capacity for pediatric and non-pediatric patients may include the total square footage being added and the allocation of this space to pediatric vs. non-pediatric patients; the methodology for determining proportionate share for a piece of equipment may be based on historical data as to the numbers of pediatric vs. non-pediatric patient usage over a specified period of time.

E. Financial Capacity

As part of its due diligence review, the Authority staff will review the Most Recent Audited Financial Statements of the Applicant or the California nonprofit corporation of which the Applicant is an operating entity to ensure there is no Going Concern Qualification language.

F. Application Submission

An original and one copy of the Application shall be submitted to the Authority no later than 5:00 p.m. (Pacific Time) on March 30, 2020. Submit completed application by mail or in-person to:

California Health Facilities Financing Authority
Children's Hospital Program
915 Capitol Mall, Room 435
Sacramento, CA 95814

Attachment A

Sources and Uses of Funds*

Sources of Funds:

Total CHFFA Grant Amount Requested	$ _____
Eligible Hospital Internal Funds	$ _____
Other (bank loans, grants, etc.):	
_____	$ _____
_____	$ _____
_____	$ _____
Total Sources	$ 0.00

Uses of Funds:

Construct/expand facilities	$ _____
Remodel/renovate	$ _____
Purchase equipment/furnishings	$ _____
Other (list):	
_____	$ _____
_____	$ _____
_____	$ _____
_____	$ _____
Total Uses	$ 0.00

*Total Sources must equal Total Uses. In no case can a grant award exceed the total cost of the Project.

LEGAL STATUS QUESTIONNAIRE

1. Financial Viability

   Disclose any legal or regulatory action or investigation that may have a material impact on the financial viability of the Project or the Applicant. The disclosure should be limited to actions or investigations in which the Applicant or the Applicant's parent, subsidiary, or affiliate involved in the management, operation, or development of the Project has been named a party.

   Response:

2. Fraud, Corruption, or Serious Harm

   Disclose any legal or regulatory action or investigation involving fraud or corruption, matters related to employment conditions (including, but not limited to wage claims, discrimination, or harassment), or matters involving health and safety where there are allegations of serious harm to employees, the public or the environment. The disclosure should be limited to actions or investigations in which the Applicant or the Applicant's current board member (except for volunteer board members of non-profit entities), partner, limited liability corporation member, senior officer, or senior management personnel has been named a defendant within the past ten years.

   Response:

Disclosures should include civil or criminal cases filed in state or federal court; civil or criminal investigations by local, state, or federal law enforcement authorities; and enforcement proceedings or investigations by local, state or federal regulatory agencies. The information provided must include relevant dates, the nature of the allegation(s), charges, complaint or filing, and the outcome.

Attachment C

AGREEMENT AND CERTIFICATION

The Chief Executive Officer, Chief Financial Officer or other authorized officer of the Eligible Hospital on behalf of the Eligible Hospital shall agree and certify to the following terms and conditions:

1. The information contained in the Application and attachments is true and correct to the best of its knowledge and belief and understands that any misrepresentation may result in the cancellation of a Grant and other actions permitted by law and the Grant Agreement.

2. Eligible Hospital may be required to return all or a portion of the Grant including any unused interest earnings if the Eligible Hospital fails to complete the Project as approved. In cases where the Grant will fund architect, design, or engineering fees as part of an approved Project, the Eligible Hospital may be required to return all Grant funds and any unused interest earnings if the Authority cannot determine that the associated larger project has been completed, based on timelines provided within the Application.

3. Grant funds will only be used for the Project described in the Application unless a change in the Project is approved in writing by the Authority.

4. The Project and financial records of the Eligible Hospital's Project are subject to audit and inspection by the Authority and the California State Auditor.

5. Eligible Hospital has disclosed all information requested by the Legal Status Questionnaire.

6. Eligible Hospital will notify the Authority in writing at the time of Project completion with evidence of completion included.

7. Eligible Hospital will provide all documents and information required by law and will meet all necessary requirements prior to the release of the Grant.

_____

Name of Eligible Hospital

_____	_____
By (Print Name)	Signature
_____	_____
Title	Date