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

Staff Summary
Resolution No. CHP 2011-04
July 28, 2011

Applicant: Children's Hospital & Research Center at Oakland CHO-06
747 52nd Street
Oakland, CA 94609
Alameda County

Project Sites:

Main Hospital at 747 52nd Street, Oakland, CA 94609, Alameda County

Outpatient Center at 744 52nd Street, Oakland, CA 94609, Alameda County

Brentwood Specialty Care Center at 1181 Central Boulevard, Brentwood, CA 94513, Contra Costa County

Walnut Creek Specialty Care Center at 2401 Shadelands Drive, Walnut Creek, CA 94598, Contra Costa County

Summit Unit at Alta Bates Summit Medical Center at 3100 Summit Street, Oakland, CA 94609, Alameda County

Amount Requested: $1,525,136

Summary of Awards to Hospital	2004 Program	2008 Program
Prior Amount Awarded	$72,474,864	$0
Maximum Allowed for Hospital	$74 million	$98 million

Description of Applicant:

Children's Hospital & Research Center at Oakland (Children's Hospital Oakland) is a non-profit 501(c)(3) general acute care hospital with a current license from the California Department of Public Health. The 2010 (year ending December 31) audit was submitted and is free of "going concern" language.[1]

[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.

Project:

Children's Hospital Oakland is seeking grant funds for reimbursement for and acquisition of patient care equipment. Three of the largest expenditures were for the installation of sterilizer equipment ($486,000), a Picture Archiving Communication System (PACS) ($223,000) and a Functional Magnetic Resonance Imaging (MRI) ($132,000). Other equipment includes, among others, a nurse call system and a temperature monitoring system.

Proposition 61 Evaluation Factors:

Based on the review of the application and other submitted materials, staff evaluated Children's Hospital Oakland's projects 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 new patient care equipment will directly and indirectly contribute to the improvement of health care access by children by expediting procedures, improving patient flow and reducing waiting time. For example, the PACS mentioned above handles images from various modalities (such as ultrasonography, magnetic resonance imaging, positron emission tomography, computed tomography and radiography) and will essentially eliminate hard-copy management of medical images (such as film archives). Digital images are available immediately eliminating the wait for x-ray films and directly resulting in faster readings of the images, improved patient flow and reduced waiting time. Also, the digital storage of images means the end of misplaced films, reducing the need for patients to take replacement images. This will free up machines to handle additional capacity and ease the burden on young patients for whom imaging procedures can be stressful.

By way of another example, the installation of the new sterilizer equipment will allow Children's Hospital Oakland to replace aging equipment suffering from slower processing and interruptions in service for repair. Without sterilized equipment, surgeries cannot be performed. The new equipment is reliable and faster, allowing it to support more surgeries.

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

With PACS, digital images will be immediately available to physicians resulting in faster diagnosis and treatment. Timely treatment leads to better outcomes.

Functional MRI examines the anatomy of the brain, which allows neurosurgeons to map the brain's critical functions such as thought, speech and movement. With the capability of mapping the brain, neurosurgeons can precisely plan for such treatments as surgery or radiation therapy. This precision leads to better accuracy in treatments and virtually eliminates adverse impacts to healthy tissue.

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

Children's Hospital Oakland is a certified California Children's Services (CCS) hospital[2]. In 2010, the hospital provided approximately $21.2 million in uncompensated and under-compensated care. Children's Hospital Oakland 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 patients' families.

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

In fiscal year 2010, Children's Hospital Oakland had approximately 11,000 admissions, 55,000 emergency department visits and 252,262 outpatient visits. The government insured proportion of the hospital's payer mix has increased from 60.9% in fiscal year 2006 to approximately 70% in fiscal year 2010.

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

According to Children's Hospital Oakland, the hospital has the second largest pediatric residency program in California. The program sponsors over eighty-five residents and fellows, primarily in the departments of Primary Care, Hematology-Oncology, Pulmonology, Emergency Medicine and Infectious Diseases. The hospital recently received a grant from the United States Health Resources and Services Administration in the amount of $3.84 million to fund four additional residents each year over five years with a focus on primary care.

Also, Children's Hospital Oakland serves as a teaching hospital for fifteen other hospitals in Northern California. The hospital provides month-long clinical experiences to more than ninety senior medical students from throughout the country.

Children's Hospital Oakland Research Institute (CHORI) currently has 250 grants totaling $42 million. CHORI is sixth in the nation for National Institutes of Health pediatric research funding.

Factor 6: Demonstration of project readiness and project feasibility:

According to Children's Hospital Oakland, all equipment was acquired or will be acquired between the dates of January 1, 2008 and December 31, 2011.

Source of Funds:		**Use of Funds**	
CHFFA Grant	$1,525,136	Equipment Purchases	$1,525,136

[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.

Legal Review:

No information was disclosed to detrimentally affect the financial viability or legal integrity of the applicant.

Staff Recommendation:

Staff recommends the Authority approve Resolution No. 2011-04 for Children's Hospital & Research Center at Oakland to provide a grant not to exceed $1,525,136 (less costs of issuance), subject to all requirements of the Children's Hospital Program.