

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
Children's Hospital Program**

**Staff Summary
Resolution CHP 2007-06
December 6, 2007**

Applicant: Rady Children's Hospital - San Diego (CHSD) # CHSD - 03
3020 Children's Way
San Diego, CA 92123-4282
San Diego County

Project Site: 3020 Children's Way
San Diego, CA 92123-4282

Amount Requested: \$62,733,369 **Prior Amount Awarded:** \$11,266,631

Description of Applicant:

CHSD is a 501(c)(3) general acute care hospital with a current license from the Department of Health Services. The 2006 (year ending June 30) audit was submitted and it was free of "going concern" language.

Project:

CHSD seeks grant funds to purchase equipment and to construct a new four-story, 154-bed in-patient pediatric tower adjacent to its existing 248-bed facility.

New tower

- Basement: Data center, sterile processing area, mechanical and electrical facilities and some surgical administrative offices.
- First floor: 16 operating rooms, 56-bed recovery unit, waiting area and some surgical administrative offices.
- Second floor: 38 hematology/oncology beds and the hematology/oncology outpatient clinic.
- Third floor: 32 neonatal intensive care unit (NICU) beds and 42 medical/surgical beds.
- Fourth floor: 42 medical/surgical beds.

Equipment purchases

CHSD requests grant funds to purchase equipment for the NICU, Surgery, Radiology, and other patient care units. Items to be purchased include bedside monitors, a radiology ultrasound machine, a laproscopic camera with control boxes and emergency generators to provide emergency electrical power for multiple patient support systems.

Proposition 61 Evaluation Factors:

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

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:

Approximately 55 percent of CHSD patients are Medi-Cal eligible.

New tower

The construction of the new tower will increase capacity. With occupancy rates ranging between 80% and 100%, CHSD currently has an exemption from the California Department of Health to operate above licensed capacity. The children's population is forecasted to grow by 10% to more than 1 million by 2010. Without the expansion, many children would have to be treated in out of area hospitals.

Equipment purchases

The hospital needs to replace outdated equipment to stay current with the ever changing technological environment. Without the new equipment, CHSD would not be able to meet its pediatric patient care standards.

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

New tower

Increased capacity will increase the quality of child health care. Currently, inpatient and outpatient surgeries are performed in eight surgical suites and many surgeries are often rescheduled up to three or four times. Once the new surgical suites are built, the existing ones will be used exclusively for outpatient procedures.

Another reason for the rescheduled surgeries is due to lack of acute care bed space. The additional 84 beds will help alleviate that situation along with providing more beds for the growing children's population.

Equipment purchases

The equipment acquisitions will range from bedside monitors and ventilators for the NICU to a bar coding system that allows for a more efficient breast milk storage and

identification system. Also, CHSD intends to purchase a Multiplate PACS Loader to provide more efficient radiology services.

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

CHSD is a certified California Children's Services (CCS) hospital. Approximately 52 percent of its net patient revenues come from government programs such as Medi-Cal and CCS. In Fiscal Year '07, CHSD provided over \$47 million in uncompensated and under-compensated care. 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.

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

In Fiscal Year '06, CHSD cared for approximately 7,300 CCS patients, which represents about 53 percent of the total patients. It is the only hospital in San Diego and Imperial Counties dedicated solely to pediatrics. CHSD has the only Level 4 (most acute) Neonatal Intensive Care Unit in the region.

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

More than 300 pediatric family practice and specialty residents train at CHSD. The residents come from five San Diego based residency programs from UCSD, Scripps (Chula Vista and Mercy) and from both Balboa and Pendleton Naval Medical Centers.

CHSD's Center for Clinical Research oversees and conducts over 200 clinical trials a year investigating new drugs, devices and techniques.

Demonstration of project readiness and project feasibility:

New tower

The planning of this project began in December 2005. CHSD worked with the Office of Statewide Health Planning and Development (OSHDP) to submit the plans for approval in three stages with the final stage completed in October 2007. OSHDP has issued the permits. CHSD anticipates moving in by October 2010.

Equipment purchases

CHSD should have all of the equipment purchased by the end of June 2008.

<u>Sources of Funds:</u>		<u>Uses of Funds</u>	
CHFFA Grant	\$62,733,369	Remodel	\$259,995,157
Bonds	\$132,500,000	<u>Equipment Purchases</u>	<u>\$2,709,000</u>
Philanthropy	<u>\$67,470,788</u>		
Total	<u>\$262,704,157</u>	Total	<u>\$262,704,157</u>

Legal Review:

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

Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983 (SB 1953):

CHSD plans to spend \$12 million to meet the 2013 seismic requirements.

Staff Recommendation:

Staff recommends the Authority approve a resolution for Rady Children's Hospital – San Diego to provide a grant not to exceed \$62,733,369 (less costs of issuance), subject to all requirements of the Children's Hospital Program.