

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
Children's Hospital Program of 2018 (Proposition 4)**

Resolution Number CHP-4 2025-01

March 27, 2025

Applicant: University of California, San Francisco Medical Center
505 Parnassus Avenue
San Francisco, California 94143

Project Site: UCSF Benioff Children's Hospital
1975 4th Street
San Francisco, California 94158

Amount Requested: Proposition 4: \$29,710,077.68 Grant #: UCSF-02-04

Summary of Grant Amounts	Proposition 4
Eligible Amount	\$54,000,000.00
less Previous Grant Awards	3,289,785.40
less Requested Grant Amount	29,710,077.68
Remaining Amount Eligible (if requested amount is approved)	\$21,000,136.92

Project:

University of California, San Francisco Medical Center (UCSF or Hospital) is seeking grant funds to finance a 10-bed expansion project at UCSF Benioff Children's Hospital in San Francisco to address bed capacity constraints, as well as to reimburse the costs of pediatric patient care furniture for various departments. The bed expansion project includes the remodeling, renovation, furnishing and equipping of support space to create a new 8-inpatient-bed unit for pediatric medical-surgical patients and two new inpatient beds for the transitional care unit, each with their own private room. The pediatric patient care equipment includes recliners, couches, and overbed tables for various departments, including but not limited to the Pediatric Emergency Department, Pediatric Intensive Care Unit, Cardiac Intensive Care Unit, Cardiac Transitional Care Unit, and Pediatric Medical-Surgical Unit.

Sources of Funds:

Net Prop 4 Funds ¹	\$29,390,694.34
Internal Funds ²	319,383.34
Total	<u>\$29,710,077.68</u>

Uses of Funds:

Renovation	\$25,985,400.00
Equipment	3,724,677.68
Total	<u>\$29,710,077.68</u>

¹ Net Prop 4 Funds is the total Prop 4 requested amount of \$29,710,077.68, less costs of issuance and administrative costs.

² Internal funds in the amount of \$319,383.34 will be used to cover costs of issuance (\$22,282.56) and the administrative costs (\$297,100.78).

Staff Recommendation:

Staff recommends the Authority approve Resolution Number CHP-4 2025-01 for the University of California, San Francisco Medical Center to receive a grant not to exceed \$29,710,077.68 (less costs of issuance and administrative costs), subject to all requirements of the Children's Hospital Program of 2018.

Proposition 4 Evaluation Factors:

Staff reviewed the provided application and other submitted materials in determining whether the applicant satisfactorily met the six factors identified in Proposition 4. Below is a summary of how the applicant met these specific factors.

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

Bed Expansion Project

UCSF plans to renovate, furnish and equip approximately 5,600 square feet of existing support space on the first floor of UCSF Benioff Children's Hospital to create a new 8-inpatient-bed unit for pediatric medical-surgical patients and expand capacity for pediatric video electroencephalogram (EEG)³ and headache patients. Each of the eight patient rooms of the Children's Medical-Surgical Unit (CMSU) will be equipped with epilepsy monitoring equipment in the ceilings to monitor patients in real time for neurological activities, including epileptic seizures and severe headaches. The Hospital currently has five medical-surgical patient rooms equipped with this monitoring system, but these eight new rooms will add additional capacity for patients requiring inpatient neurology monitoring and care.

UCSF also plans to relocate two multipurpose rooms to a family lounge space and remodel, furnish and equip the approximately 500 square feet of vacated space in the Pediatric Transitional Care Unit (TCU), located on the fifth floor, into two new inpatient rooms to create additional capacity for stepdown level patient care.

UCSF currently has 189 licensed pediatric beds spread across four floors of inpatient units, including but not limited to: the Intensive Care Nursery, the Cardiac Intensive Care Unit, the Cardiac Transitional Care Unit, the Pediatric Intensive Care Unit, the Children's Medical-Surgical Unit (CMSU), and the Children's Transitional Care Unit. These units operate at approximately 84% capacity, with children eligible for Medi-Cal comprising 49.8% of all inpatient discharges in Fiscal Year (FY) 2024. Since the move to Mission Bay in 2015, UCSF has seen a 20% growth in pediatric patient volume, with significant growth in demand for care that requires medical-surgical and transitional care beds. Bed capacity in the CMSU is above 90% capacity on most days, which negatively impacts UCSF's ability to provide care for planned and unplanned admissions, forcing UCSF to decline 501 regional referrals for pediatric patients in FY 2023 and 84 in FY 2024, respectively. The numbers were increased in FY 2023 because of a spike in viral respiratory illnesses requiring hospitalization among pediatric patients.

³ Pediatric video EEG combines a standard EEG, which measures brain electrical activity, with a video recording of the child's behavior, allowing doctors to correlate brainwave patterns with observed movements, behaviors, and events, which is crucial for diagnosing epilepsy, identifying seizure types, and pinpointing the source of seizures.

The additional 10 licensed pediatric beds will expand access to UCSF's medical-surgical and transitional care by 569 patients per year. The new 8-beds in the CSMU will accommodate an additional 532 patients per year, and the two new beds in the TCU will accommodate an additional 37 patients per year.

Patient Room Furniture

UCSF's patient room furniture upholstery is worn out from repeated use and due to the cleaning agents used in the hospital environment. The recliners, overbed tables, and sleeper sofas are used to both support patient care and to provide a sleep surface in each room for a parent or caregiver to be able to stay with their hospitalized child. Patients use the furniture for meals as well as during therapy sessions with physical therapy, occupational, therapy, and child life specialists.

Title 22, § 70815 of the California Code of Regulations requires there be a chair in each inpatient room, and the number of beds currently threatened by furnishings at the end of their useful life is 52. Given UCSF's estimate that each bed receives 32 admissions per year, 1,664 admissions could be impacted or declined if this furniture is not replaced. Applying payor mix distribution data from FY 2024, 49.8% of these admissions, or 829 pediatric patients, would be covered by Medi-Cal and at risk if not replaced.

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

Bed Expansion Project

When the CMSU and TCU are capacity constrained, admitted pediatric patients may need to stay in the Pediatric Emergency Department or the peri-operative areas overnight. These areas are not designed to meet the needs of admitted inpatients, which can affect the quality of overnight care and ultimately impact the overall length of stay as well as health outcomes. The creation of an 8-inpatient-bed medical-surgical unit and the addition of two beds in the TCU will ensure fewer patients are transferred to other areas for overnight stay.

Patients needing EEG will also receive improved care under this project. Each of the eight beds will be equipped with new EEG equipment, thus improving UCSF's ability to care for patients requiring specialty neurology care and helping doctors determine seizure type and where seizures start and deciding on the best treatment.

Patient Room Furniture

New patient room furniture will improve patient experience and reduce infection risk posed by ripped or torn furniture. Prior to the purchase of new recliners and sleeper sofas for the Pediatric Emergency Department, patients had no place to sit or eat their meals outside of the bed in their examination room. As furniture reaches the end of its useful life, rips or tears in the fabric become common, exposing the patient to surfaces that cannot be properly cleaned. These pieces of furniture have to be discarded, and the shortage of adequate furniture forces staff to coordinate the movement of chairs and sleeper sofas between rooms to meet patient needs,

a process that dissatisfies patients, parents and medical staff. Removing worn-out furniture from service and replacing it with furniture that has fully intact upholstery and surfaces allows for cleaning agents to work as designed, reducing the risk of hospital-acquired infections.

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

In FY 2024, 5,497 pediatric patients were treated at UCSF Benioff Children's Hospital San Francisco. 2,741 patients (49.8%) were covered by Medi-Cal, five patients (0.09%) were covered by Medicare, and 103 patients (1.9%) were provided uncompensated care. In FY 2023, UCSF incurred \$127 million in unreimbursed cost of care provided to pediatric patients with government-sponsored health care coverage (largely Medi-Cal) and also provided \$4.8 million in uncompensated charity care to pediatric patients.

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

UCSF offers many specialized programs to benefit children currently suffering from or vulnerable to serious health conditions. The Hospital launched Novel Interventions in Children's Healthcare, a program that pairs interventionists with Medi-Cal patients, who have diabetes to provide on-call support at the hospital, school, and at home. The Hospital also established Child and Adolescent Gender Center as the only program in the country with an interdisciplinary team offering medical, mental health educational/advocacy, and legal expertise to support gender nonconforming youth and their families, as well as the Child and Adolescent Chronic Illness Center, which will work across disciplines to develop innovative approaches that address the unique challenges faced by children growing up with chronic illnesses. Additionally, the Hospital created the Youth Outpatient Substance Use Program to serve adolescents and young adults, who are affected by addiction and established the Child and Adolescent Psychiatry Portal (CAPP) to increase the availability of child psychiatry consultation to local primary care providers (PCPs). This initiative addresses the quickly increasing number of youths, who experience mental health issues and the climbing suicide rate among teens.

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

As a teaching institution, UCSF educates both community members and health professionals. Their fellowships are some of the country's most competitive and well-regarded. UCSF offers pediatric subspecialist training in 15 ACGME-accredited programs⁴ and several non-ACGME programs for those who desire to focus on further specialized clinical training or research pathways.

The completion rate for fellowships is nearly 100% with approximately one fellow every 2-3 years leaving a program prior to completion. 40% of fellows become faculty at UCSF and at least 66% remain in California.

⁴ The Accreditation Council for Graduate Medical Education (ACGME) is an independent, 501(c)(3), not-for-profit organization that sets and monitors voluntary professional educational standards essential in preparing physicians to deliver safe, high-quality medical care to all Americans.

The Pediatric Leadership for the Underserved (PLUS) is the first pediatric residency program in the country to focus on leadership development to serve vulnerable children in its core curriculum.

Additionally, UCSF leads research and clinical trials with the goal of advancing understanding of pediatric diseases and developing treatments and cures to benefit children worldwide, such as the UCSF500 Cancer Gene Panel, which identifies genetic changes in the patient's cancer cells, helping clinicians improve treatment by identifying targeted therapies. UCSF is currently leading the research on COVID-19 and maternal transmission to young children through the Division of Pediatric Infectious Diseases and Global Health and has developed medical equipment that benefits pediatric patients, such as the MRI compatible infant incubator and a freestanding, bioartificial kidney to treat end-stage renal disease.

Factor 6: Demonstration of project readiness and project feasibility.

According to the Hospital's project timeline, renovation and remodeling for the bed expansion projects has started already and is expected to be completed by August 2025. The patient room furnishings were purchased on June 3, 2024 and were placed in-service as of August 22, 2024.

Legal Review:

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

Description of Applicant:

The Hospital is a general acute care hospital licensed by the California Department of Public Health. The Hospital 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 represents the pediatric services portion of the Hospital. The Hospital, opened in 1864 and located in San Francisco County, has over 150 specialists from more than 50 areas of medicine. The Hospital's financial audit for FY 2024 was submitted and is free of "going concern" language.

5

⁵ 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 Section 7000(q).

RESOLUTION NO. CHP-4 2025-01

**RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING
EXECUTION AND DELIVERY OF GRANT FUNDING
UNDER THE CHILDREN’S HOSPITAL PROGRAM OF 2018
TO 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 2018 (Pt. 6.3 (commencing with Section 1179.81), 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 \$54,000,000.00, less the bond issuance and administrative costs to University of California, San Francisco Medical Center (“Grantee”) to finance eligible projects; and

WHEREAS, Authority staff reviewed the Grantee’s 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 \$29,710,077.68, less 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 in an amount not to exceed \$29,710,077.68, less 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 grant period that ends on March 01, 2027.

Section 2. The Executive Director and the Deputy Executive Director are hereby authorized, for and on behalf of the Authority, to approve any minor, non-material changes in the Project and extend the grant period completion date identified in Section 1 as authorized under the Act and implementing regulations. However, any extension approved by the Executive Director and the Deputy Executive Director shall not surpass the expiration date set forth in Section 5 hereof. Nothing in this Resolution shall be construed to require the Authority to provide any additional 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 and the Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to draw money from the Act Fund in an amount not to exceed that approved by the Authority for the Grantee. The Executive Director and the Deputy Executive Director are 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 and Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to do any and all things and to execute and deliver any and all documents, which the Executive Director and Deputy Executive Director deem necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 5. This Resolution expires March 01, 2028.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by University of California, San Francisco Medical Center (UCSF) to finance a 10-bed expansion project at UCSF Benioff Children's Hospital in San Francisco to address bed capacity constraints, as well as to reimburse the costs of pediatric patient care furniture for various departments. The bed expansion project includes the remodeling, renovation, furnishing and equipping of support space to create a new 8-inpatient-bed unit for pediatric medical-surgical patients and two new inpatient beds for the transitional care unit, each with their own private room. The pediatric patient care equipment includes recliners, couches, and overbed tables for various departments, including but not limited to the Pediatric Emergency Department, Pediatric Intensive Care Unit, Cardiac Intensive Care Unit, Cardiac Transitional Care Unit, and Pediatric Medical-Surgical Unit.