

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
Children's Hospital Program of 2008**

**Staff Summary
Resolution CHP-3 2009-01
April 30, 2009**

Applicant: Childrens Hospital Los Angeles (CHLA)
4650 Sunset Boulevard
Los Angeles, CA 90027
Los Angeles County

Project Site: 4650 Sunset Boulevard
Los Angeles, CA 90027

Amount Requested: \$98,000,000
Prior 2008 Program Amount Awarded: \$0
Prior 2004 Program Amount Awarded: \$74 million

Description of Applicant:

CHLA is a 501(c)(3) general acute care hospital with a current license from the Department of Health Services. The 2008 (year ending June 30) audited financial statements were free of "going concern" language.

Project:

CHLA is seeking grant funds to construct a 460,000 square foot, 317-bed replacement hospital. The current facility is licensed for 286 beds. The new building will have 160 acute care beds, 58 Neonatal Intensive Care Unit beds, an expanded 24 Pediatric Intensive Care Unit beds, an expanded 24-bed Cardiothoracic Intensive Care Unit along with a new 21-bed cardiac acute care unit. Oncology will have 16 beds in the acute care unit along with a 14-bed Bone Marrow transplant unit.

Proposition 3 Evaluation Factors:

Based on the review of the application and other submitted materials, staff evaluated CHLA's projects using the six factors identified in Proposition 3 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 73% of CHLA's patients receive government health insurance. By adding 31 more critical care beds, CHLA anticipates this will increase critical care patient days by over 11,000.

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

Increased capacity means greater access and, in turn, will increase the quality of child health care. The new building will be seismically compliant. It features private rooms containing a clinical area that houses the necessary medical equipment and a family area including space, and accommodations for parents to stay overnight. Semiprivate rooms will be available for children who can benefit from social contact, a beneficial component for those with chronic disease. Also, the new building will include 100% HEPA filter conditioning which aims to reduce the rate of hospital-acquired infections.

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

Approximately 69% of its net patient revenues come from government programs such as Medi-Cal and California Children's Services (CCS). CHLA 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:

CHLA is a certified CCS hospital. CHLA's market share for Los Angeles County based on Medi-Cal pediatric days for calendar year 2007 was 35.6%.

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

CHLA promotes both doctor and registered nurse teaching. The medical training programs currently include 575 medical students, including 83 full-time residents and 86 fellows. Over the last six years, each resident graduating from the program passed the American Board of Pediatrics exam on their first attempt.

CHLA conducts pediatric research through its Saban Research Institute and the University of Southern California-CHLA Institute for Pediatric Clinical Research. The Saban Research institute, dedicated exclusively to children, has 91 investigators engaged in 232 laboratory studies, clinical trials and community-based research and health services.

Demonstration of project readiness and project feasibility:

CHLA was awarded a Proposition 61 grant in June 2005 for this project. Construction began in June 2005. Funds were disbursed to CHLA in increments through December 2007. CHLA estimates the project is approximately 72% complete and anticipates construction will be completed by October 2010. .

As of February 28, 2009, CHLA's capital campaign has collected \$88 million for this project and will need to raise an additional \$40 million to complete the project. CHLA anticipates it will collect \$43 million from pledges and deferred gifts over the next two

years with plans to raise an additional \$28 million over this same period of time. CHLA will need to collect approximately 60% of that amount to complete construction.

CHLA's project funding is detailed as follows:

<u>Sources of Funds:</u>		<u>Uses of Funds</u>	
CHFFA Grants	\$172,000,000	Construction	\$544,000,000
Bonds	189,000,000	FF&E Purchases	<u>39,000,000</u>
Internal	29,000,000		
FEMA Grant	65,000,000		
Capital Campaign	<u>128,000,000</u>		
TOTAL	<u>\$583,000,000</u>	TOTAL	<u>\$583,000,000</u>

Legal Review:

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

Staff Recommendation:

Staff recommends the Authority approve a resolution to provide a grant not to exceed \$98,000,000 million (less costs of issuance and administrative costs), subject to all requirements of the Children's Hospital Program of 2008.