

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
Children’s Hospital Program of 2018 (Proposition 4)
STAFF SUMMARY

<p>Applicant: Providence Cedars-Sinai Tarzana Medical Center 18321 Clark Street Tarzana, CA 91356 Los Angeles County</p>	<p>Application Number: EH-06 Authority Meeting Date: June 25, 2020 Resolution Number: CHP-4E 2020-05 Requested Amount: \$15,000,000.00 Recommended Amount: \$15,000,000.00</p>
<p>Project Site: Same as above.</p>	
<p>Description of Applicant: Providence Cedars-Sinai Tarzana Medical Center (Hospital) is a 501(c)(3) general acute care hospital. The Hospital has full approval as a California Children’s Services program from the California Department of Health Care Services.</p>	
<p>Summary of Project: The Hospital is seeking grant funds to fund the eligible pediatric portions of constructing a new five-story patient wing of approximately 188,000 square feet, where it will relocate and place a 16-bed Pediatric (PEDS) Unit and an 8-bed Pediatric Intensive Care Unit (PICU). Funds also will be used to renovate the existing 21-bed Neonatal Intensive Care Unit (NICU), housed in a separate building that is being retrofitted to ensure compliance with seismic law and to remain open and operational.</p>	
<p>Proposition 4 Evaluation Factors:¹ Based on the review of the application and other submitted materials, staff evaluated the Hospital’s project using the factors identified in Proposition 4.</p> <p><i>Factor 1: The grant will contribute toward expansion or improvement of healthcare access by children eligible for governmental health insurance programs² and indigent, underserved, and uninsured children:</i></p> <p>In fiscal year 2019, 45% of pediatric patients served were enrolled in governmental health insurance programs and 3% were uninsured. The Hospital served 15,270 pediatric patients last year, of which 6,884 were governmental health insurance program recipients. With improvements in both infrastructure and healthcare access, the Hospital anticipates a minimum of a 25% increase in capacity, equating to a total of 19,088 pediatric patients served, of which 8,605 will be covered through governmental health insurance programs.</p> <p>PEDS Unit and PICU: The PEDS Unit and the PICU will be relocated to the newly constructed patient wing. Although the PEDS Unit currently has 18-beds, the Hospital is not able to utilize the beds to its maximum capacity because the Hospital often can only serve one patient at a time per room depending on the pediatric patient’s medical condition. The new approximately 21,613 square foot PEDS Unit will have 16 single private pediatric rooms, which will allow the Hospital to operate at its maximum capacity. The new approximately 10,807 square foot PICU will increase capacity from 7 beds to 8 beds, which will allow the Hospital to serve at its maximum capacity. In addition, moving the PEDS Unit adjacent to the PICU will improve the flow of patient care, experience and service. Existing PEDS Unit and PICU rooms are small in size, lack private restrooms, have poor ventilation, and lack property storage and equipment space. The project will improve efficiency by reconfiguring the space. The Hospital anticipates a 93% combined increase in patient volume for the PEDS Unit and the PICU after the project is completed.</p> <p>NICU: The building housing the existing 21-bed NICU will be renovated and retrofitted to ensure seismic compliance and to be able to remain open and operational. After the project implementation, the NICU will have 21 single private patient rooms, increasing service efficiency and accessibility. The rooms will be larger in size, modernized, with private restrooms and storage space as well as upgraded equipment, which allows the Hospital to see more patients and improves accessibility for the community. In 2019, the Hospital served 385 patients in the NICU and anticipates serving an additional 170 patients after the NICU project is completed.</p>	

¹ Staff also ensured that the hospital met an additional three evaluation factors that are not project specific but specific to the hospital, which include:

1. The hospital provides uncompensated or undercompensated care to indigent or public pediatric patients.
2. The hospital provides services to vulnerable pediatric populations.
3. The hospital promotes pediatric teaching or research programs.

² Government Health Insurance Programs mean governmental assistance programs that include, but are not limited to, Medicaid (Medi-Cal), Optional Targeted Low Income Children (OTLIC), California Children’s Services (CCS), Child Health and Disability Prevention (CHDP) and county indigent programs.

Currently the Hospital is retrofitting multiple buildings on campus to ensure compliance with seismic law and be able to remain open, operational and accessible. The local community is already experiencing a health care shortage caused by the closing down of other medical facilities, and the closure of this Hospital would be devastating to pediatric medical treatment access.

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

The Hospital intends to improve outcomes by remaining open and accessible to patients and focusing on treatment efficiency. By ensuring that the NICU remains open with all the latest infrastructure improvements, patients do not have to face a treatment delay due to transfer to other facilities for care. Delaying treatment can cause medical complications, illness progression, or even in extreme cases death, depending upon the nature of the emergent health condition. Additionally, the Hospital intends to locate the PICU and the PEDS Unit adjacent to one another to ensure expedited treatment between the two departments. This will generate better outcomes because medical staff can respond more efficiently, quickly, and attentively to patients’ medical needs.

Factor 3. Demonstration of project readiness and project feasibility:

The Hospital anticipates to complete the NICU project by December 31, 2022. The PEDS Unit and PICU project is anticipated to be completed by December 31, 2023. Since the PEDS Unit and PICU project will be billed together with the New Patient Wing construction, the grant funds will only cover eligible pediatric portions of the new patient wing project costs. Authority staff has determined that a proportionate share of 17.2% of the total cost of the new patient wing project is eligible for reimbursement from grant funds. While the current COVID-19 outbreak has impacted the Hospital’s operations, the current planning status of this project has not been affected.

Sources of Funds:		Uses of Funds:	
Prop 4 Grant Funds	\$15,000,000.00	Construction/Renovation	\$620,156,138.00
Hospital Funds	609,322,500.00	Equipment	4,005,112.00
		Admin Costs	150,000.00
		COI	<u>11,250.00</u>
Total	<u>\$624,322,500.00</u>	Total	<u>\$624,322,500.00</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 Resolution No. CHP-4E 2020-05 for Providence Cedars-Sinai Tarzana Medical Center to provide a grant not to exceed \$15,000,000.00, less costs of issuance and administrative fees, and subject to all requirements of the Children’s Hospital Program of 2018.

RESOLUTION NO. CHP-4E 2020-05

**RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING
EXECUTION AND DELIVERY OF GRANT FUNDING
UNDER THE CHILDREN’S HOSPITAL PROGRAM OF 2018
TO PROVIDENCE CEDARS-SINAI TARZANA 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 \$15,000,000.00, less the bond issuance and administrative costs, to Providence Cedars-Sinai Tarzana Medical Center (the “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 \$15,000,000.00, 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 of \$15,000,000.00, 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 December 31, 2024.

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 described in the application submitted to the Authority 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 grant resolution expiration date. 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 not to exceed those amounts 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 the 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 the 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 December 31, 2025.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by Providence Cedars-Sinai Tarzana Medical Center to fund the eligible pediatric portion of the cost of constructing a five-story new patient wing that will include a Pediatric Unit and a Pediatric Intensive Care Unit and to fund the costs of renovating its existing Neonatal Intensive Care Unit.