

**CHILDREN'S HOSPITAL CENTRAL CALIFORNIA
FISCAL YEAR 2012
COMMUNITY BENEFITS
ANNUAL REPORT**

I. INTRODUCTION

Sixty years ago, our founding mothers had a dream to care for children in a hospital as special as its patients. Children's Hospital Central California has flourished ever since, caring for hundreds of thousands of children. Our mission guides us as we travel the road to our future alongside staff, physicians, children, families, our community and our partners throughout the region.

Mission

The mission of Children's Hospital Central California is to provide high quality, comprehensive healthcare services to children, regardless of their ability to pay, and to continuously improve the health and well-being of children.

Vision

Our vision captures the path we've traveled and showcases our commitment and passion to be the best. Our clear focus is to continue to provide the best care and the best quality pediatric services available anywhere with a vision to become the nation's best children's hospital.

Core Values

Our values guide every decision and define our commitment and the actions supporting it.

Excellence: We depend on exceptional people to provide exceptional quality health care and services throughout Children's Hospital. We set high standards and we support each other as we strive to achieve them. We invest in each other and we value the individual and cultural differences that make us strong. We are proud of our superior services as measured by quality outcomes.

Compassionate Care: We treat every child, every family, each other, our visitors, and our vendors with respect, kindness, hope, joy and good humor. We display our helpful, healing, family-centered spirit at every opportunity. We recognize the importance of playfulness in human interaction and in the health of children. We look for ways to ease suffering and provide comfort.

Integrity: We are honest, ethical and responsible in our work and in the way we deal with others. We keep our promises and admit our mistakes. We know ourselves and we avoid hidden agendas. By the way we live our lives everyday, we are worthy of the trust people place in us.

Innovation: We embrace change, creativity, continuous learning and personal growth. We incorporate new ideas, technology and methods to improve the health care and services we provide. We anticipate future trends and we create strategic plans to insure future growth and continued vitality.

Collaboration: We build enduring internal and external relationships, joining with colleagues across organizational boundaries to improve the care and services we provide. We encourage and reward both individual and team achievements. We put the common good ahead of narrow interests.

Stewardship: We are resourceful, adaptable and resilient. We have a "can do" attitude that gets the job done. We are fiscally responsible and efficient with our time. We protect our reserves and manage our operating costs in order to invest in the next generation of kids. We are each personally dedicated to making Children's Hospital better because we were here.

Commitment to the Community

As a not-for-profit organization governed by its own Board of Trustees, Children's Hospital is solely committed to addressing the medical needs of our region's sickest children. With 348 beds, close to 600 physicians approximately 2,800 total employees, Children's Hospital offers accessibility to over 40 fetal, neonatal and pediatric subspecialties, all committed to providing the highest level of quality care possible. Examples include the Hospital's Neonatal and Pediatric Intensive Care Units that maintain low mortality rates, when compared nationally, while treating some of the sickest children.

While providing exceptional care is the single greatest contribution the Hospital makes for our children and their families, the Hospital also appreciates that it is uniquely positioned to support the needs of children in other ways as well.

As an extension of the Hospital's mission and vision, the goal of Children's Hospital's Community Benefits Program is to advance the health and wellbeing of underserved, medically needy children through collaboration and common concern.

The Hospital's Community Benefits Program is overseen by the Hospital's Community Benefits Advisory Committee, which is charged with the following responsibilities.

- Based on the community health needs assessment process described below, agree upon a draft set of priority community health needs around which to build the Hospital's community benefits plan activities.
- Develop a draft community benefits plan that outlines the specific activities the Hospital will support to address priority community health needs.
- Monitor implementation of the plan and make needed adjustments based on the most current information.

The Committee's work is submitted to Hospital administrative and physician leadership for input and approval and ultimately to the Hospital's Board of Trustees.

This Community Benefits Report summarizes the contributions provided by Children's Hospital to its community for fiscal year 2012 (October 1, 2011 through September 30, 2012).

II. SERVICE AREA DEMOGRAPHICS AND PATIENT VOLUME

Service Area Demographics

As the only pediatric specialty hospital located in Central California, Children's Hospital's primary service area extends from Modesto in the north to Bakersfield in the south, and from the Central Coast to the Sierra Nevada. The service area includes 9 counties and is home to over 1.1 million children ages 0 – 17.

Children's Hospital's Patient Volume

In 2012, Children's Hospital had 12,791 inpatient cases, 77,994 Emergency Department visits, and a combined 181,853 outpatient center, day surgery, radiology and laboratory visits. Medi-Cal covered 75% of the Hospital's total inpatient days and 66% of total outpatient visits. Nearly 2/3 of the Hospital's inpatient population consisted of children 4 years of age or younger and over 2/3 were an ethnicity other than Caucasian.

III. ASSESSING AND UNDERSTANDING COMMUNITY HEALTH NEEDS

Children's Hospital's Community Benefits Program is established based on a collaborative community health needs assessment. Consistent with state and federal law, Children's Hospital completes a formal assessment of unmet pediatric health care needs in the community every three years.

The 2012 Community Benefits Program activities summarized in this report were developed in response to the community health needs assessment conducted in 2011. Under the leadership of the Central Valley Health Policy Institute (CVHPI), California State University, Fresno, Children's Hospital partnered with other hospitals in a four-county region to conduct an assessment of health needs for both children and adults. Sources of data included key stakeholder interviews as well as published health status indicator data. Children's Hospital contributed both staff time and money (\$5,000) towards the assessment. For a copy of the needs assessment report, visit the following link.

<http://www.fresnostate.edu/chhs/cvhipi/documents/2011-community-needs.pdf>

In addition to the CVHPI facilitated assessment, Children's Hospital staff met with key stakeholders individually to explore more thoroughly the issues as they relate to children. Interviews were conducted with over a dozen key organizations, including county public health departments, school districts, federally qualified health centers, individual pediatricians, and a variety of community-based nonprofit agencies serving low income, needy children and families.

Children's Hospital staff also remained actively engaged in a number of community-based organizations and initiatives in 2012. This continuous engagement kept the Hospital close to the issues most impacting the health and wellbeing of children in its service area and allowed the Hospital to make adjustments to its Community Benefits Program activities as appropriate. Examples of organizations and initiatives in which the Hospital was involved in 2012 included the following.

- Bi-Annual Babies First Coordinating Council
- Binational Health Week Planning Committees for Madera and Fresno Counties
- California Breast Feeding Coalition Communication Committee
- California Central Valley Coalition for Compassionate Care
- Child Abuse Prevention Councils
- Central California Children's Institute
- Central California Perinatal Mental Health Collaborative
- Central Valley Health and Nutrition Collaborative
- Central Valley School Health Advisory Panel
- Childhood Obesity Prevention Task Force for Fresno and Madera Counties
- Children's Health Initiative for Fresno County
- County First 5 Agencies
- County Public Health Departments
- County Pediatric Death Review Teams
- Exceptional Parents Unlimited
- Fresno Babies First Breastfeeding Task Force
- Fresno Healthy Communities Access Partners
- Fresno-Kings-Madera Regional Health Authority
- Human Rights Commission
- Interagency Council for Children (Fresno and Madera Counties)
- Kern County Medically Vulnerable Infant Project
- Madera Breast Feeding Coalition
- March of Dimes Central Valley Division
- Model of Care Partnership Oversight Committee, Fresno County
- Roman Catholic Diocese of Fresno, Healthy Ministry Office
- Safe Kids Central Valley
- United Way of Fresno County
- Mexican Consulate - Ventanilla de Salud Program

- West Fresno Family Resource Center

IV. COMMUNITY HEALTH NEEDS PRIORITIES IN 2012

From high rates of obesity and child abuse to poor access to primary health care, children in Central California are disproportionately disadvantaged when compared to children in other parts of the state. The implications of these disparities are significant. For children and their families, it means chronic illness accompanied by frequent visits to physician offices, clinics or hospital emergency rooms, missed days at school, and missed days at work. For health care providers like Children's Hospital, it means already scarce resources are stretched even thinner to address significant health needs. At the same time, however, the disparities point to the opportunity for health care providers and the broader community to address these challenges through collaboration and common concern.

Based on the community health needs assessment process described above, Children's Hospital identified the following priorities for 2012.

- Enhanced community education and coordination of services regarding child abuse prevention.
- Increased opportunities for disabled children to reintegrate into their communities.
- Improved access to, and reimbursement for, prevention, screening, assessment and treatment for children at risk for, or with, developmental delays.
- Enhanced coordination of existing resources and support for new resources or initiatives to help prevent and / or manage childhood obesity.
- Continued focus on preventing unintentional injury to children through community-based education efforts.
- Increased utilization of primary and preventative care for underserved children.
- Enhanced capacity of community-based providers to address pediatric health care needs, including kids with medically complex conditions.
- Increased access to mental health services for children, both inpatient and outpatient.
- Increased transportation services to the Hospital and its clinics for low income families.
- Increased availability of providers to treat young adults with child illnesses or conditions.

V. COMMUNITY BENEFITS PROGRAM

According to the Catholic Health Association's 2012 Guide for Planning and Reporting Community Benefit, community benefits are generally defined as those activities that provide treatment and/or promote health and healing in response to identified community needs, and meet at least one of the following objectives.

- Improve access to health care services
- Enhance health of the community
- Advance medical or health care knowledge
- Relieve or reduce the burden of government or private, community – based efforts

Also included in the definition is the provision of charity care and the unreimbursed cost of providing health care services to those enrolled in public programs, including Medi-Cal.

For FY 2012, Children's Hospital dedicated in excess of \$2,776,284 in community benefits that continue the Hospital's long tradition of being an active and integral part of Central California. Due to the Hospital's receipt of Hospital Fee Program revenue in 2012 the figure above does not include the Hospital's costs associated with uncompensated Medi-Cal, which was \$21,418,838 in 2012. See the section on Pages 14 – 16 titled "Commitment to Medi-Cal" for more information on the Hospital Fee Program.

The following pages provide a snapshot of the activities the Hospital pursued through its 2012 Community Benefits Program to address the priorities identified above.

A. Community Health Improvement Services

Community Health Education

Community health education classes offered by the Hospital reflect the Hospital's long-standing commitment to supporting community wellness and disease prevention. Classes, which are offered at the Hospital at no cost to participants, are taught by Children's Hospital staff and a community based vendor, both of which have spent years studying and gaining experience in their chosen fields. Examples of classes offered in 2012 include the following.

Asthma Basics

This class provided information about controlling asthma; proper use of medications; peak flow meters; meter dose inhalers and spacers; recognizing early warning signs of asthma; environmental control and what triggers an asthma attack.

CPR for Family and Friends

Offered to families who were taking a child home from Children's Hospital, this class presented information on the American Heart Association's (AHA) pediatric chain of survival, signs of choking, prevention of sudden infant death syndrome, and prevention of the most common fatal injuries in infants and children. The course also presented information about the AHA adult chain of survival and signs of cardiac arrest, heart attack, stroke and choking in adults.

Health Encyclopedia (\$12,062)

Children's Hospital also provided access to on line educational information via the Health Encyclopedia link on its website. Health Encyclopedia contains thousands of pages of information on pediatric diseases, conditions and treatments, as well as sections on how to keep kids healthy. The encyclopedia is available in English and Spanish.

Health Care Support Services

Health care support services are provided by the Hospital to help address the health care needs of children and their families while at the Hospital, at home, and in the community.

Cafeteria Meals (\$65,656)

Meal coupons were provided to breast-feeding moms whose infants were in the Hospital. Social Workers also provided patients' families with meal coupons when they arrived and were not prepared for a long stay at the Hospital.

Cancer Survivorship Program

The Childhood Cancer Survivorship Program at Children's Hospital provides specialized, high-quality care to help survivors of childhood cancer live healthier, happier lives. The program includes an annual assessment of the survivor's health, academic and social development, and an individualized action plan to address long-term effects from cancer treatment.

Capacity for Meeting the Needs of Medically Complex Children

Children's Hospital recognizes the critical role that community-based providers and organizations play in meeting the needs of medically complex children and is committed to making sure they have the clinical skills to take care of this patient population.

- a. School Nurses - Children's Hospital partnered with the California School Nurse Organization and individual school districts to provide training to school nurses on a variety of clinical procedures and topics critical to keeping children healthy.

Additionally, Children's Hospital participated in and hosted the School Health Advisory Panel's quarterly meetings. The Panel is a consortium of school district health directors throughout the Central Valley that serves as a link between school-based health care professionals and Children's Hospital for the purpose of identifying and addressing emerging issues impacting the health and wellbeing of students in grades K – 12.

- b. Hospitals / Community Based Organizations - Children's Hospital provided significant outreach education to hospitals and community based organizations to make sure they have the clinical expertise needed to care for medically complex children. Topics covered included care for high risk newborns, hypothermia, pediatric trauma and child maltreatment, pediatric laboratory skills, shaken baby syndrome, to name a few.

Child Abuse Prevention

Preventing and protecting children from maltreatment, including but not limited to, physical abuse, sexual abuse, commercial sexual exploitation, drug exposure and neglect, form the cornerstone of The Guild's of Children's Hospital Child Abuse Prevention and Treatment Center. In partnership with community based organizations, parents, private and public agencies, the Center provided education, prevention, leadership, and direct services for the community, children and their families to help prevent future abuse.

Culturally Competent Health Care

With a service area that is home to over 100 documented languages and 37 distinct cultures, Children's Hospital is committed to meeting the needs of a very diverse patient population. As it has done for years, the Hospital in 2012 provided language assistant 24 hours a day, seven days a week. Children's Hospital also worked with a variety of ethnic groups to ensure that the Hospital was providing care in as culturally sensitive a manner as possible.

Developmental Disabilities

Children's Hospital provided education to providers and families in a number of ways, including through the hosting of several conferences and working with birthing hospitals in Fresno and Tulare Counties as part of the Hospital's Neonatal Stabilization Project.

The Hospital also hosted a conference as part of its participation in the California Perinatal Quality Care Collaborative (CPQCC). The goal of CPQCC is to improve and optimize the delivery room resuscitation and stabilization practices for all infants whom Children's transport or resuscitation team were present for delivery.

The Hospital also continued to participate in coalitions focused on improving care coordination for infants and children with, or at risk for, developmental delays, including Kern County's Medically Vulnerable Infant Work Group Initiative, and First 5 Fresno's Model of Care Partnership Oversight Committee and Systems of Care Committee. Also, the Hospital continued to provide education and technical assistance offered through its High Risk Infant Follow Up Program to other providers and community based agencies regarding screening and assessment for developmental delays in high risk infants.

Last, Children's Hospital maintained its strong partnership with the March of Dimes (\$10,650) in support of healthy moms and healthy babies.

Enrollment into Health Insurance

Children's Hospital committed significant resources to help families find health insurance coverage for themselves and their uninsured children, including financial counselors as well as a contracted vendor with expertise in enrollment services (approximately \$286,900).

With these resources, the Hospital identified and provided enrollment assistance to uninsured and under-insured patients who qualified for Medi-Cal, California Children's Services Program, or the Hospital's Financial Assistance Program. Once eligibility was determined, the Hospital and/or the contracted vendor assisted the family with completing necessary applications and submitting them to the appropriate agencies.

Children's Hospital also supported outreach and enrollment services offered through the Fresno Healthy Communities Action Program (\$1,000).

Family Assistance Fund (\$48,764)

When support for services were not available through a community program or another funding source, social workers were able to access these Hospital funds to help patients and families obtain items needed upon return home or assist with transportation for follow up care.

Injury Prevention

Recognizing that unintentional injury is the nation's leading cause of death in children ages 1-14, Children's Hospital operates an Injury Prevention Program to increase community awareness of childhood injuries and those measures that can be taken to decrease their prevalence throughout Central California.

Supported by a cast of over 90 Hospital employee volunteers, the Program covered the following topics in 2012: Distracted & Reckless Teen Driving, Pediatric Trauma, Water Safety, Wheeled Sports Safety, Child Passenger Safety, the Choking Game, Sports Injuries, Lithium (Button) Battery Ingestion, Air powered gun injuries, Toy Safety, Child Maltreatment, Munchausen Syndrome by Proxy, and Abusive Head Trauma.

The Program provided education to over 14,600 children and families at a host of community-based venues throughout the Central Valley. In addition, the Hospital provided training and conducted outreach to 1,376 health care, education, law enforcement, and child welfare professionals through national, state, regional, and local conferences and seminars.

The Program also provided 31 television interviews and media events to address child safety issues. The Hospital now provides a monthly child safety segment on two local news programs broadcast throughout the Central Valley.

Children's Hospital also chaired Safe Kids Central Valley, leading the coalition of 16 locally based agencies in a variety of projects focused on decreasing unintentional death and injury to kids aged 14 and under.

Literacy Program

Literacy, which is defined as the ability to read and write, is essential to fully developing a sense of well-being and citizenship. Experts estimate that nearly 40 percent of U.S. 4th graders do not achieve basic levels of reading proficiency. Reading difficulties and illiteracy contribute to increased school absenteeism, school drop-outs, juvenile delinquency, increased crime, teen pregnancy, drug use and other problems that impact our community. Studies show the easiest way to increase literacy among pre-school and school age children is to simply read to them.

To make a meaningful contribution to literacy in our community, Children's Hospital's Literacy Program promotes and encourages children and their families to become lifelong readers. The Hospital's "Book Buddies" initiative specifically focuses on developing reading readiness and early reading skills

for our young patients. Hospital volunteers bring books to the children, read them stories and engage them in activities that coordinate with the stories.

Separate from “Book Buddies”, Hospital volunteers visit outpatient practice waiting rooms to read to children, showing parents and children the pleasures and techniques of looking at books together.

Additionally, books are available in Hospital clinics and departments, and families are encouraged to take them home to use with their children. In 2012, Children’s Hospital distributed over 14,000 books to patients and families.

Obesity Prevention

Children’s Hospital supported a number of efforts aimed at addressing the issue of childhood obesity in our community. The Hospital continued to serve as the Advocacy Coordinator for the Kaiser HEAL Zone Project in the City of Madera by facilitating advocacy in support of increased access to healthy foods and physical activity.

Additionally, as the founder and ongoing active member of the Childhood Obesity Prevention Task Force for Fresno and Madera Counties, Children’s Hospital played a lead role in supporting the Task Force’s activities in 2012. Examples included facilitating education programs for primary care providers on preventing and managing obesity, as well as promoting a higher level of support by health plans for primary care based obesity prevention or management services.

Poison Control (\$50,122)

The Central California Poison Control Center is located on the Children’s Hospital campus and received a donation of office space.

The Central California Division of the California Poison Control Center answers calls from throughout the region and provides expert advice and information regarding exposure to potentially harmful substances. The phones are staffed 24 hours a day, 7 days a week.

In addition to providing emergency telephone advice regarding poison exposures, the Poison Control Center operates several programs critical to a culturally diverse, agriculturally based community like the Central Valley. The Center has been expressly responsive to the growing and largely underserved Latino population by developing specialized teaching tools and program interventions in Spanish, and providing customized trainings for community health workers in Spanish. Also, the Center contracts with the State Department of Pesticide Regulation (DPR) to assist physicians in complying with mandatory reporting requirements for pesticide exposures.

The Poison Control Center also provides the state DPR with case data and information on the health issues related to pesticide exposure in California.

Reintegration

Children's Hospital supports a number of programs or initiatives designed to help children who suffer from permanent or long-term disabilities reintegrate as easily as possible into regular daily activities. Children's Hospital's Adaptive Sports Program provides recreational and athletic experiences for children with disabilities. Experiences offered in 2012 included water skiing, snow skiing, rock climbing and ice hockey.

Open to all ages, the Program is the only one of its kind in the Central Valley. It's designed for individuals with physical and health impairments and conditions ranging from cerebral palsy to spinal cord injuries. Through hard work and determination, participants learn that it's possible for them, too, to take part in athletic activities, exceed expectations and achieve their dreams.

Children's Hospital also works to ensure a smooth transition for children returning to school by coordinating a series of visits with school staff and students. In 2012, visits included a tour of the campus to reorient children to the school and to identify and address any potential access issues. Visits also included conferences with school staff to make sure they were aware of the children's disabilities and to ensure staff could accommodate the children's health care needs as best as possible. Additionally, the Hospital convened "Circle of Friends" meetings between children and their friends to give them a chance to see and talk about the children's disabilities.

Transportation (\$137,779)

Children's Hospital's Social Work Department assisted families with transportation by providing taxi vouchers and bus tokens. In addition, Children's Hospital subsidized bus and transit services from Fresno and the Kings County rural areas. Public transportation has been a problem in the Central Valley for years and thus Children's Hospital continues to work with the community to improve public transportation and access to care.

B. Health Professions Education

Children's is committed to promoting an adequate supply of highly trained professionals to meet our region's future demand for pediatric health care services. Activities supported by the Hospital in 2012 included the following.

Pediatric Residency Program (\$1,648,574)

Children's Hospital is affiliated with the University of California San

Francisco (UCSF), co-sponsoring the Pediatric Residency Program. Structured as a three-year fully accredited post-graduate residency, the training program is helping to address the critical shortage of both pediatricians and pediatric subspecialty physicians in the Central Valley.

In 2012, 32 pediatric residents received training at Children's Hospital. Through the affiliation with UCSF Fresno, the Hospital offered resident rotations in general pediatrics and pediatric surgery for surgery, family medicine, and emergency medicine. The Hospital also provided training to 4 fellows in Cardiology and Surgery/Critical Care.

Pharmacy Residency Program (\$266,775)

Children's Hospital supported a pharmacy residency program in 2012 that provided training to 4 residents.

Non-Physician Clinical Training

Children's Hospital provides a variety of educational opportunities for students enrolled in affiliated accredited academic programs to observe or participate in the care of pediatric patients. In 2012, Children's Hospital hosted nearly 1,200 students from 24 disciplines from 31 different schools.

Continuing Physician Medical Education (\$19,501)

In 2012, Children's Hospital provided 20 separate continuing medical education programs to nearly 250 community-based primary care physicians. Pediatric subspecialty physicians from Children's Hospital served as the featured faculty, providing community based physicians with guidance on how to manage a wide array of complex pediatric medical conditions in a number of topical areas including obesity and diabetes, vascular and lymphatic anomalies, acute asthma, hip disorders, thoracic surgery, and many others. Programs were provided at locations throughout the Hospital's service area, including Bakersfield, Madera, Merced, Modesto and San Luis Obispo.

Health Careers Promotion

Children's Hospital continued to promote health careers through the Hospital's Job Shadowing Program that offers high school and college students the opportunity to shadow Hospital physicians, employees, and volunteers. Additionally, the Hospital partnered with Sunnyside Doctors' Academy, Clovis North High School, Liberty High School and the Center for Advanced Research and Technology for internship rotations and volunteer opportunities at the Hospital.

C. Cash and In Kind Contributions

Children's provided cash support totally at least \$116,500 to a number of organizations that target the needs of children in our community the American Red Cross, Camp Taylor (a summer camp for children with cancer and their families), Easter Seals Central California, Hinds Hospice, Sierra Vista Child & Family Services, West Fresno Family Resource Center.

D. Community Building Activities

Children's Hospital made a donation of \$5,000 to the California Institute for Nursing and Health, a statewide organization dedicated to transforming the capacity of nurses to meet the evolving health needs of residents in Central California and throughout the state.

E. Commitment to Medi-Cal

Children's Hospital's commitment to serving its community is evidenced by the large number of patients its serves that are covered by Medi-Cal. In 2012, of the Hospital's 79,699 total inpatient days, 59,503 (75%) were covered by Medi-Cal. The Hospital has historically been able to negotiate increases to its Medi-Cal inpatient reimbursement. These increases, however, have not offset the rising cost of care for these patients and in recent years, additional cutbacks in government funding continue to put pressure on the Hospital's ability to provide care. In addition, the Medi-Cal outpatient fee schedule reimbursement remains significantly below cost.

The combined net effect of total Medi-Cal reimbursement and disproportionate share funding in relation to the cost of these services resulted in a net loss to the Hospital in 2012 of \$21,418,838. This figure is separate from and does not include the community benefit activities and expenses noted in previous sections, and also excludes the revenue and expenses associated with the Hospital Fee Program, which is described in more detail below.

Hospital Fee Program - In 2009, California implemented the Hospital Fee Program through which hospitals in California, including Children's Hospital Central California, received supplemental Medi-Cal payments. California implemented the Program to help offset a portion of hospital Medi-Cal payment shortfalls accrued over current and prior years.

The Program is funded by a quality assurance fee paid by hospitals that the state then uses to collect additional federal funding. Hospital Fee Programs like California's are allowable under federal law, and the US Department of Health and Human Services approved California's Program.

California's Program was implemented in two parts, with Part One covering the period April 1, 2009 through December 31, 2010, and Part Two covering the period January 1, 2011 through June 30, 2011. California subsequently enacted a thirty-month quality assurance fee program for the period July 1, 2011 through December 31, 2013. In 2012, Children's Hospital recognized program revenue of \$80,397,470, net of the hospital's quality assurance fee and hospital contributions to the California Health Foundation and Trust (CHFT). CHFT was established under the Program for the purpose of supporting charitable activities. The net revenue recognized in 2012 includes Part Two of the Program and 15 months of the fee-for-service component of the thirty-month program. The net impact of the managed care component of the thirty-month program is currently pending final CMS approval and has not been recognized.

For decades, California has been unable to reimburse hospitals like Children's Hospital for Medi-Cal services at levels which cover costs. The future looks even worse given Medi-Cal funding cuts at both the state and federal levels, along with the pressure that ongoing government budget deficits will play on reducing Medi-Cal funding even further. While the Program's payments have played an important role in offsetting some of the Hospital's losses, the Program's limited duration means that it will not serve as a long-term solution to the Hospital's chronic Medi-Cal payment shortfalls.

F. Charity Care

In keeping with our Mission, Children's Hospital continues to accept all patients, regardless of their ability to pay. In 2012, Children's Hospital provided \$102,000 in charity care. The amount represents costs associated with patients who meet certain criteria under the Hospital's charity care policy without charge, or at amounts less than its established rates in relation to the cost of these services. Charity Care includes county indigent and free care, which is based on the patient's inability to pay for services.

In order to assist families with ongoing care needs, Children's Hospital's Financial Assistance policy requires patient families to apply for appropriate government funding in conjunction with applying for financial assistance (charity care). As a result, many families qualify for government programs and do not ultimately require charity care. The Hospital's charity care amount is separate from and does not include the community benefit activities and expenses noted in previous sections.