

OPINION

Endorsement: Vote yes on Prop. 4 for children's hospitals

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California voters are being asked this November to authorize more than \$16 billion in state bonds to fund a range of infrastructure projects, such as wastewater treatment and homeless housing. The smallest of these measures is [Proposition 4](#), which would tee up \$1.5 billion in new borrowing to add capacity, improve safety and upgrade equipment at nonprofit or public children's hospitals around the state. Many of these hospitals serve a disproportionate share of low-income patients, leaving them dependent on the state's help to meet their construction needs. Voters have approved two similar measures before, in 2004 and 2008, and they should pass this one as well.

Some critics have taken issue with Proposition 4 for not specifying which projects would be funded, but in truth there's no mystery about where the money would go. A little more than \$1 billion would be available for qualified capital projects at eight privately owned nonprofit hospitals, including Children's Hospital Los Angeles, with each institution eligible for \$135 million. Five children's hospitals in the University of California system, including Mattel Children's Hospital at UCLA, would each be eligible for \$54 million in aid. The remaining \$150 million would be available for projects at about 150 public and private nonprofit hospitals that treat children enrolled in a state program for kids with special needs.

The eight children's hospitals that would be the main beneficiaries of this bond issue are being squeezed financially by the state in two ways. A growing percentage of their patients — 63% — is on Medi-Cal, and the state reimburses hospitals for those treatments at one of the lowest rates in the country. At the same time, the state has imposed more stringent seismic retrofitting standards that the hospitals must meet by 2030, and to do that, almost 30% of their inpatient capacity needs to be upgraded.

The hospitals rely not just on state dollars, but also on private fund-raising and other sources of aid to cover the \$30 million to \$50 million they spend on capital needs each year. In fact, the bond money would cover one-fifth or less of the cost of a typical funded project. Nevertheless, supporters of Proposition 4 say, hospitals would be forced to cut back on capacity, services or both if the measure does not pass.

It's lamentable that children's hospitals have to keep coming back to voters for help with their capital expenses, but it's a direct consequence of the state's low Medi-Cal reimbursement rates. The children these hospitals serve make up a big part of the state's next generation, and we all have an interest in providing them with the healthcare they need. Vote yes on Proposition 4.