



ChildrensHospitalLosAngeles

International Leader in Pediatrics

Richard D. Cordova, FACHE
President and Chief Executive Officer

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Dear Friends,

In trying economic times, everyone is evaluating expenses and pinching pennies. However, we don't want to lose sight of what we do here at Childrens Hospital Los Angeles. To that end, I want to take this opportunity to present to you the cost to save a child's life. It is our mission, our calling, our duty to save the lives of the most seriously ill and injured children, as an international leader in pediatrics as well as the leading children's hospital in the west. As I am sure you'll agree, it's worth every penny.

Health care in California

We exist in a unique health care environment here in California. From inadequate Medi-Cal reimbursement rates and the cost of living for our workforce to stringent seismic regulations and the erosion of the "medical safety net" in Los Angeles County, we operate in one of the most complex milieus in the nation.

Medi-Cal reimbursement rates are a constant challenge, and the State's budget deficit is threatening to cut into these even further. California ranks 50th out of 50 states in reimbursement for the treatment of patients covered by Medicaid (called Medi-Cal in California), and children's hospitals are particularly vulnerable because of the large number of poor and severely ill children they treat. We are the largest pediatric Medi-Cal provider in California—77 percent of our inpatients are covered by the program. These reimbursement rates fail to cover the cost of care, and they don't even begin to fund the expert specialists, services and family-centered care that help make us one of only 10 hospitals in the nation on *U.S. News and World Report* magazine's 2009 "Honor Roll" of children's hospitals. This results in fewer health care providers who are willing and able to provide services to Medi-Cal and uninsured patients, weakening "the medical safety net" in Los Angeles County.

Our labor costs are about 14 percent higher than the national average, in part because of the high cost of living in Southern California. When we attract top physicians, researchers, nurses and other outstanding health care professionals to our hospital, we must offer much higher compensation packages than a hospital in, say, the Midwest. Labor shortages are also a factor, and shortages drive up salaries for nurses and other high-demand professionals, including pharmacists, respiratory therapists and physician specialists. For example, nurses are in extremely high demand in this region—with 580 registered nurses (RNs) per 100,000 state residents, California ranks last in the nation.

Then, there are unfunded government mandates, such as the state's seismic requirements, which require hospitals to improve seismic performance to not only withstand a major earthquake but also be fully operational afterward. Our New Hospital Building will be one of the finest medical and surgical

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environments in the country when it is completed, and California's strict construction regulations have helped guide us toward building the best medical facility available anywhere. But we are held to higher structural standards than almost any other state.

California also is one of the most diverse states in the country, and the patient experience can be harrowing when you don't speak the same language as your caregivers. We are one of the first hospitals in the nation to have instituted a formal Diversity Services Department, with services that meet the Culturally and Linguistically Appropriate Standards (CLAS) of the Department of Health and Human Services' Office of Minority Health. We regularly secure interpreting services for 30 different languages each month.

The special challenges of children's health care

We've said it before—children are not simply small adults. Their medical care requires specialized expertise, equipment, supplies and facilities. For example, the pharmacy in an adult hospital requires a small range of different dosage levels. Since our patients can be one day old or twenty years old, we have a much wider spectrum of dosages of the medications needed to help save lives and ease pain. The same is true in our laboratories; an adult blood draw is one standard size; but a tiny baby or toddler can't easily spare as much blood for testing, so blood draw amounts must be carefully considered. An adult hospital has one or two different sizes of catheter; we have 15 to 20. And our equipment must grow incrementally with our patients, so our variety of need is much more extensive.

Then, too, there are many emotional and developmental needs among our patients. Children don't generally come through our doors alone. They come with a family that may include siblings, grandparents, aunts, uncles and cousins. Helping children heal means involving their families as part of the health care team; this is why we are so focused on the family-centered care model. The developmental, biological, spiritual and familial health of our patients are all vital components of the healing process.

Children also need to continue being children during what can be extended hospital stays. This means continuing their education; we have our own Los Angeles Unified School District outpost staffed with teachers. It also means allowing them the time and space to play. We have six Chase Place playrooms and a Chase Place Teen Lounge situated throughout the hospital, funded by The Chase Foundation and other generous donors, with more planned for the New Hospital Building. By the way, these aren't just toy rooms; they're staffed with highly trained Child Life specialists, adept at using play as a tool to help children cope with their illnesses, injuries and treatments.

Why we're an international leader in pediatrics

The simple fact is that Childrens Hospital Los Angeles treats the sickest, most seriously ill children every day. No child is "too sick" for us to care for. With this level of acuity comes an extremely high cost of treatment. In addition, the most innovative treatments that can save and improve the lives of children are often considered "experimental" by insurance companies and state insurers, so they are rarely reimbursed.

While pediatric hospital beds are being cut all over Southern California and across the state, Childrens Hospital Los Angeles is increasing our number of beds and our capacity to serve the sickest, most seriously injured children in Southern California and beyond. This lack of available pediatric beds, as well as the recent epidemic of emergency room closures at other hospitals, increases traffic in our own Emergency Department. This also means we're taking an even larger number of Medi-Cal patients.

In addition to caring for the psychosocial needs of a child and his or her entire family, we must provide space for them; this means a larger amount of space required per bed than in the average hospital. This is one reason that the cost of building our 317-bed New Hospital Building comes out to approximately \$1.8 million per bed. Most of the rooms in this new facility will be private; in addition to giving families their own space in which to heal, it helps us maximize occupancy. Currently, we often have to block the second bed in a room because of infection or gender conflict—a bed which could have otherwise been used to care for a seriously ill or injured child. The other alternative is to “shuffle the house”—rearranging patients on the unit, which disrupts patient care, inconveniences the families and wastes precious staff time. Single rooms help us avoid these issues.

Technological investments

Our focus on technology requires a sizeable upfront investment; one which we know will pay dividends in the future. For example, we’ve recently implemented the da Vinci® Surgical System, funded by the Joseph B. Gould Foundation. This groundbreaking robotic surgical system allows us to provide a less invasive surgical treatment option, providing surgeons with an alternative to both traditional surgery and conventional laparoscopy. It enables them to perform complex and delicate procedures through very small incisions with extreme precision, resulting in less blood loss, shorter hospital stays and faster recovery times.

Telemedicine is also an area in which we’re breaking new ground. Our Laura P. and Leland K. Whittier Virtual Pediatric Intensive Care Unit, a nationwide network of intensive care units dedicated to improving the practice of pediatric critical care, allows doctors across the country and around the world access to the most up-to-date methods being used by the best pediatric critical care specialists in the country, right here at Childrens Hospital Los Angeles. Our Center for Fetal and Neonatal Medicine is currently developing and implementing a virtual Neonatal Intensive Care Unit structure that will allow us to deliver highly specialized neonatal and perinatal care to patients far from our hospital as well.

KIDS (Knowledge Information and Decision Support), our electronic medical records system, is that and so much more. The program goes above and beyond simple medical records management; it is an integrated technology platform supporting everything from clinical documentation to medication management to scheduling. Hundreds of processes were automated into one of the most comprehensive pediatric health care delivery environments in the country. The system has led to decreases in clinical errors, medication errors and allergic reactions—and an increase in the hospital’s compliance with regulatory requirements and accreditation standards.

With a gift from The Ahmanson Foundation, The Vision Center at Childrens Hospital Los Angeles recently purchased spectral domain optical coherence tomography equipment, a highly specialized imaging system that allows physicians to see the retina and cornea at the cellular level and identify problems at their earliest possible stages. Childrens Hospital is the first pediatric hospital nationwide to use this state-of-the-art tool to treat retinopathy of prematurity, a potentially blinding eye disorder affecting premature infants.

Technological advancements will be woven seamlessly into the New Hospital Building’s design and function. For example, a monitor system will continuously measure and record patients’ blood pressure, oxygen saturation, heart rate and other vital statistics. Monitors will be hardwired to every patient room, so nurses can follow patients from the nurses’ station, and the system also will link to wireless devices, similar to cordless phones, that each nurse can carry. This way, the nurse can still track the patient’s status, even when away from the nurses’ station or the patient’s room.

Commitment to research

There are enormously exciting things going on at The Saban Research Institute of Childrens Hospital Los Angeles. Through basic and translational research, we work to develop cures tomorrow for the diseases we can't fully treat today. And through clinical research, we bring treatments developed at the bench more quickly to the bedside—something we are perfectly designed to do as a high-volume pediatric hospital. We remain grateful to Cheryl Saban, PhD, and Haim Saban, the largest individual donors to Childrens Hospital Los Angeles, for naming the Institute and making this vital work possible.

Many of the pharmaceutical breakthroughs you see today are the result of the efforts and resources of private pharmaceutical companies. These companies rarely invest their time, talent, and research dollars in finding cures for pediatric diseases because many are so rare that it is simply not profitable. As a result, The Saban Research Institute serves a special role, helping to bridge that gap. Our researchers are coming closer to cures every day—and many research breakthroughs at Childrens Hospital have already become standard treatment protocol globally.

Through our Research Vision 2020 plan, we are charting our research direction for years to come. Making this plan a reality will take a serious investment in the brightest minds of medical research, as well as the best equipment. We already have amazing research facilities in The Saban Research Building; this will become ever more crucial as we move forward. Research is the key to improving the lives of children everywhere. It's an investment we can't afford *not* to make.

Sparing no expense on children's health

One might ask, is all this really necessary? We say, emphatically, yes. Making and keeping children healthy helps all of us, because healthier children grow into healthier adults, making fewer demands on the national health care system and becoming productive members of society. And a city like Los Angeles needs a world-class children's hospital to truly be considered a complete and vital community.

Though our state faces fiscal challenges of unprecedented proportions, and our nation's economy has hit its lowest point in years, we must not abandon our cause. Who will put a price on a child's life? If he or she needs the specialized services that only we can provide, it is our mission to help—it is the reason we exist. The community has recognized the importance of this hospital, its people and programs since we first opened our doors more than 100 years ago and continues to support us generously. But we can't continue our mission without you, especially as we work to raise the final funds to build our New Hospital Building. If you would like to help, please call us at 323-361-2308, or visit our website at **www.ChildrensHospitalLA.org**. You'll be so glad you did.

Sincerely,



Richard D. Cordova, FACHE
President and Chief Executive Officer