



## **ChildrensHospitalLosAngeles**

*International Leader in Pediatrics*

### **Richard D. Cordova, FACHE President and Chief Executive Officer**

Winter 2010

Dear Friend:

With so much changing in the world of health care, and new challenges and opportunities each day, it is important to keep the Childrens Hospital Los Angeles community up-to-date on issues affecting the institution of which they are an integral part. I'm inspired by the commitment of our Executive Team, the Board of Trustees, our generous donors and supporters, and buoyed by the day-in, day-out dedication of the employees who make this hospital an international leader in pediatrics.

Riding out these tough economic times is—and will continue to be—a team effort. And it's an effort that is absolutely critical to the health of our children and our community, now more than ever. Despite the obstacles we face, our hospital today is strong; strong enough to weather the storm.

With that in mind, I'd like to share with you the State of the Hospital. As we begin 2010, we continue to celebrate our many achievements, face challenges head-on, and most importantly, make a world of difference in the lives of children and families every day.

#### **The Economy's Impact**

Perhaps the most visible economic impact has been on the progress of our New Hospital Building, our most important priority. Last March, our Board of Trustees made the difficult but prudent decision to slow down the rate of construction of the New Hospital Building. This slowdown did not in any way deter our commitment to finish building this urgently needed facility. Construction is 87 percent complete, and to date we have raised nearly \$194 million of our \$250 million goal for the New Hospital Building campaign.

As many of you know, the financing of the New Hospital Building is a public-private partnership that depends on state and federal funding. The economic crisis, exacerbated by California's budget crisis and bond market freeze, delayed the hospital's receipt of \$98 million in critical bond funds from Proposition 3, which voters overwhelmingly approved in November 2008. While this delay was certainly challenging, hospital leadership, Trustees Jeffrey Worthe, Chester Pipkin and Elizabeth Lowe, Mayor Antonio Villaraigosa and actress, author and children's advocate Jamie Lee Curtis worked diligently to expedite the bond sale, which finally came to pass in November of 2009. The funds started arriving in December, and construction is resuming at full speed.

We are working extremely hard to raise the remaining \$56 million needed to complete construction. While the hospital continues to benefit from a strong and committed group of Trustee and community leaders championing the cause—raising more than \$877 million in philanthropic dollars since 2000—the completion of the New Hospital Building calls for additional leaders to step up and complete funding of the project. With the help of Mayor Antonio Villaraigosa and New Hospital Building Campaign Co-chairs Mary Hart and Chris

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Albrecht, we launched a major initiative this past fall, the Los Angeles Leaders' Call to Action. Through this initiative, we are engaging the city's key philanthropists, civic leaders and government officials to provide contributions to finish the building.

## **Moving Forward**

Although the economic climate remains difficult, Childrens Hospital Los Angeles has "tightened its belt" to reduce our non-essential expenses, protect our endowment and—most importantly—ensure our continued excellence in pediatric care. Cautious investing has helped us fare better than many of our peers, but we did experience a 16.5 percent loss in the value of our endowment in fiscal year 2008-2009. Things are looking up, though; between July 1, 2009 and December 31, 2009, our endowment improved 13.7 percent. Cost-saving measures such as pay cuts for leadership and freezes on merit increases also went a long way to minimize the impact of these tough times. Employees also have shown their support for the hospital; one example of this is the "Paid Time Off Donation Program," through which employees generously donated accrued vacation days back to the hospital. This effort raised over \$50,000 and reminded all of us just how committed our employees are to the Childrens Hospital community. As always, providing the best possible care for children and families is our goal—and something we continue to deliver every single day, to every single child and family in our care.

That exceptional care is why *U.S. News & World Report* has consistently ranked Childrens Hospital Los Angeles as one of the best children's hospitals in the country since it began its annual rankings in 1990. In 2009, the magazine and its panel of board-certified pediatricians named Childrens Hospital to its national "Honor Roll" of children's hospitals. We are one of just 10 children's hospitals in the nation—and the only one on the West Coast—to receive this honor, and be ranked in all 10 pediatric specialties. And we are one of only eight children's hospitals in the nation to receive the "Top Hospital" designation from The Leapfrog Group. The gold standard for comparing hospitals' performance, The Leapfrog Survey is the only national, public comparison of hospitals on key issues, including mortality rates, infection rates, safety practices and measures of efficiency. Childrens Hospital Los Angeles was one of only three pediatric medical centers to be honored as a top children's hospital by both the Leapfrog Hospital Recognition Program and *U.S. News & World Report*.

I'm proud to report that eighteen of our outstanding researchers at The Saban Research Institute of Childrens Hospital Los Angeles were awarded more than \$10.2 million in grants or supplements from President Obama's American Recovery and Reinvestment Act of 2009. This funding will support a wide range of vital research projects pursuing the cures and treatments of tomorrow, as well as help fund research positions for undergraduates and innovative internships for minority high school students.

In addition to encouraging the release of Proposition 3 funds, we are leading the call, with other children's hospitals in California, for changes to the Medi-Cal program that will help us sustain our mission. We are also lobbying for change in Washington, D.C. We continue to be actively engaged in Sacramento to advocate for crucial funding that will support our mission.

On a budgetary note, our Earnings Before Interest, Depreciation and Amortization (EBIDA) margin has steadily improved for the past four fiscal years. In FY09 it reached six percent—better than we had projected. This means that the health of our operating budget is improving every year—a tremendous achievement in the midst of a recession. Led by Senior Vice President and Chief Operating Officer Rodney Hanners, we began work on this operational turnaround even before the downturn, which has been a key contributor to our fiscal stability.

## **Coming Together**

Our hospital continues to enjoy incredible community support. Our 2009 Noche de Niños event, held in May, was a tremendous success, raising more than \$1.8 million in unrestricted funds. This star-studded gala honored the recipients of our prestigious Courage to Care award: Jamie Lee Curtis, and long-time

Childrens Hospital Los Angeles Trustee and philanthropist Rick Hernandez and his wife, Megan. In addition, we honored 12 nurses who have been providing care for our patients for more than 35 years—a combined 450 years of service!

In September, I had the pleasure of running and biking in the Nautica Malibu Triathlon, which raised more than \$1 million for our Pediatric Cancer Research Program. Joining me in the race were thousands of triathletes, as well as 125 of our own employees, including nurses, physicians and administrators. Childrens Hospital Trustee Mary Hart served as our celebrity host. It was truly inspiring to see so many people out at the beach so early in the morning to support our hospital. With their help, this was our most successful Nautica Malibu Triathlon ever.

Less than a week later, the annual 104.3 MYfm...Making Miracles Happen Radiothon took place over two days, broadcasting live from the hospital's John Stauffer Lobby. Hosted by MYfm's morning disc jockey, Valentine, the event raised more than \$500,000 in unrestricted support. The Piolín "Día del Niño" Radiothon, held on the nationally syndicated Spanish-language morning radio show "Piolín por la Mañana," raised \$224,000, with support from its parent company, Univision, and Cheryl and Haim Saban, the hospital's largest individual donors. Sports LA, a sports-themed entertainment gala, raised vital funds for construction of our New Hospital Building, while honoring basketball hall of fame legend Julius "Dr. J" Erving. And the Dodgers' official charity, ThinkCure, which raises funds to accelerate collaborative research to cure cancer, hosted its second annual "RadioTeleWebethon" in August, broadcasting over radio, television and the Internet and raising more than \$200,000.

One way we are keeping all of our supporters connected to Childrens Hospital is through our Web site, [www.CHLA.org](http://www.CHLA.org). This summer, we launched a new, interactive Web site that helps visitors accomplish more from the site's home page and features the myCHLA Web portal, which lets visitors track developments on the topics that matter to them most. The site also provides easy access to our new social networking presences on Facebook, Twitter and YouTube. Yes, Childrens Hospital is officially tweeting!

## **Advancing Our Mission**

In addition to completing our New Hospital Building, we are steadfastly committed to our mission; medical care, research and education are our highest priorities. For example, with demand for the services of Childrens Hospital Los Angeles at an all-time high, improving access to our care for every child and managing regional demand are of paramount importance.

As part of this effort, we've been creating new ways to streamline our admissions and referrals to ensure that beds are available when the region's children need them. Our Patient Placement Center coordinates and manages all inpatient admissions and transfers from other area hospitals. These hospitals rely on us as the region's tertiary and quaternary care center—the place where they send their sickest pediatric patients for the highest levels of specialized care. Our goal is to create a more formal regional network, with Childrens Hospital Los Angeles managing all pediatric acute care hospital transfers in the region. We're currently working with several area hospitals in building this effort.

In January, we launched a new Physician Referral Service hotline, 1-888-MD1-CHLA, to improve and consolidate the mechanisms for outside physicians to contact Childrens Hospital. Referring physicians now call this single number or submit referrals via fax or the Internet. This centralized service allows us to better track our referrals and build stronger relationships with community physicians.

Finally, we recently created a new division within our Department of Pediatrics, the Division of Hospital Medicine. This division includes eight academic faculty and five clinical hospitalists—advanced practice pediatricians who specialize in caring for pediatric inpatients. Our growing hospitalist program aims to enhance patient and family-centered care, improve patient flow, champion quality and safety initiatives and advance research and education. The division is being led by Michael Bryant, MD, MBA, a former chief resident here who has been on our faculty since 1995.

## Leading the Way

In November, we announced the appointment of D. Brent Polk, MD, as chair of Pediatrics and vice president of Academic Affairs at Childrens Hospital, and chair of the Department of Pediatrics and vice dean for Clinical Affairs (Childrens Hospital Los Angeles) at the Keck School of Medicine. Dr. Polk will officially join us on April 1, 2010, and has a challenging task, replacing Roberta G. Williams, MD, FACC, who is retiring after a decade of outstanding leadership. Dr. Polk comes to us from Vanderbilt University Medical Center in Nashville, Tennessee, where he served as director of Vanderbilt's Digestive Disease Research Center and chief of Pediatric Gastroenterology, Hepatology and Nutrition, and was a tenured professor of pediatrics at Vanderbilt University Medical Center.

The "omics" are a major focus of our future research efforts—genomics, microbiomics, pharmacogenomics, proteomics and bioinformatics. These exciting branches of science all approach genetic analysis in different ways, with the goal of using what we know about the human genome to tailor medical treatments to a person's own genetic makeup. To that end, Timothy J. Triche, MD, PhD, former chair of the Department of Pathology and Laboratory Medicine at Childrens Hospital, is heading up our new Center for Personalized Medicine (CPM). The CPM will coordinate, support and expand the hospital's clinical and translational research in these areas, with the particular intent of applying that knowledge to the care of Childrens Hospital patients.

As one of America's premier teaching hospitals, Childrens Hospital trains more pediatricians than any other medical facility in Southern California, and another class of exceptional residents and fellows graduated from our programs last summer. Many of these young physicians go on to become top pediatricians and subspecialists in our local communities, as well as around the country. We also celebrated the graduation of two more classes of residents from our Versant RN Residency in Pediatrics program, a 22-week program that provides new nursing school graduates with a comprehensive clinical and learning experience to prepare them for work in an acute care environment.

The dedication of each member of the Childrens Hospital family—from rank-and-file staff to our Executive Team and Board of Trustees—has enabled us to stay strong amidst these tough economic times. More than ever, we focus on our mission: To make a world of difference in the lives of children, adolescents and their families by integrating medical care, education and research to provide the highest quality care and service to our diverse community.

If you have ever considered making a meaningful gift to Childrens Hospital Los Angeles, now is the time to take action. If you have made a gift in the past, we thank you, and ask you to consider reaffirming your commitment to children's health by giving again. Please call us at 323-361-2308 to find out how you can help make a world of difference. Together, we can help children and families heal today—and face a brighter tomorrow.

Sincerely,



Richard D. Cordova, FACHE  
President and Chief Executive Officer