

CHILDREN'S HOSPITAL LOS ANGELES

Annual Report
2019

STATS AT A GLANCE

Fiscal Year 2019

CLINICAL



401
ACTIVE
BEDS



17,576
DISCHARGES



601,224
PATIENT VISITS



17,283
SURGERIES



862
MEDICAL STAFF
MEMBERS



6,405
EMPLOYEES



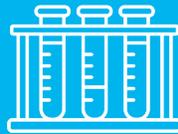
6.7 AVERAGE
DAYS LENGTH
OF STAY

118,203 PATIENT DAYS

RESEARCH



\$32.4 MILLION
TOTAL NATIONAL
INSTITUTES OF
HEALTH FUNDING



451
ACTIVE
CLINICAL
TRIALS



\$129.9
MILLION
TOTAL
RESEARCH
FUNDING

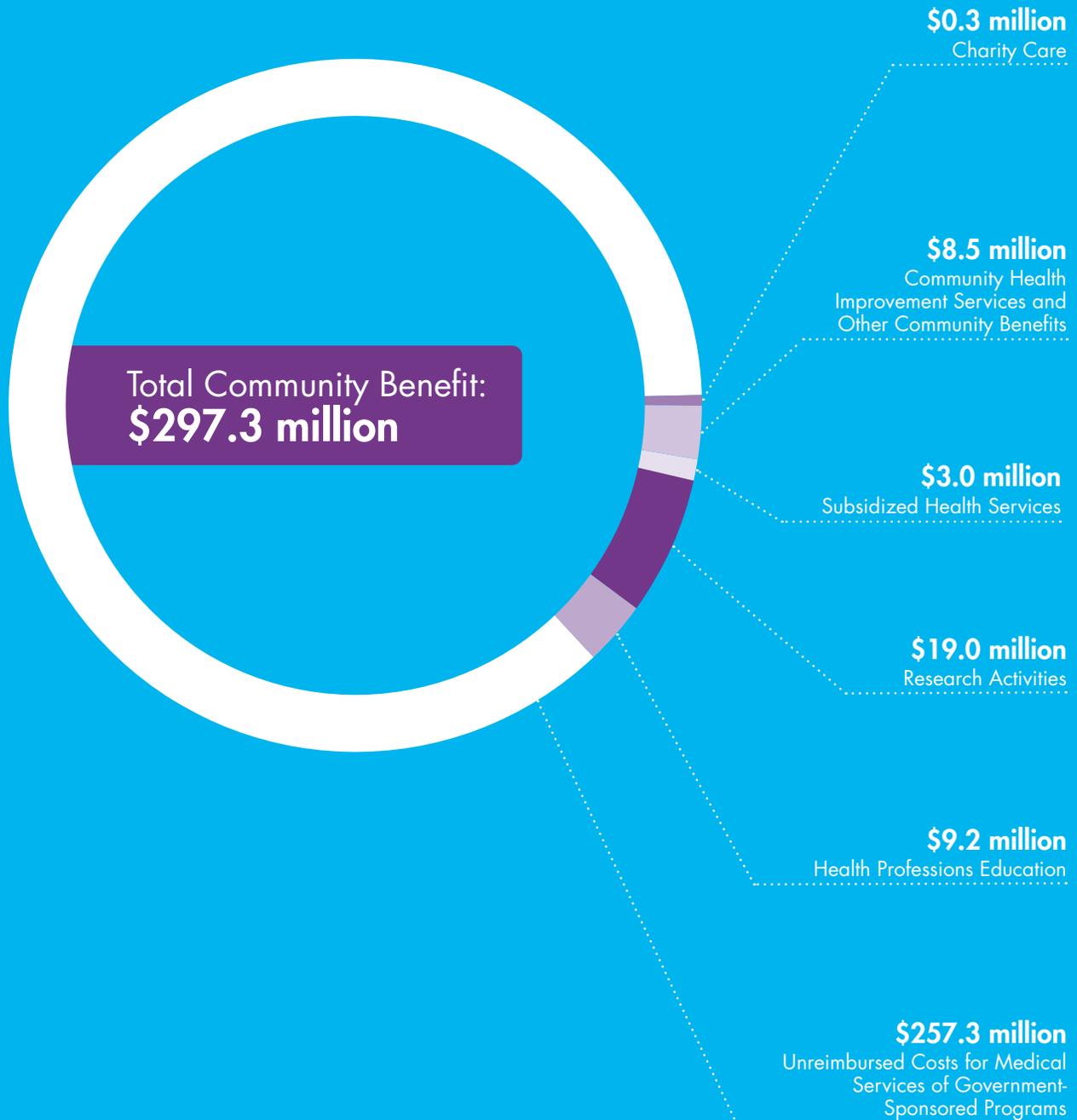
NATIONAL RANKINGS



NO. 5 IN THE COUNTRY
NO. 1 IN CALIFORNIA | **NO. 1** IN THE WESTERN U.S.

CHARITY CARE AND OTHER COMMUNITY BENEFITS

Fiscal Year 2019



ZONES OF IMPACT



PATIENT CARE

A new program will permit patients to undergo upper GI endoscopy procedures without needing sedation or general anesthesia. Instead, patients can

wear a virtual reality headset and watch a movie or play a game as a distraction during the procedure. In January 2019, the Divisions of Gastroenterology, Hepatology and Nutrition; Otolaryngology – Head and Neck Surgery; and Comfort and Palliative Care joined forces to administer the first unsedated transnasal endoscopy on the West Coast. The procedure dramatically cuts the time a patient spends in the hospital and eliminates the need for pre-procedure overnight fasting. The program is one of just a few of its kind at a pediatric academic medical center.



EDUCATION

CHLA increased the impact of its continuing education activities in FY 2019, providing medical professionals with greater opportunities to remain

at the forefront of their fields. The hospital conducted 31 continuing medical education events for nearly 800 attendees across 25 specialties. The 31 events represent a 24% increase over offerings in the previous year. Continuing education opportunities have risen for nurses as well. We also increased the number of available positions in our incoming class of pediatric medical residents from 33 to 38; we now have a total of 100 pediatric residents.



RESEARCH

Scientists at The Saban Research Institute continue to make significant strides in stem cell therapies and tissue engineering, the process of growing cells

that can integrate into a patient's organ to repair or replace damaged tissue. Internationally regarded researchers Laura Perin, PhD, Stefano Da Sacco, PhD, and Roger De Filippo, MD, of the GOFARR Laboratory developed an exciting new model to study chronic kidney disease, published in 2019 in the journal *Nature Communications*. Additionally, the work of Tracy Grikscheit, MD, a pediatric surgeon and trailblazer in tissue engineering research, was featured in international stem cell meetings and journals. The goal is that this work will drive the development of new cellular therapies that can treat children with intestinal or liver disorders, or diseases like diabetes, kidney disease or heart failure, without the need for chronic medication or organ transplant.



ADVOCACY

Children's Hospital Los Angeles reached a record level of lawmakers in FY 2019 advocating for children's health. We arranged more than 200 interactions with

legislative contacts at all levels—including 20 members of Congress, 40 state legislators and 20 local elected officials—and deployed members of the Foundation Board of Trustees Advocacy Committee to the nation's capital. Our work delivered substantial benefits, such as the extension of federal funding for the Children's Health Insurance Program; California residents' passage of the Children's Hospital Bond Act, which

made funding available to children's hospitals for facilities and technological upgrades; and the passage of the federal Advancing Care for Exceptional (ACE) Kids Act, supporting care for children with medically complex conditions who rely on Medicaid.



GROWTH

Through CHLA's network of affiliated pediatricians, now numbering 204 strong, the hospital is impacting the health of more children than ever.

Network physicians care for the health of thousands of Southern California children, and the network broadened participation in its Quality Program to include 54 pediatricians from 12 practices. The program's Asthma Action Plan, which provides materials and training for physicians to help families manage their child's asthma, was implemented in five of the network's practices in Los Angeles in 2018; in 2019, the plan extended to seven more practices. The Quality Program also moved to address intensifying behavioral health problems among teens. An initiative titled "Making Behavioral Health Matter" aims to help network physicians get mental health support for their teenage patients when needed. The program educates physicians on the treatment of anxiety and depression, and assists them in finding qualified mental health specialists in their local area.



PHILANTHROPY

A gift to our institution at any level supports world-class clinical care, research discoveries that shape pediatric medicine,

and training for committed physicians and medical professionals of the future. Last year, The Walt Disney Company gave a generous gift to support an initiative called the Disney Team of Heroes that uses storytelling, beloved characters and creativity to create a personal and comforting experience for children and families who visit the hospital. Our philanthropic partners also include individuals, corporations, foundations, patient families and community groups who together help us create hope and build healthier futures. The Foundation Board of Trustees also plays a vital role in the securing of resources to help our institution reach more children, invest in innovative ideas and game-changing science, recruit leaders in medicine, and expand our capacity to serve the community.



INNOVATION

A mobile phone application created at Children's Hospital Los Angeles was awarded third place in the American Hospital Association's prestigious 2019 Innovation Challenge, which asked participants to use technology to connect people with resources that meet community health needs. CHLA was awarded \$15,000 for Baby Steps LA, an app that supports low-income parents of high-risk infants—those born prematurely, at low birth weight or with complex conditions—when they return home from the neonatal intensive care unit. Baby Steps LA provides them with a transition-to-home program that builds on the education that parents receive in person through the hospital's Newborn Follow-Up Program.



A Letter From the President and Chief Executive Officer

As Children's Hospital Los Angeles closes the chapter on another decade of outstanding achievement, I am pleased to share that we are building significant momentum toward an even more brilliant future. Team members are caring for more children than ever, conducting more research than ever, training more pediatric doctors and nurses than ever, and continuing to open our doors to patients with the most complex health conditions and the most difficult financial circumstances.

From inside this amazing organization, I see what Children's Hospital is doing as defying gravity—being the top-ranked children's hospital in the Western U.S. and No. 5 in the nation; investing in the advancement of groundbreaking research; expanding what is already one of the largest pediatric academic programs in the U.S.; and still serving as the largest safety-net provider of care for children in Southern California.

On top of all this, CHLA's financial outlook is strong. This is a testament to the unfaltering dedication of our faculty physicians, caregivers, volunteers, donors and team members, as well as the thoughtful leadership of our Board of Directors and Foundation Board of Trustees. We have worked diligently to strengthen CHLA with strategies that guide our overall approach to pediatric health care, and the results are clear.

Our hospital's commitment to the health of the children and families who entrust their lives to us remains steadfast. These aren't just words: CHLA's world-renowned, compassionate, personalized care is reflected in our award-winning patient and family satisfaction rates, in our commitment to innovation and improvement, and in the voice we provide our precious patients as advocates for children's health.

As you read this Annual Report, I hope you will see the exceptional year CHLA had in 2019 and the optimism with which we set our sights to the decade ahead. Thank you for continuing to support our mission to create hope and build healthier futures for children.

Warmest regards,

A handwritten signature in black ink that reads "Paul S. Viviano". The signature is written in a cursive, flowing style.

PAUL S. VIVIANO

President and Chief Executive Officer

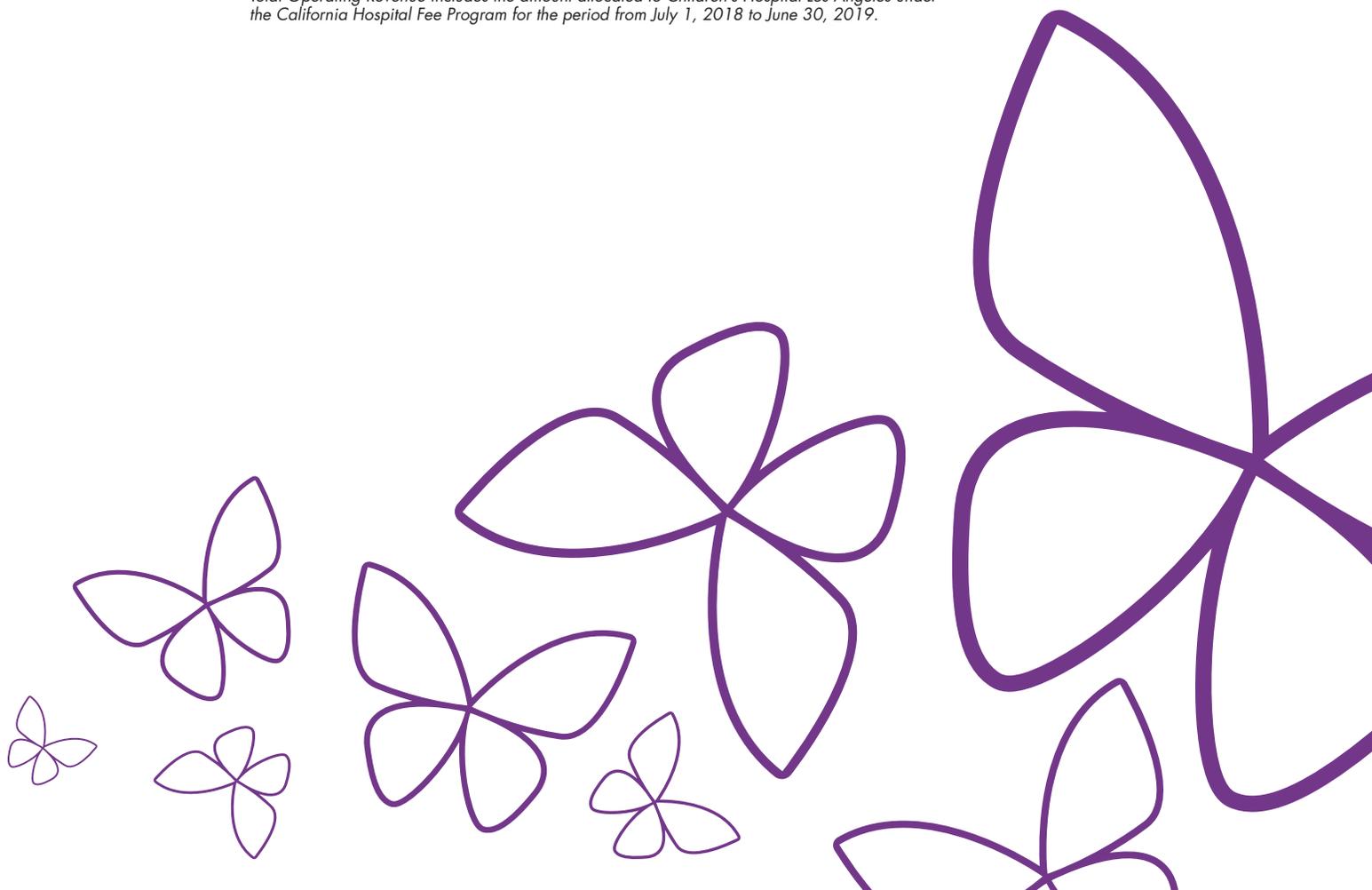
STATEMENT OF OPERATIONS

July 1, 2018 to June 30, 2019

(in thousands)

Total Operating Revenue	\$1,374,574
LESS OPERATING EXPENSES:	
Salaries and Benefits	\$653,403
Professional Fees and Purchased Services	221,101
Supplies	161,627
Depreciation, Amortization and Interest	83,505
Other	124,956
Total Operating Expenses	\$1,244,592
Available for reinvestment in the mission	\$129,982

**Total Operating Revenue includes the amount allocated to Children's Hospital Los Angeles under the California Hospital Fee Program for the period from July 1, 2018 to June 30, 2019.*



HOSPITAL AND MEDICAL GROUP LEADERSHIP

Hospital and Medical Group Leadership

Paul S. Viviano

President and Chief Executive Officer

Robert Adler, MD, MSeD

Chief Medical Director, CHLA Health System; Senior Advisor to the Chair of Pediatrics (CHLA); Professor of Pediatrics (USC)

Alexandra Carter, MBA, CFRE

Senior Vice President and Chief Development Officer

Ronald Ferdman, MD

Chief of Staff; Interim Chief, Division of Clinical Immunology and Allergy (CHLA); Associate Professor of Pediatrics (USC)

Steve R. Garske, PhD, MSc

Senior Vice President and Chief Information Officer

Larry J. Harrison, MPH, MBA

Chief Executive Officer, Children's Hospital Los Angeles Medical Group

Cynthia S. Herrington, MD

Vice President, Chief Diversity, Equity and Inclusion Officer; Program Director, Congenital Cardiac Surgery Fellowship; Surgical Director, Heart Transplant Program (CHLA); Associate Professor of Surgery (USC)

Alexander R. Judkins, MD, FCAP, FRCP (Edin)

Pathologist-in-Chief; Executive Director, Center for Personalized Medicine; Department of Pathology and Laboratory Medicine (CHLA); Professor (Clinical Scholar) and Vice Chair, Department of Pathology (USC)

Lara M. Khouri

Senior Vice President and Chief Strategy Officer

Mark D. Krieger, MD

Senior Vice President and Surgeon-in-Chief; Billy and Audrey L. Wilder Chair in Neurosurgery; Director, Neurological Institute (CHLA); Professor of Clinical Neurosurgery (USC)

Nancy J. Lee, MSN, RN, NEA-BC

Senior Vice President and Chief Clinical Officer

Pat Leviit, PhD

Chief Scientific Officer and Vice President; Director, The Saban Research Institute; Simms/Mann Chair in Developmental Neurogenetics (CHLA); W.M. Keck Provost Professor of Neurogenetics (USC)

M. Scott Lieberenz, MSA, CPA

Senior Vice President and Chief Financial Officer

Barry Markovitz, MD, MPH

Chair, Department of Anesthesiology Critical Care Medicine (CHLA); Professor of Clinical Pediatrics and Anesthesiology (USC)

Marvin D. Nelson Jr., MD, MBA, FACR

Radiologist-in-Chief; Chair, Department of Radiology; John L. Gwinn Professor of Radiology (CHLA); Professor of Radiology (USC)

Grace E. Oh, JD, MBA

Senior Vice President and General Counsel

Gary M. Scott, MD

President, Children's Hospital Los Angeles Medical Group; Chief, Division of Anesthesiology, ACCM (CHLA); Clinical Professor of Anesthesiology and Pediatrics (USC)

Robert E. Shaddy, MD

Pasadena Guild Chair; Pediatrician-in-Chief; Senior Vice President of Academic Affairs (CHLA); Professor and Chair, Department of Pediatrics (USC)

James E. Stein, MD, MSc, FACS, FAAP

Senior Vice President and Chief Medical Officer; Ford Theodore Miller Murphy Chair in Surgical Oncology (CHLA); Associate Professor of Clinical Surgery (USC)

Mamoon Syed, MHA

Senior Vice President and Chief People Officer