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why children's business development?

The concentration of pediatric specialty care in large regional centers is raising consumer expectations for dedicated child- and family-friendly staff, facilities, and care delivery approaches.

As a result, the children's healthcare field is splitting into two distinct tiers—approximately 200 to 250 children's hospitals positioned to attract resources for continued growth, and the rest of the field struggling with the financial drain of small pediatric programs.

A purposeful approach to pediatric business development can help organizations better meet the needs of children and fami-

The annual number of admissions to U.S. children's hospitals grew by more than 75,000 from 1990 to 2005.^a

lies in their markets with tailored, family-centered programs that complement other important service lines. There are four critical aspects to structuring and executing a pediatric business development strategy:

- > **Product.** How broad and deep should our offerings be? How many pediatric health conditions will we specialize in, and what programs and services will we offer to care for children with those conditions?
- > **Markets.** How can we expand into new markets, deepen penetration of existing

markets, and defend current markets?

- > **Position.** How can we carve out a distinctive position in children's health care—

Children account for 26 percent of the U.S. population and generate 10.9 percent of hospital admissions.

one that creates halo effects for related service lines and, potentially, the entire organization?

- > **Unique capabilities.** How can we bring unique technological, medical, and clinical staff, facility, financial, research, education, or other capabilities into the pediatric program to support its growth and development?

A decision to be in children's health care today means competing with exceptionally strong providers with the latest facilities and technologies. Children's hospitals with older facilities are pressured to make substantial capital investments just to maintain market position. Others considering expanding pediatric capabilities face enormous capital hurdles to enter the market.

Case Study: Children's Hospital Within a Health System

The Joe DiMaggio Children's Hospital is a 133-bed children's hospital serving Florida's Broward and Palm Beach counties.

The hospital will celebrate its 25th anniversary in 2007 and is located on the campus of Memorial Regional Hospital, the flagship of Memorial Healthcare System.

Growth is a fact of life for this young children's hospital. Located in a growing market, JDCH expects to grow even faster than the market, with an approximately 15 percent increase in volumes over the next five years. Facilities have had to expand to keep

Eighty percent of pediatric medical/surgical patient days were for children younger than age five (more than half are for infants younger than one year).

up with the great demand for pediatric care. Recent endeavors include expansions to neonatal intensive care and a newly renovated 12,000-square-foot pediatric emergency department. The children's hospital leaders are planning a new stand-alone facility across the street from JDCH's current location that will house medical/surgical nursing units and ambulatory services, as well as pediatric oncology and additional surgery/operating rooms to support pediatric surgical and cancer program development.

Like any children's hospital-within-a-hospital, a top challenge for JDCH is making

a. The boxed statistics are from the American Hospital Association's Annual Survey of Hospitals, the National Center for Health Statistics, and the National Association of Children's Hospitals and Related Institutions.

the patient and family experience as children's-hospital-specific as possible, even when patients and families receive care in other parts of the health system. Facility modifications such as pediatric holding and recovery areas in the OR suite help, but JDCH's success is based on an exceptionally strong commitment to a family-centered care philosophy. This philosophy promotes and supports a mutually beneficial partnership between families and healthcare professionals caring for children systemwide, irrespective of physical location. For example, the hospital hosted a patient- and family-centered symposium for Memorial Healthcare System staff, physicians, patients, and families in January 2006. JDCH has received numerous accolades, including being ranked in the nation's top 5 percent in patient satisfaction according to Press Ganey surveys and being named Broward's Best Pediatric Hospital for nine consecutive years by readers of *South Florida Parenting* magazine.

Case Study: Jumping into the Top Tier of Children's Hospitals

Cincinnati Children's Hospital Medical Center stands out as an organization that has experienced extraordinary advances in recent years. Cincinnati Children's now

Currently, one in four children nationally (24 million) are covered by Medicaid, and 5 million more are covered by the State Children's Health Insurance Program.

ranks eighth nationally among pediatric hospitals by *U.S. News and World Report* and received \$90 million from the National Institutes of Health in 2005, making it among the top two pediatric medical centers nationally in NIH funding. The organization was one of only seven healthcare organizations, and the only pediatric cen-

ter, to receive the Pursuing Perfection grant from the Robert Wood Johnson Foundation.

Founded in 1883, Cincinnati Children's serves an eight-county primary service area home to approximately half a million chil-

Children make more than 200 million annual visits to physician offices and hospital outpatient departments.

dren. Although 85 percent of Cincinnati Children's patients come from the primary service area, it also drew patients from 40 states and 37 countries in FY05.

Since the 1990s, Cincinnati Children's has been riding a wave of unprecedented growth and development. Efforts to build ambulatory sites and affiliate relationships in the early 1990s laid the groundwork for a more regionally oriented medical center. In 1998, the organization announced plans for four new buildings—an education center, a nine-story research addition, an eight-story hospital building, and a garage. The 2001 strategic planning process introduced the vision of being a national leader in improving child health that the organization is pursuing today.

From 2000 to 2005, operating revenues doubled from \$450 million to \$900 million and income from operations increased from \$4 million to nearly \$20 million. The staff at Cincinnati Children's has doubled in the past six years. Research space is increasing by about 70 percent with the construction of a 12-story, 415,000-square-foot research building to be completed in 2007.

Research and discovery is at the center of Cincinnati Children's strategy. Researchers recently developed a new vaccine against

rotavirus, a leading cause of death in infants and children worldwide. There is also strong commitment to taking discoveries from the research bench to the bedside, evidenced by growth in licensing income to almost \$2 million annually.

Cincinnati Children's recent program development investments enable leaders to compete for philanthropic dollars in today's economy, attract the best and the brightest faculty members in an environment where pediatric subspecialists are quite scarce, and negotiate contracts with payers that account for the added value of a subspecialized pediatric resource.

Caution: Pediatrics in Play

Although not all pediatric program development plans require multiple new buildings and other investments, these case studies illustrate the magnitude of effort

General pediatricians outnumbered certified pediatric specialists by a ratio of five to one in 2004.

and resources required to take advantage of program development opportunities in children's health care. Hospitals and health systems striving to offer pediatric services beyond basic primary and neonatal care must understand that pediatric health care is a different industry from adult health care in that it requires a critical mass of dedicated pediatric resources. Program development efforts can be diluted, or even wasted, without careful attention to the unique nature of pediatric health care. ●

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