

Driving to **Best Care ...** **Healthier Kids**

Children's Healthcare of Atlanta
2012 – 2016 Strategic Plan



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Driving to Best Care ... Healthier Kids



Since we formed Children's Healthcare of Atlanta in 1998, we've worked hard to ensure kids in Georgia have access to the best possible care. By creating a hospital system that cares for more than 325,000 kids each year and building expertise that is uniquely ours, we've earned a powerful voice among lawmakers, healthcare leaders and parents as an advocate for kids.

Today's healthcare environment challenges us to deliver care in a way that expands access to our pediatric expertise throughout Georgia, better coordinates care between providers and changes Medicaid in a way that's best for kids. As we thought about what this means for our future, we created an updated Vision, "Best Care ... Healthier Kids," to describe what we need to accomplish over the next five years. It is simple, yet aspirational. It is specific and measurable.

"Best Care" means that we will provide our patients—and our community—with quality care that is unmatched so that kids who come to us get better faster. It also means that more kids will find it easier to access our expertise. "Healthier Kids" means that we work hard to keep kids out of our hospitals by preventing injury, illness and medical conditions and by educating parents and caregivers about how to keep kids healthy and by developing new cures and interventions.

Our five-year plan focuses on four key areas that ensure children—all children—benefit from our Vision. Those four areas are Deliver the Best Care, Inspire the Best in People, Engage and Serve Our Communities and Transform Pediatrics.

First, to Deliver the Best Care we are measuring our progress in quality, outcomes and access. To get better, we will implement technology that helps us innovate. We will share information that improves care. We will collaborate with other providers in the state. And we will explore new payment models that more closely reward the quality of care we deliver.

Second, we will Inspire the Best in People. To accomplish our goals, we will continue making Children's a great place to work. We will recruit, retain and develop exceptional talent. And we will continue to create an environment that attracts the best physicians while training the pediatric physicians of the future.

Third, we will Engage and Serve Our Communities so that patients benefit from our expertise, even if they never enter our doors. We will advocate for kids with policies that affect them and through our statewide effort on childhood obesity. We will be the preferred, accessible and trusted source of information concerning the health of children. And we will ensure we understand the needs of our community, and deliver on those needs, so the community invests in what we do to help kids.

Finally, to Transform Pediatrics we will advance the science of how we deliver care and improve the system in which we deliver it. We will prove the unique value of the specialized care we provide and use the most effective and efficient ways possible to deliver our care. We will target our research to ensure the greatest return on every dollar we spend.

As you read more about our five-year strategy inside, you'll learn how we've created our strategy in a way that is responsive to our changing healthcare environment and the pressures we face to create the best healthcare system for Georgia's kids.

These are dynamic times for healthcare, and we have a plan to lead.





Strategic Overview



A Shifting Environment

At Children's Healthcare of Atlanta, we see a fundamental shift occurring in healthcare. That shift is going to change the way we serve kids and our community. It will change our relationship with physicians. And it will change the way we are reimbursed for the care we provide. In short, nearly everything about the way we operate today stands to be challenged by this shift. And Children's is ready.

Today, we provide care to kids in a "fee-for-service" environment. Here's

In this new environment, the better our outcomes and the more we can reduce the total cost of the medical care kids receive, the stronger Children's financial performance will be. And that in turn, will allow us to care for more kids.

Keeping kids healthier is the linchpin for Children's future.

The Forces of Change

For those who remember healthcare reform of the 1990s, this shift in care reimbursement sounds very familiar. Grand predictions of change never fully materialized back then, so what

nearly 700,000 new adult enrollees in Medicaid in 2014. This will put additional pressure on an already strained Medicaid budget, which covers over half of Georgia's kids.

The second theme is reform of the private health insurance market. These reforms include defining an Essential Health Benefit package and limitation on denials for pre-existing conditions.

A third theme is increased investment in innovation in both the payment and delivery system. These include such federal efforts such as a \$500

Federal Payor Reform and Private Payor Innovation stand to change today's healthcare environment.

what that looks like: our physician and healthcare professionals care for a child, and we receive reimbursement from a health insurance company or Medicaid. In overly simple terms, we provide a service that kids need, and we get paid. And the more kids we see, the better our financial performance, which allows us to continue serving the community in new ways.

The way healthcare providers are paid is changing. Under the current model, hospitals and physicians are paid independently each time they deliver care. In the future, payment will be based on the overall cost and quality of the care physicians and hospitals collectively deliver. This move to "value-based-care" will enable providers to work together in ways they cannot today and to be rewarded for investments that help keep kids healthier.

is different now to make us so certain the shift is going to stick this time?

There are two particular forces that stand out as game changers for today's environment: Federal Payor Reform and Private Payor Innovation.

Federal Payor Reform

As a result of the passage of the Patient Protection and Affordable Care Act of 2010, health systems and insurers have begun restructuring their operations in anticipation of coming changes. While the exact timing and final form of these changes are unclear, several major themes have gained momentum.

First is an expansion of coverage to between 15-30 million Americans. And while many individuals gaining coverage may be privately insured, at least half will be covered by Medicaid. Here in Georgia, that translates to

million partnership for patients to reduce errors and infections and also Medicare directed bundled payment demonstrations, consolidating the payment physicians and hospitals receive.

Private Payor Innovation

The classic industry lines between insurer and provider are disappearing evidenced by two trends: insurers are developing joint ventures with healthcare systems or purchasing them outright. At the same time, healthcare systems are beginning to offer their own insurance products.

Both of these trends enable health systems to provide quality care for each patient interaction while also being accountable for the overall cost of care.

The new emphasis on accountability for overall cost and quality is accelerating two major

industry trends: consolidation and physician alignment.

Consolidation

In early 2012, 80 percent of healthcare leaders were currently involved in a merger or acquisition with another healthcare system or anticipated pursuing one in the following 18 months. The rate of activity increased even in a time of economic uncertainty. With nearly 85 deals, activity was up 10 percent in 2011 over 2010 levels.

According to industry experts, 2013 is projected to more than double current levels and eclipse 1997's record-setting M&A activity. The industry is being redefined before the nuances of federal reform efforts are finalized. These deals are evolving payment and delivery systems.

While the increased consolidation is changing rapidly, the degree of change in healthcare becomes very apparent.

Physician alignment

The ability for physicians to thrive financially as independent providers in the current environment is challenging, and physicians are increasingly taking steps to change their employment.

In 2000, 57 percent of physicians nationwide were independent. But by 2008, more than 50 percent of physicians were employed by health systems. The independent provider is expected to make up only 33 percent of physicians by 2013. The influx of employed physicians into health systems continues to increase. Seventy-five percent of hospitals plan to employ more physicians over the next three years, and nearly 70 percent of

hospitals are being approached by physicians regarding employment.

This increased integration enables the way healthcare providers are paid to change more quickly. Under the current model, hospitals and physicians are paid independently each time they deliver care. In the future, payment will be based on the overall cost and quality of the care physicians and hospitals collectively deliver. This move to "value-based care" will enable providers to work together in ways they cannot today and to be rewarded for investments that help keep kids healthier.

These changes present a unique opportunity for Children's, and we have developed a strategic plan for the next five years that will change the future of Children's and the lives of Georgia's kids.

But first, we had to evaluate why we exist and where we are going – our Mission and Vision.

Our Mission and Vision

As we developed our five-year strategy, we also examined our stated core purpose. We wanted to ensure we highlighted the critical aspect that wellness and care management play in what we need to do for the kids of Georgia because keeping kids healthy is how we will continue to serve our communities.

Through clinical, research, teaching and wellness activities, we are making the health of Georgia's children better. Our focus is not just on current illness but also on improving the health and wellness of Georgia's children into the future.

Our new Mission statement was born from the realization that meeting the needs of Georgia's kids requires an expanded definition of care.

Mission: To make kids better today and healthier tomorrow

With this Mission and our understanding of the healthcare environment, we considered the myriad challenges that will impact pediatric medicine over the next five years.

Children's remains committed to a future of providing the best care and creating a state with healthier kids—and that is the Vision set forth with "Best Care ... Healthier Kids."

Vision: Best Care ... Healthier Kids

This Vision redefines where we are headed as an organization. But it is more than hopeful words or something for us to aspire to achieve. The kids of Georgia demand and deserve that we make Best Care ... Healthier Kids a reality.

To make sure we will achieve our Vision, we grounded our strategy in disciplined planning, execution and measurement. That planning created the focus we needed for our actions over the next five years.

Our Strategic Plan outlines four Strategic Focus Areas (SFAs). Our SFAs give us clarity on all the things we need to do together, across the system, with our partners and with our communities. The details for our SFAs are found later in this strategy book.

The SFAs also state our goals for each area, the initiatives we are undertaking to reach those goals. To make sure we know how effective our actions are, we have measures and targets that we will allow us to hold ourselves accountable for delivering our Vision of Best Care ... Healthier Kids.



Children's
Healthcare of Atlanta

Environment



Reform: An Industry at a Crossroads

For more than a quarter century, the U.S. healthcare system has been criticized for being expensive while providing uncoordinated and unequal care. The latest round of healthcare reform legislation focused on addressing this criticism. As a result, the future environment in which Children's provides care and serves its communities has become uncertain. Two major themes of reform will change how hospitals are paid and the expectations for the care they deliver, regardless of political activity.

Payment System

Healthcare reform will impact how Children's is paid by commercial insurance providers and Medicaid. For Medicaid, increases in eligibility may add 700,000 beneficiaries to the Georgia Medicaid system beginning in 2014. While most of these new beneficiaries will be

care they deliver. They will do this through payment mechanisms ranging from bundled payment to pay-for-performance that require greater collaboration with other providers and also provide incentives for delivering lower-cost and higher-quality care. These changes are underway, and in early 2012 Blue Cross Blue Shield of Massachusetts entered into a pay-for-performance contract with Boston Children's called the Alternative Quality Contract.

This new payment approach departs from a fee-for-service approach to payment because it rewards reduced cost and improved quality instead of the volume of care delivered. To be successful in this environment providers will have to acquire new capabilities that keep children with chronic illnesses from ever entering a hospital and ensuring patients can find the most cost-effective setting for their care.

This new payment approach departs from a fee-for-service approach to payment based on reduced cost and improved quality.

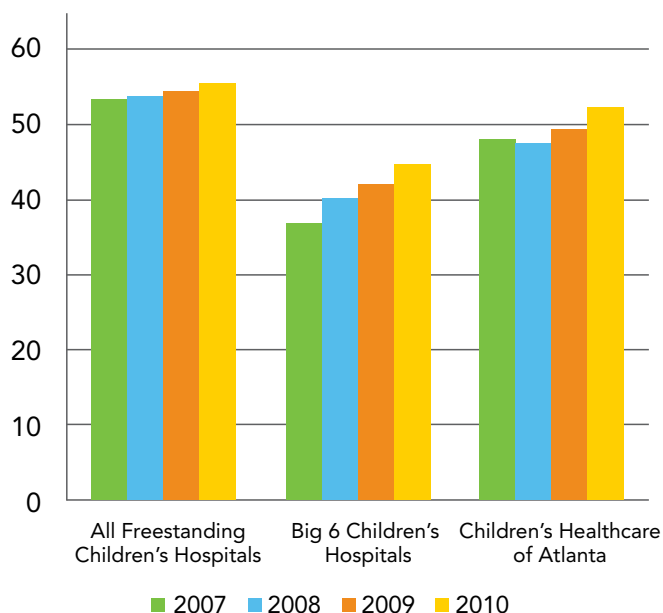
adults, the increased costs will strain a system already facing limited funding. This is especially likely given the need to decrease spending at both the state and federal levels as a result of the current economic environment. For commercial payors, the impact of healthcare reform is not completely clear. Starting in 2014, employers with more than 50 employees will be required to offer insurance to employees or face tax penalties. Additionally, the individual mandate will require all families to purchase insurance or face a penalty. This would likely increase commercial insurance enrollments. At the same time, health insurance exchanges will subsidize insurance to individuals earning up to 400 percent of the poverty level.

Payors are likely to react in two ways. First, the prices paid to hospitals will rise much more slowly than in the previous decade. Second, payors will demand that providers are more accountable for the value of the

Delivery System

Beyond the significant changes to the delivery system that result from coverage changes, reform introduces additional incentives to integrate how care is delivered and how patients' diseases are managed. One structure that has emerged from this opportunity is Accountable Care Organizations. Accountable Care Organizations have received a tremendous amount of attention since the passage of healthcare reform. And while demonstration projects have been focused on adult providers, the same forces will drive pediatric providers to expand their scope of responsibilities beyond the inpatient walls and take responsibility for the entire episode of a child's illness.

Medicaid as a Percentage of Gross Revenue



Note: All Freestanding Children's Hospitals and Big 6 Children's Hospitals reflect median.

Key Conclusions

Children's Healthcare of Atlanta must

- Create a care delivery network that is more integrated with other providers to reduce costs and improve care
- Ensure clinical growth is focused and sustainable in a potentially lower reimbursement environment
- Develop ways to align emerging payment approaches to care delivery and cost reductions
- Formally assess the needs of our communities and develop clear strategies for meeting their needs with available resources



Our Care

Who We Serve

Children's is among the leading specialized complex pediatric care providers in the country. While we are a national referral location, we also have a fundamental obligation to deliver the best care for Georgia's children. Each of Children's clinical service lines serves more than 80 percent of the pediatric inpatient care needs in Atlanta. Outside of Atlanta, Children's serves between 30 percent and 75 percent of pediatric inpatient admissions, depending on the type of service. Children's serves a higher percentage of cases in service lines that are more specialized, such as cardiac surgery, and a lower percentage of cases that are more routine and urgent, such as general medical care. Over the past five years, Children's has grown to serve the vast majority of cases that are not admitted through the emergency department.

However, while Children's is highly preferred for inpatient care, the amount of pediatric care provided in the inpatient setting is declining. Both a national decline in the birthrate and a general shift to care in the outpatient setting are largely responsible. The Atlanta metropolitan area had nearly 10,000 fewer births in 2010 than it did in 2007, and the youngest children have the highest demand for inpatient care. Additionally outpatient services nationwide have grown four times more rapidly than inpatient care since 2003. And as care migrates out of the traditional hospital setting to less expensive outpatient settings,

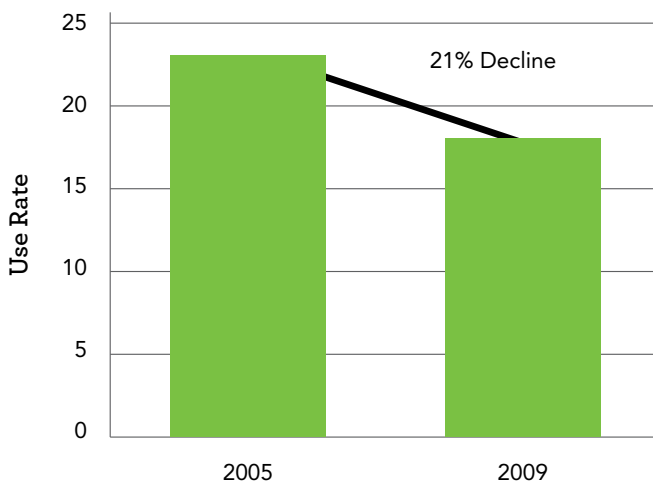
patients seek care in more convenient settings and have a greater number of choices of providers. Many outpatient service providers target their services to the most profitable services and patients.

Children's is a leading outpatient provider in Atlanta for pediatric outpatient care. However, we serve a much lower percentage of patients in the outpatient setting than in the inpatient setting, treating between nine percent and 50 percent of cases depending on the service. The percentage of children we serve is largely determined by the age of the child who needs care, the complexity of the treatment and the ability to access our locations. Consumers see Children's primarily as the place for complex care, especially for younger kids. While parents are willing to travel for complex inpatient care, they are far less willing to travel for less complex outpatient care. Based on our consumer research, we know that 70 percent of consumers will travel more than 40 minutes for "serious conditions" while less than 35 percent will travel even 30 minutes for a severe flu or a broken bone. Children's has relatively few robust outpatient locations. As a result, Children's treats less than 15 percent of outpatient orthopaedic cases, and 30 percent of outpatient ENT surgery. The primary growth areas for outpatient services growth are surgery (specifically ENT), imaging and orthopaedics.

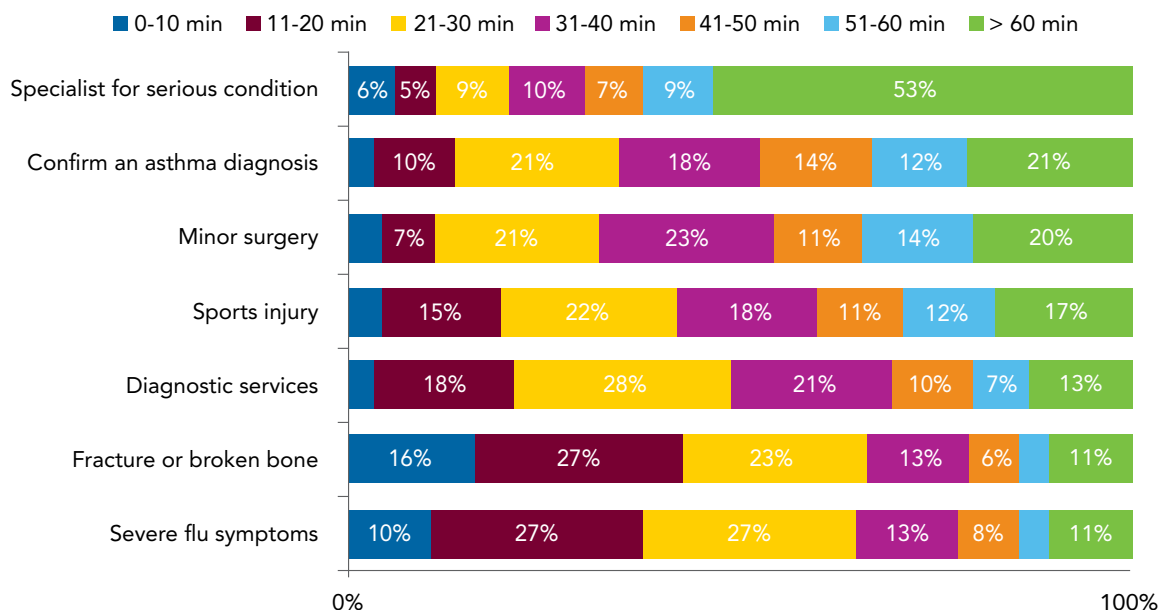
Children's is recognized as one of the highest-quality pediatric healthcare systems, both clinically and from the patient and family's experience. Children's consistently performs in the top quartile in key quality measures, such as codes outside of the ICU, blood stream infections, wait times and length of stay in the emergency department. Maintaining our exceptional quality is not only a critical obligation to the children and families we serve, it is becoming increasingly important to be able to prove that the quality of the care we deliver is exceptional to maintain the payment rates we require. Consumers are beginning to take a more active role in choosing their providers and payors are using outcomes information to differentiate how they pay for services. From pay-for-performance initiatives to reimbursement cuts for avoidable readmissions, demonstrating Children's value is essential to continuing to set Children's apart from other healthcare providers and maintaining financial viability.

Children's has always focused on ensuring the care provided within our walls is exceptional. However, the fundamental role that a health system plays is changing.

Georgia Pediatric IP Use Rates Over Time



Time Children's Consumers Are Willing to Drive per Medical Scenario



Instead of only ensuring the best care for the patients, our obligation extends to ensuring we manage their health before they ever need Children's services and after we care for them. Today, patients receive much of their care in a complex web of outpatient settings. Improving the overall quality of the care children receive and reducing the cost of this care requires that we reach beyond our walls to integrate care with other providers. Children's is a leader in health information technology and has made major investments in leading health information exchanges statewide and funding a community health record called Pediatrics360 for other providers in the state. By the end of 2012, we aim to have more than 100 providers using Pediatrics360. This integration will support providers, patients and parents.

Integrating information technologies is an important first step in improving the care children and their families receive. However, focused partnerships with other providers are required to truly create clinically integrated networks of care delivery. While Children's currently does not have major clinical collaborations

with other hospitals, the environment has created a much greater need for physician and hospital alignment opportunities, affiliations and partnerships to improve care. Adult hospitals have been consolidating as have physician practices. The increased scale of these providers makes it more necessary and beneficial to partner. Through recent collaborations with the Pediatric Healthcare Improvement Coalition (PHIC) and the Georgia Pediatric Care Network (GPCN), Children's has started to see the benefits of more partnerships.

Key Conclusions

Children's Healthcare of Atlanta must

- Maintain high-quality and accessible inpatient care for Georgia's children
- Expand access and increase the number of children served in the outpatient setting—focusing on orthopaedics, imaging and surgery
- Use our strength in information technology to improve care coordination
- Seek clinical partnerships to improve the care children receive
- Demonstrate the value of our care

By the end of 2012, we aim to have more than 100 providers using Pediatrics360. This integration will support providers, patients and parents.

Our Communities

In 2011, Children's provided more than \$148 million in total community benefit to Georgia's communities. This benefit includes investments in pediatric research, physician training and wellness and prevention initiatives to improve the health and future of children. It also includes charity care and about \$74 million in care that we provide that is unreimbursed from public payors such as Medicaid. Children's is the largest single provider of clinical care to Medicaid recipients in Georgia and Medicaid accounts for almost 54 percent of our gross revenue.

In addition to the one million pediatric Medicaid enrollees, more than 300,000 children in the state are uninsured. Children's provides care to these children every day. Georgia's difficult economic conditions exacerbate the pressure on Children's to be a reliable care provider for all community needs.

Georgia looks to Children's for more than exceptional care. Parents and communities look to physicians, academic institutions and hospitals as their trusted source of information about their child's health and

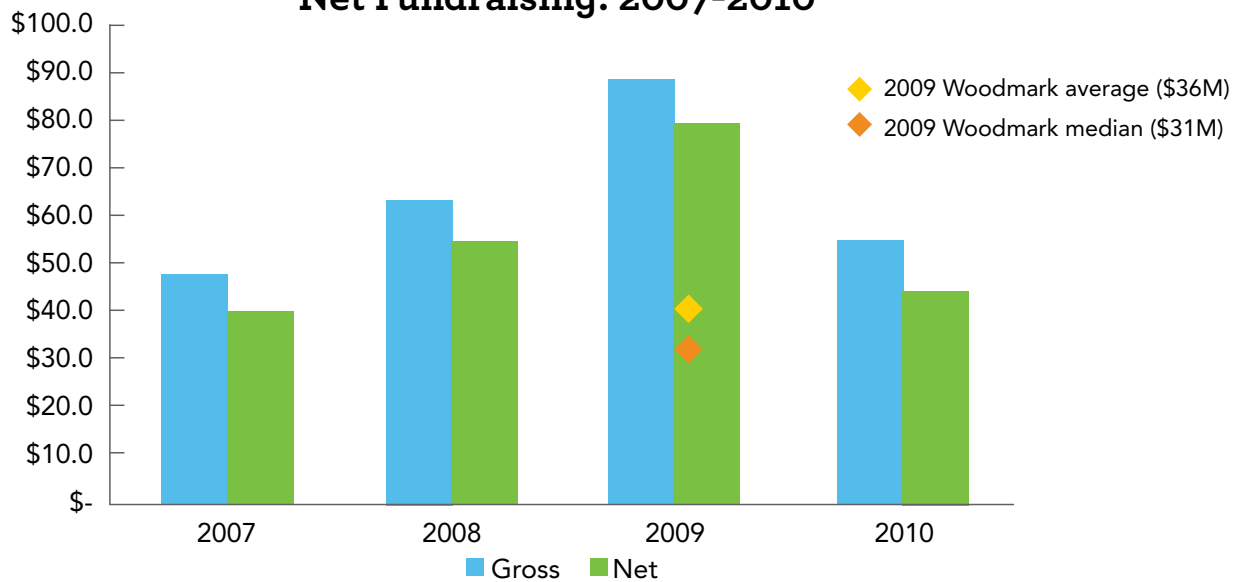
Shifts in care delivery models and payment pressures will increase the need for Children's to demonstrate the distinct and differentiated value of our care.

wellness. More than 95 percent of consumers agree that Children's is a resource for information on child health and communities will continue to look to Children's to educate them about the best care and prevention activities for their children. Children's has invested in providing healthcare information to parents and communities through outreach programs.

Improving the overall health and wellness of Georgia's children is another key aspect of serving our community. In early 2010, Children's evaluated its impact on child wellness and identified the need to focus on childhood obesity, which is the most important health issue facing Georgia's children.



Children's Healthcare of Atlanta Net Fundraising: 2007-2010



Children's partnerships with Emory University and Georgia Tech create unique and robust research capabilities that will transform pediatrics.

Childhood obesity in the U.S. has increased more than 300 percent in the last 30 years, rising from five percent to almost 20 percent. Nearly 40 percent of Georgia's children are overweight or obese, and the state has the second highest obesity rate in the U.S. Childhood obesity impacts nearly 900,000 children in Georgia, leading to poor health conditions and increased healthcare costs. Georgia spends an estimated \$2.4 billion annually in direct and indirect costs associated with obesity.

Children's research suggests that Georgians are aware of the childhood obesity crisis, but are not motivated to take action. Based on a statewide survey in 2010, 75 percent of parents of overweight or obese children did not recognize the problem. Most kids surveyed reported they did not see it as a major problem in their schools. Children's has begun to lead this effort through a coordinated statewide approach that addresses the problem across the continuum from prevention to treatment.

To sustain the types of benefits that Children's brings to our communities, it is critical that our communities choose Children's not only as their preferred clinical provider, but also as their preferred charity. Children's

strong presence in the community helped raise \$67 million in 2011, exceeding the Woodmark Group median of \$32.7 million for funding raised by the 25 children's hospital members. At the same time, more than 1,400 community volunteers chose to make Children's a destination for their volunteer efforts.

Key Conclusions

Children's Healthcare of Atlanta must

- Understand the needs of our communities and determine how to use our resources to serve them
- Be seen as the trusted source for pediatric healthcare information
- Lead efforts to combat childhood obesity in our state
- Ensure families understand the unique value of the care Children's provides
- Ensure community support for our Mission and translate that support to financial and volunteer support



Our Future

A bright future for pediatric healthcare requires leading children's hospitals to challenge the scientific and structural barriers to providing the care kids need. This requires not only challenging the knowledge and technical boundaries of health science, it also means addressing structural barriers to providing exceptional health services. And while this is a challenge in any environment, Medicaid payment reductions, commercial payment pressures, quality incentives, transparency initiatives and constrained research funding make this a larger and more critical challenge.

Shifts in care delivery models and payment pressures will increase the need for Children's to demonstrate the distinct and differentiated value of our care. The higher cost of pediatric care relative to adult care, coupled with increased consumerism and

price sensitivity, drive the need for Children's to understand the differential in our outcomes and ensure we are providing the most efficient care possible. This becomes even more important as healthcare reform progresses and both private and public payors consider payment structures based on outcomes across the entire disease episode rather than a single visit and procedure.

Children's focus on demonstrating the value of our care is not only essential for providing great care in the new era of accountable healthcare, it is also aligned with the National Institutes of Health (NIH) priorities. Anticipated decreases in NIH and total research funding place additional pressures on pediatric hospitals to focus efforts and leverage unique capabilities to continue to drive innovation. Children's can leverage Atlanta's combination of leading medical research institutions and one of the nation's foremost technical

research institutions. Children's partnerships with Emory University and Georgia Tech create unique and robust research capabilities that will redefine pediatrics. Together, these partnerships can deliver exceptional targeted programs and change how pediatric care is delivered.

Key Conclusions

Children's Healthcare of Atlanta must

- Demonstrate the value of our care by proving its outcomes are superior and our costs are efficient
- Investigate new payment methodologies that can improve care delivery
- Focus research to collaborate with partners in areas that have exceptional promise for distinguishing discovery

Our People

Children's ability to continue to grow, fulfill our Mission and remain economically viable depends on our ability to create a culture in which the most talented people thrive. Children's has established a unique workforce of physicians, nurses, healthcare professionals, administrators and staff, as well as a people-focused culture that creates a specialized and child-friendly environment patients and families value. This culture has resulted in some of the lowest vacancy and highest employee retention rates in the industry. It has also created an engaged work force that is dedicated to improving clinical quality, access and patient satisfaction with our care every day.

Diagnosing and prescribing treatment for sick and injured children is almost exclusively the purview of the more than 1,600 exceptional physicians on our medical staff. Unlike most pediatric healthcare systems nationwide, Children's employs less than 15 percent of its total medical staff. This structure runs contrary to the national migration of solo practitioners and small group practices into larger practices and health system employment.

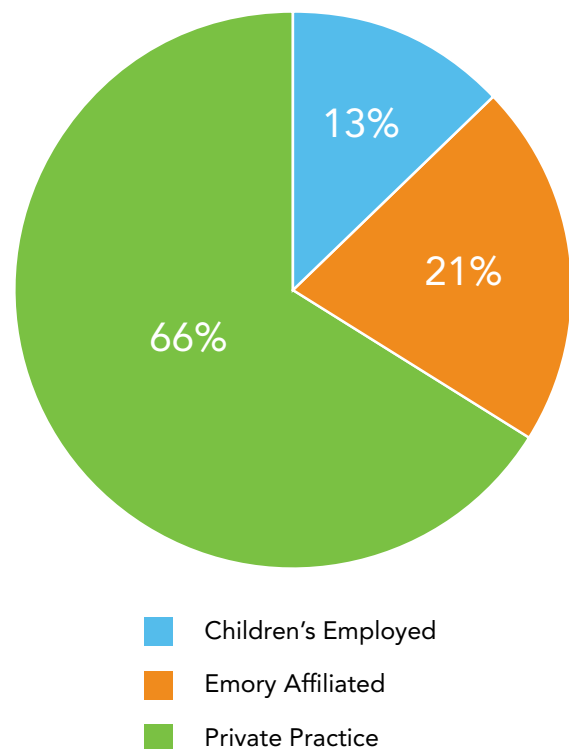
Looking for more flexible practice environments, young physicians are choosing employment in large practices or hospital settings upon completion of their residencies and fellowships. In addition to changing practice

Our people are dedicated to improving clinical quality, access and patient satisfaction every day.

environment preferences, current and potential future compensation challenges are compelling specialists to consider a closer alignment with hospitals.

Given the move toward more physician work/life success, hospitals will need to find more than one physician to replace each retiring physician. The anticipated physician shortage and generally reduced funding for training are creating a need to be more focused on how limited training dollars are allocated. While few in number, freestanding children's hospitals

Children's Medical Staff Composition



train 35 percent of all pediatricians and nearly 50 percent of pediatric specialists. Children's currently trains more than 320 residents and 195 fellows in key specialty areas such as oncology and cardiology. Potential elimination or significant reductions of more than \$2 trillion in federal spending threaten numerous programs. For example, proposed elimination of Children's Hospital Graduate Medical Education (GME) funding proposed in recent federal budgets and a proposal to reduce Medicare GME by more than 60 percent with no alternative approach to reimbursement for physician training may lead to significant reductions in graduate training.

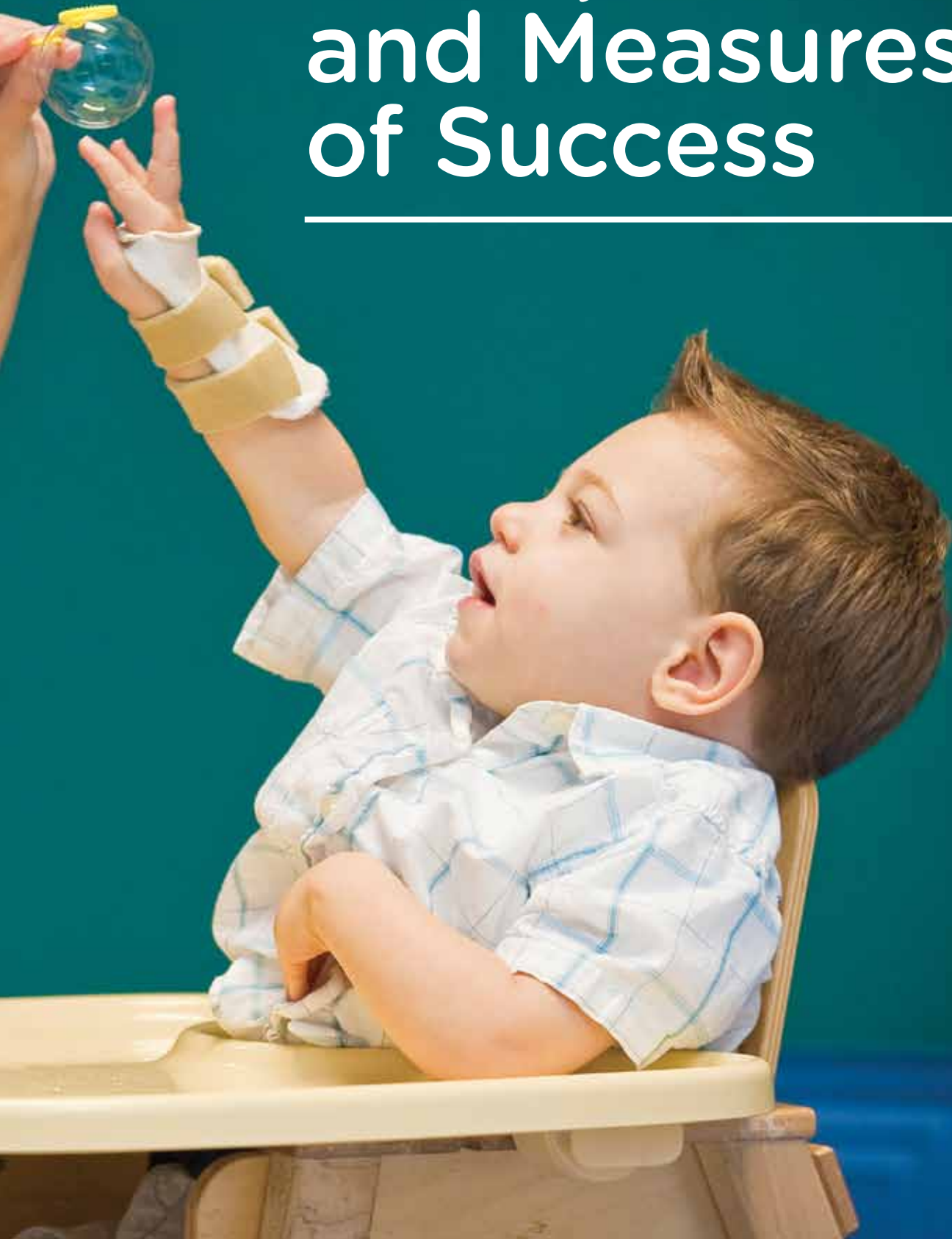
Key Conclusions

Children's Healthcare of Atlanta must

- Create a practice environment that engages the best physicians regardless of the employment arrangement
- Continue to develop a people culture where the best talent thrives
- Train physicians to meet Georgia's and Children's physician needs



Strategies, Goals, Initiatives and Measures of Success



Being accountable to our patients, our communities and our employees to achieve our five-year Vision requires that we remain focused to Deliver the Best Care, Inspire the Best In People, Engage and Serve our Communities and Transform Pediatrics. Each of our strategies aligns with these four Strategic Focus Areas.

Deliver the Best Care

Children's Healthcare of Atlanta's origins lie in a passion for delivering the best care. Every day, our clinicians, researchers and administrators are looking for better ways to provide the safest and most effective care. From our physicians and nurses to our process improvement teams, a dedication to finding better ways to deliver care drives us each day.

To Deliver the Best Care, we will

- Serve Atlanta and Georgia by delivering the highest quality accessible pediatric care
- Use information and technology to innovate and improve care
- Improve care through collaboration and coordination

Strategy: Serve Atlanta and Georgia by delivering the highest quality accessible pediatric care

As the only nationally ranked pediatric healthcare system in Georgia, we embrace our obligation to serve the healthcare needs of children and families in Atlanta and throughout Georgia. We provide the highest quality pediatric care and a patient family experience that promotes healing. And we'll continue to improve access so that we serve even more kids who need us.



Goals

- Grow our clinical services in targeted areas: orthopaedics, outpatient surgery and imaging
- Provide children in Atlanta and statewide with access to Children's services
- Achieve best practice for providing safe and effective care
- Achieve benchmark levels of patient satisfaction

We will achieve these goals by continuing to focus every day on providing the highest quality and safest care. In addition, we will increase the number of outpatient locations where children can access our services. We will measure our success by achieving quality benchmarks, increasing the number of children we serve and improving patient and family satisfaction with our care.

Initiatives

- Developing and implementing a comprehensive ambulatory care strategy
- Developing and implementing a master facility plan
- Creating and executing strategic plans for each service line and the Marcus Autism Center

Measures of Success

Measure	2011 Baseline	Current Year Target (2012)	2016 Target
Inpatient Admissions (excluding Hughes Spalding)	23,184	24,264	24,975
Inpatient Surgeries			
Outpatient Encounters (excluding Sibley)			+12%
Sports Medicine	122,368	122,928	+15%
MRI	12,259	13,032	+33%
CT	11,763	11,876	Flat
Urgent Care	100,843	102,788	+20%
Ambulatory Surgery	25,705	30,425	+40%
All Others	289,317	263,468	(1.5% Population Growth)
<i>U.S. News and World Report Rank</i>	2 top ten services	Maintain; Establish plan	Honor Roll (four top 10 services)
Serious Events	15	Decrease by 30% to 11	Zero
Blood Stream Infections	1.5/1000 line days	Decrease by 10% to 1.35	Decrease by 40% to 0.9
Patient Satisfaction- Overall Rating of Care	N/A	Ambulatory Surgery 90% Emergency Department 76% Urgent Care 73% Inpatient 81% Radiology 61%	Top Decile



Strategy: Use information and technology to innovate and improve care

Children's Healthcare will remain at the forefront of investing in information technology and using that information to integrate and improve the care children receive. We will ensure that families and our providers have a comprehensive view of a child's health and all care that has been delivered. Our goal is to improve hospital and provider exchange of clinical information.

Goals

- Improve hospital and provider exchange of patient clinical information
- Increase evidence-based practice and decrease practice variation

We will achieve these goals by leading the statewide development of Health Information Exchanges, working with our physicians to adopt a common community health record, and increasing our statewide outreach to physicians. We will measure our success by how well our information systems are connected with our physicians.

Initiatives

- Leading the development of statewide Health Information Exchanges
- Developing and implementing a technology strategic plan
- Developing evidence-based care pathways

Measures of Success

Measure	2011 Baseline	Current Year Target (2012)	2016 Target
Percentage of referring or attending physicians using EPIC or accessCHOA	N/A	10% increase	90% of medical staff
Number of community providers using Children's CHR	6	100	280
Percent of patients in five targeted DRGs on a guideline	N/A	95% of DKA admissions on a protocol	80% of patients on a guideline

Strategy: Improve care through collaboration and coordination

The best care requires multiple locations and is provided by many caregivers. As patients move among care settings and providers, our goal is to improve the management of a child's care throughout his or her treatment. And because care statewide will be provided by many separate health systems and physician organizations, we will standardize how we collaborate to make it easier to use Children's quality and expertise to improve care.

Goal

- Improve the management of the care continuum
- Develop ways to partner with other caregivers to expand Children's expertise

We will work with physicians and health systems statewide to achieve these goals by creating an integrated delivery system that is supported by clear approaches to partnerships. We will measure our success by the quality of care children receive beyond the walls of our hospitals, the quality of care the most complex patients receive and the number of patients whose care we coordinate through partnerships with physicians and other health systems.

Initiatives

- Developing and implementing an integrated delivery network plan with our physicians and children's hospital coalition partners
- Developing and implementing a medical home plan
- Creating and implementing a formal affiliation strategy

Measures of Success

Measure	2011 Baseline	Current Year Target (2012)	2016 Target
Readmissions for ambulatory care sensitive conditions	N/A	Establish baseline (CMO responsible)	CHCA top quartile
Percent of children admitted to Children's with medically complex conditions who are enrolled in a medical home	N/A	Establish baseline (CMO responsible)	75%
Number of patients with inpatient or emergency care coordinated through partnerships	193,302 (2010)	Establish partnership / affiliation options (CEO responsible)	+20%

Notes: 1) Six ambulatory care sensitive conditions have been identified: Asthma, Seizure, GI and Dehydration, Pneumonia, Upper Respiratory, Cellulitis
2) Medically complex is defined as a lifelong chronic condition affecting two or more body systems/complex progressive condition

Inspire the Best in People

Children's is known as an employer of choice both locally and nationwide. We have achieved industry-leading levels of nursing and total system retention. We have been named one of FORTUNE Magazine's "100 Best Companies to Work For" for the past seven years, earned consecutive recognition from *Working Mother* as a top workplace for working moms and been honored by the *Atlanta Journal-Constitution* as a top workplace in Atlanta. We are creating an exceptional environment for physicians. In the past five years, we increased our physician's participation on our Board, in leadership roles and in strategic planning for the health system. Over the next five years, our ability to achieve our strategies relies on the engagement and performance of all of our employees and physicians.

To help us Inspire the Best in People, we will

- Recruit, retain and develop exceptional talent
- Create an environment that attracts the best physicians
- Support the training of Georgia's pediatric physician workforce

Strategy: Recruit, retain and develop exceptional talent

Attracting and retaining exceptionally talented employees is central to our ability to achieve our strategies. We will employ people who exemplify children's values and grow the ability and engagement of our workforce. We will implement programs to create the culture we require, with the end goal of retaining the best and brightest and being an employer of choice.

Goals

- Proactively look for the best talent from new sources using new technology
- Celebrate and appreciate our people and their contributions
- Offer comprehensive people programs and development that meet the needs of our workforce

We will achieve this goal by implementing our People Plan. This will include implementing a new sourcing strategy, including a focus on our employee value proposition and recognition, launching programs to sustain the culture work we have started and developing the next generation of leadership development programs. We will measure our success through our retention rates and our recognition as one of the "100 Best Companies to Work For" in FORTUNE Magazine.

Initiatives

- Implementing the next phase of the People Plan
- Creating the next generation of leadership development programs

Measures of Success

Measure	2011 Baseline	Current Year Target (2012)	2016 Target
System and RN retention	91.9% (System) 94.7% (RN)	92% (System and RN)	92% (System and RN)
FORTUNE "100 Best Companies to Work For" recognition	60	Top 100 Companies	Top 100 Companies
Engagement (measured as overall FORTUNE score)	N/A	90%	90%

Strategy: Create an environment that attracts the best physicians

Our goal is to become the most attractive pediatric healthcare system for physicians. This requires creating a culture in which physicians are excited to work with us to improve the care and service we provide. It also requires providing the best physician practice environment for physicians who seek employment from a health system. And as the physician workforce ages and shortages of pediatric physician talent intensify, ensuring Children's has the best physician workforce will require even greater focus.

Goal

- Become the most attractive pediatric healthcare system for physicians

To achieve our goal we will implement a comprehensive physician engagement plan that includes continuing the work we have begun with the Georgia Pediatric Care Network. We will implement the Pediatric Center, our joint relationship with Emory University, to improve our integration with our Emory affiliated physicians and to continue to improve our physician practice environment. We will measure our success through the size and scope of our medical staff, our retention of our medical staff, our retention of our employed and Emory affiliated physicians, and our ability to recruit physicians to join our System.

Initiatives

- Implementing the Pediatric Center
- Creating and implementing the physician alignment plan

Measures of Success

Measure	2011 Baseline	Current Year Target (2012)	2016 Target
Employed and Emory affiliated physician retention	96%	95%	95%
Medical staff retention	93%	90%	90%
Annual medical staff growth	8% (2005 to 2011)	3% of annual growth	3% of annual growth
Percent of manpower plan achieved	120%	90% (41 physicians)	90%

Strategy: Support the training of Georgia's pediatric physician workforce

The best way for Children's to ensure that Georgia has enough of the best trained physicians in the country is to train the next generation of physicians at Children's. We will work with our academic partners to train physicians to meet Georgia's workforce needs and develop a learning environment that retains the best physicians after they complete their training. Our goal is to ensure we have a sufficient number of physicians to meet Children's access needs and to align our teaching priorities with our clinical needs.

Goals

- Ensure Children's has physicians to meet access needs
- Align our teaching priorities with clinical needs

One way we will do this is by implementing a comprehensive teaching plan. Over the next few years this will include implementing fellowships to meet significant manpower needs in Georgia and aligning our teaching funding with Children's and Georgia's pediatric physician needs. We will measure our success by the percentage of residents and fellows training at Children's who remain in Georgia after graduation. We will also measure our success by the overall size of our teaching and fellowship programs.

Initiatives

- Expanding fellowship offerings in targeted areas
- Creating and implementing a comprehensive teaching plan

Measures of Success

Measure	2011 Baseline	Current Year Target (2012)	2016 Target
Percent of residents staying in Georgia	55%	60%	60%
Number of fellows staying in Georgia	8 of 23 (4 TBD)	35% of fellows	35% of fellows
Total number of residents training at Children's	322 (86.59 FTE)	322 (86.59 FTE)	322 (86.59 FTE)
Total number of fellows training at Children's	198 (99.48 FTE)	198 (99.48 FTE)	216 (117.48 FTE)

Engage and Serve Our Communities

One of Children's fundamental beliefs is that as a not-for-profit healthcare system, we must continue to understand our communities' healthcare needs and determine how we can extend our capabilities to serve those needs. And while no healthcare system has the capabilities to meet all the health needs of any community, we will continue to ensure our capabilities are deployed in a sustainable manner to continue to make kids better in each community and healthier for the long term.

To Engage and Serve Our Communities, we will

- Advocate for children's health and be the trusted source of pediatric healthcare information
- Lead efforts to reduce Georgia's Childhood obesity epidemic
- Increase community awareness, engagement and support of Children's

Strategy: Advocate for children's health and be the trusted source of pediatric healthcare information

Over the next five years, we will assess the pediatric healthcare needs of Georgia's communities, starting with Atlanta. We will collaborate and coordinate with others to determine how we can address the identified gaps in care. And because parents look to physicians, healthcare institutions and hospital systems when they need healthcare information, we will seek

to be the first place parents and communities turn to when they have pediatric healthcare questions.

Goals

- Assess and determine how Children's will respond to Atlanta's pediatric healthcare needs
- Increase consumer perception of Children's as the leading source of pediatric information

We will achieve these goals by implementing strategies from a comprehensive community needs assessment that we will conduct in 2013. And we will increase our communication efforts with our communities to ensure they receive the information they need from Children's. We will measure our success first through the number of children we impact and the total benefit communities receive from Children's. Secondly, we will measure how well we are disseminating important healthcare information to our communities and the degree to which our communities are seeking us as their trusted source for pediatric healthcare.

Initiatives

- Conducting a community needs assessment and implementing a community benefits strategy
- Implementing an updated, five-year marketing plan with a focused public relations plan that support the strategic plan

Measures of Success

Measure	2011 Baseline	Current Year Target (2012)	2016 Target
IRS defined community benefit	\$148M (FY2011) \$113.5M (FY 2010)	\$115M	\$125M
Number of children impacted	N/A	Measure & baseline	50% of GA Children
High quality media placements related to health information	766	1,000	3,500
Children's website hits	2.4M	2.5M	3.2M

Strategy: Lead efforts to reduce Georgia's Childhood obesity epidemic

There is a growing pediatric health crisis in Georgia's communities that is compromising children's health today and for years to come. Obesity is a national epidemic, and Georgia is one of the most affected states. We will use our expertise and resources to improve the health of Georgia's kids by focusing on the obesity epidemic. Our goal is to reduce childhood obesity and bring Georgia's obesity rate more in line with obesity rates nationwide.

Goal

- Reduce childhood obesity in Georgia

We will do this by raising awareness of the crisis throughout the state. We will partner with other organizations focused on obesity and develop and execute programs and clinical interventions. And we will partner with the state to change policies that are contributing to Georgia's obesity epidemic. We will measure our success by a reduction in the percent of Georgia's kids who are overweight or obese and by Georgia's national obesity rank.

Initiatives

- Expanding a campaign to raise awareness of the crisis throughout the state
- Partnering with other organizations focused on obesity
- Developing and executing programming and clinical interventions
- Partnering with the State of Georgia to change policies that contribute to the obesity crisis

Measures of Success

Measure	2011 Baseline	Current Year Target (2012)	2016 Target
Percent of Georgia kids overweight or obese	21.3%	<ul style="list-style-type: none">• Awareness: 60%• Intent to change: 34%	19.3%
Georgia state obesity rank	2nd ranked state	<ul style="list-style-type: none">• Children reached: 1,500,000• Children served: 300,000• Partnerships: 10	>10th ranked state

Strategy: Increase community awareness, engagement and support of Children's

Children's exists to serve our communities. The ability to continue to serve the broad community requires awareness of who we are and the unique services we offer, trust in our organization and financial support of Children's. Our first goal is to remain the most preferred provider of care and improve consumer awareness of and preference for Children's. Secondly, we seek to be the preferred destination for charitable donations.

Goals

- Improve awareness of Children's and consumer preference
- Increase total fundraising, number of donors giving to Children's and our community engagement

Over the next five years, we will refine and implement an updated marketing plan that informs consumers about the true differentiation of our care. We will actively pursue fundraising opportunities and anticipate a new, comprehensive community campaign to align with Children's most urgent needs. We will measure our success by consumer's perception of Children's and the number and total giving of our donors.

Sample initiatives

- Implementing an updated five-year marketing plan
- Pursuing new fundraising opportunities
- Preparing for new community campaign to align with most urgent Children's needs

Measures of Success

Measure	2011 Baseline	Current Year Target (2012)	2016 Target
Consumer intent to use	50%	50%	63%
Consumer intent to give	38%	38%	45%
Consumer unaided awareness	63%	63%	70%
Gross fundraising	\$67M	\$54M	\$69.5M
Number of donors giving \$25,000 or more	150	165	242
Total number of donors	53,508	58,800	71,472

Transform Pediatrics

Because of Children's Healthcare of Atlanta's national prominence as one of the leading pediatric healthcare systems, we have an exceptional opportunity not only to deliver the best care today, but also to invent how care is delivered in the future. To do this we must prove the value of freestanding children's hospitals and ensure that payment systems support the unique care we deliver. We must continue to evolve the scientific basis of our care.

To Transform Pediatrics, we will

- Demonstrate the pediatric differential and the distinctive value of our care
- Align payment with care delivery and improvement efforts
- Conduct research in targeted areas to transform pediatric care

Strategy: Demonstrate the pediatric differential and the distinctive value of our care

Delivering specialized pediatric care is a highly resource-intensive endeavor. It requires specialty trained physicians, nurses and technical staff. It requires a diversity of specialized equipment. It requires additional support staff to care for the emotional needs of patients and families. But ultimately it results in superior clinical

care and a superior care experience. Because of the increased costs of pediatric care, we will demonstrate to our communities the value of our care. At the same time, we will continually work to reduce the cost of our care and be the most efficient health system in the country while never compromising the quality of our care.

Goals

- Demonstrate that outcomes are better at Children's
- Ensure that our payments are aligned with our outcomes

We will achieve this goal by investing in a new outcomes center that will measure and improve the quality of our care and by continuing to improve our understanding of the cost of our care. We will measure our success by the percent of our care for which we can clearly demonstrate the improved outcomes we achieve, by the cost and price of our care relative to other pediatric providers nationwide and by the cost and price of our care relative to other local providers.

Initiatives

- Implementing a leading outcomes center
- Continuing implementation of best practice cost accounting
- Developing local and national cost and pricing benchmarks

Measures of Success

Measure	2011 Baseline	Current Year Target (2012)	2016 Target
Percent of gross revenue with demonstrated quality outcomes	N/A	Implementation of outcomes center	75%
Percent of gross revenue with cost and price benchmarks	N/A	On-time implementation of cost accounting plan	75%

Strategy: Align payment with care delivery and improvement efforts

How we are paid today constrains our ability to decrease utilization and improve the coordination of care. As the leading pediatric healthcare system in the Southeast and one of the leading systems nationwide, we believe that aligning the payment system with our care delivery and improvement efforts is critical to making kids better today and healthier tomorrow. We will advocate for payment structures that encourage and reward Children's and our physician partner's efforts to provide high quality, integrated and cost effective care. And in doing this, we will ensure that Children's and our physician partners have the resources to reinvest in improving care for children.

Goals

- Achieve system operating margin targets
- Finalize and execute our Medicaid strategy
- Explore new reimbursement strategies with payors

We will achieve this goal by continuing our efforts with our physician and children's hospital partners at the state and national levels to reform Medicaid. We will work to define the Essential Health Benefits package that must be offered by insurers. And we will create an integrated delivery network plan that ensures Children's has the infrastructure to administer the payment system that evolves. We will measure our success by the success of reform efforts and the degree to which they enable Children's to maintain strong financial performance.

Initiatives

- Develop transformative pediatric model for Medicaid to achieve increased access to pediatric care, improved outcomes/quality and a sustainable financial model which optimizes costs
- Assess the impact of exchanges and influence Essential Health Benefits

Strategy: Conduct Research in targeted areas to transform pediatric care

Throughout the last 13 years, we created a significant research infrastructure and our main research partner, the Emory University Department of Pediatrics, became one of the top 20 funded pediatric departments nationwide. Over the next five years, we will continue to invest in research. Given the broad resources built by our academic partners at Emory University, Georgia Tech and other institutions, we believe our greatest impact will be made by focusing on key areas of pediatric research and leading the nation in discovery. We will continue to work with our partners to focus on the clinical areas and therapeutic approaches and disciplines where we can make the greatest difference. And we will take advantage of the unique capabilities and collaboration opportunities that arise from being among the largest pediatric healthcare systems partnered with several of the leading academic institutions in the world.

We will collaborate to develop pediatric research that enhances care delivery and distinguishes Children's and our partners nationally.

Goal

- Collaborate to develop pediatric research that enhances care delivery and distinguishes Children's and our partners nationally

We will achieve this goal by recruiting high-impact investigators and developing our highest impact research centers. We will implement a new physician management infrastructure with Emory University to improve the impact of our research. And we will collaborate with our academic partners to create a sustainable infrastructure and funding plan. We also will measure our success by the level of funding that the most prominent peer reviewed institutions invest in our research ambitions and the total amount of external funding these ambitions attract. We also will measure our success building the research infrastructure with more leading scientists and the ultimate output of this infrastructure with meaningful presentations and publications.

Initiatives

- Recruiting high impact investigators for research centers
- Collaborating with Georgia Tech and Emory University to create a sustainable infrastructure and funding plan

Measures of Success

Measure	2011 Baseline	Current Year Target (2012)	2016 Target
Total extramural funding	\$29.9M (DOP only)	\$34M	\$50M
Total NIH funding	\$15.7M	\$17M	\$30M
Recruits for centers	11	7	32 incremental
Number of meaningful presentations and publications	341	Increase by 5% to 358	Increase baseline by 25% to 426





A child's arm is shown from the shoulder down to the hand. The upper arm is covered in a black, textured sleeve. At the shoulder joint, there is a silver, rectangular device with a small lens, resembling a camera or a sensor. The child's hand is open and facing upwards. The background is a plain, light-colored wall.

Appendix - Children's Facts

Children's Healthcare of Atlanta

One of the largest pediatric clinical care providers in the country¹

Our not-for-profit healthcare system includes

- 533 staffed beds
- 17 neighborhood locations, including
 - Five immediate care centers
 - One primary care center
 - Marcus Autism Center
- More than 7,800 employees
- Access to more than 1,600 pediatric physicians
- 6,500 volunteers

In 2011, we managed

- 777,881 patient visits
- 326,182 patients (from all 159 counties in Georgia)²
- 24,572 hospital admissions
- 136,769 inpatient days
- 747,103 outpatient visits
- 37,785 surgical procedures (inpatient and outpatient)
- 188,637 Emergency Department visits
- 100,843 Urgent Care Center visits
- 46,551 primary care visits

¹ Children's Hospital Association (CHA); We are taking into account our number of beds and basing this claim on the following 2010 data from the 2011 survey:

- No. 2 in the country for inpatient admissions [Children's: 24,048; Milwaukee (No. 1): 25,649]
- No. 1 for Emergency Department visits [Children's: 143,540]
- No. 1 for inpatient days [Children's: 138,766]
- No. 2 for operating room cases [Children's: 2,015,332; Boston (No. 1): 2,550,045]

² These are unique patients. This means each patient is counted once during the year.





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