

COVER STORY

Timeline:

1915

Sept. 15: Scottish Rite Convalescent Home for Crippled Children opens in Decatur, Ga., with space for 20 patients.



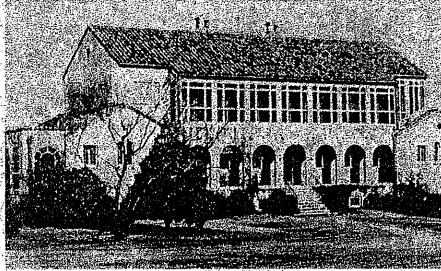
PHOTOS/SPECIAL

1916

Prominent Atlanta insurance agent Thomas R. Egleston includes a \$100,000 endowment in his will to build a children's hospital to be named "Henrietta Egleston Hospital for Children" after his mother, who lost her other four children in childbirth. When he died the following year, the plans to build a 50-bed hospital were put into motion.

1928

Oct. 15: Henrietta Egleston Hospital for Children opens with 52 beds available.



1933

Egleston's first medical director, Dr. M. Hines Roberts, helps establish the American Board of Pediatrics.

1946

"Gone With the Wind" author Margaret Mitchell donates \$1,000 to kick off a community effort to build the Hughes Spalding Pavilion after she is unable to find medical care for her sick laundress because of her skin color.



Children's Healthcare celebrates 100 years of caring for Atlanta's kids

MERGER, GROWTH HELP PEDIATRIC HOSPITAL BECOME ONE OF NATION'S BEST

BY ELLIE HENSLEY
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From the Shepherd Center to Emory University Hospital, Atlanta has no shortage of world-class hospitals for adults. But the city also boasts one of the nation's best pediatric hospitals, Children's Healthcare of Atlanta, which is celebrating its centennial this month.

This year Children's was one of 12 pediatric hospitals to make U.S. News and World Report's Honor Roll, meaning it had high scores in at least three specialty areas. It ranks ninth in the nation for pediatric cancer care and nephrology and eighth in cardiology and heart surgery. 2015 marks the health system's 11th consecutive year on the magazine's "Best Children's Hospital" list.

In addition to providing quality care to children in Atlanta and beyond, Children's is a financial heavy hitter that employs more than 9,200 people in the region. In 2013, the last year for which results are available, its total revenue reached \$1.25 billion and its operating margin hit \$136 million. Its total assets at the end of 2013 were nearly \$3 billion.

Children's as we know it today began as two hospitals, Henrietta Egleston Hospital for Children and Scottish Rite

Convalescent Home for Crippled Children, which merged back in 1998.

At the time, analysts had figured that Atlanta needed only one 250-bed pediatric hospital, and keeping the hospitals separate meant risking losing both.

"Both hospitals realized there wasn't a city in the country that had two healthy national leading children's hospitals, and there were a fair number of cities that didn't have any standalone pediatric



PHOTO/BYRON E. SMALL
Children's CEO Donna Hyland has served the organization for 27 years.

hospitals," said Cousins Properties Inc. President and CEO Larry Gellerstedt, who was the first board chair of the combined Children's Healthcare of Atlanta.

Uniting the two was no easy task. Gellerstedt is credited for bringing board members from both hospitals together for dinner one night to discuss the struggles each was facing, which kicked off talks of the merger that happened several years later. Each hospital's board was dissolved to form a united, smaller board of 20 people.

"When we merged it was interesting. Egleston and Scottish Rite were huge competitors and really didn't like each other at all," Children's President and CEO Donna Hyland said. "There was a lot to overcome, just culturally. The Scottish Rite doctors were mostly private practice, and the Egleston doctors were Emory faculty."

The merger enabled Children's to focus more on kids and save money that it was able to reinvest in better health-care access for Atlanta children, more programs and new doctors.

The new board predicted it would save \$28 million over five years, but it underestimated how much money it would save to eliminate duplicate costs. In Children's first 18 months, it managed to save \$36 million.

"Instead of downsizing, we found

ourselves bursting at the seams with kids, and we needed to expand both Egleston and Scottish Rite," said Hyland.

In 2006, Grady Health System came to Children's to propose it take over operations of Hughes Spalding Children's Hospital downtown. Hughes Spalding originally opened in 1952 to serve African-Americans in Atlanta, but it reopened in 1992 as a pediatric-focused facility that was part of Grady.

"When Grady came to us it was pretty daunting; there were lots of challenges," Hyland said. "Because we had the success of [merging] Egleston and Scottish Rite, it gave us confidence we could do a good job and reach even more children."

Hughes Spalding's payer mix remains quite different than Scottish Rite's and Egleston's. Hyland said about 86 percent of patients are on Medicaid, and less than 10 percent are commercially insured.

"The beauty of Children's is that doctors and patients don't know the difference," Hyland said. "You could have the richest and the poorest kids in Atlanta sitting right next to each other, and they wouldn't know because they don't know the payer mix. That's for us to figure out how that's going to work."

Two other large parts of the Children's family are the Aflac Cancer and Blood Disorders Center, which opened in 1995 and has one of the leading pediatric cancer

1991

Scottish Rite's Dr. Joseph E. Simon develops the nation's first computerized diagnostic system for pediatric emergency care.

1995

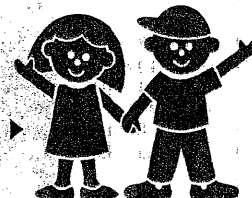
Aflac Cancer and Blood Disorders Center opens at Egleston after a \$3 million donation from Aflac Inc. It is one of the leading pediatric cancer, hematology, and blood and marrow transplant programs in the country.

1998

Egleston and Scottish Rite merge to form Children's Healthcare of Atlanta, realizing a cost savings of \$36 million in its first 18 months. Both hospitals' boards of trustees are disbanded to form a smaller, united board for Children's.

1999

Children's unveils a new logo featuring a cartoon of a girl and boy, which hospital employees named "Hope" and "Will."



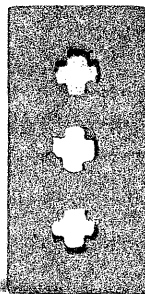
2000

Children's establishes its research department.

COVER STORY

1952

Hughes Spalding Pavilion opens in Atlanta to serve African-American adults and children, who before had few, if any, choices for medical care. The 130-bed hospital had bricks with cross-shaped cutouts to signify that it was only for African-Americans.



programs in the country, and the Marcus Autism Center, which began as the Marcus Developmental Resource Center at Emory University and joined Children's in 2008.

"It's amazing being, really, the pre-eminent center in the world to focus on early diagnosis and treatment of kids with autism," Hyland said. "The potential is in front of us to really attenuate the long-term impact."

In addition to healing Atlanta's sick children, the hospital is committed to keeping all children healthy, even the ones who never pass through its doors. Its Strong4Life program, which it teaches in schools as well as offering in its hospitals, and Camp Strong4Life, are dedicated to teaching Atlanta's youth to eat healthy and get moving with tips from doctors, nutritionists and wellness experts. The goal of the program is to teach kids healthy routines early in life to avoid heart disease, obesity and other health risks rampant in the Southeast in older generations.

"I think if you ask anyone, you want societies and groups of people to value children and them growing into healthy beings that contribute to society," said Dr. Lillian Meacham, pediatric endocrinologist and medical director of Children's Cancer Survivor Program. "I think it's just an investment in the future."

Meacham has been a physician at Children's for 25 years. Even before she went to medical school, she worked at Children's as a respiratory therapist.

Medical advances the hospital has made since she joined are "staggering," and the hospitals are able to treat children

1956

Emory University and Egleston form a teaching relationship that continues today.



1976

Scottish Rite moves from Decatur, Ga., to a new 50-bed facility in north Atlanta (now Sandy Springs) expected to serve 20,000 children annually.



1981

Egleston hosts its first annual Children's Holiday Parade, a tradition continued by CHOA today. In 2000, the parade became the largest in the Southeast.

1985

The Emory-Egleston Children's Research Center is established by medical director Dr. George W. Brumley, a robust relationship that continues to this day.



PHOTOS/SPECIAL Children's became a teaching hospital in 1956, and in 2006 its board agreed to take over Hughes Spalding.

with much more complex cases. "I think the technical services like the bone marrow transplant unit, so many of those kinds of things have grown," she said. "It's hard to get your head around the kind of medical treatments we can deliver."

Returning to Children's years after a first experience with it seems to be a common theme. Kerrie Zurovsky was a patient at Scottish Rite in 1985, when she was diagnosed with cancer, and years later she brought her son Jonah to Children's because of his rare liver disease.

"When I was diagnosed, my parents took me to get a second opinion," Zurovsky said. "I won't say which hospital they took me to, but it was a really awful experience because they were not compassionate or empathetic. I was just a number. That was not the case at Children's."

Her two years of experience at

Children's was such a good one that when her cancer went into remission, she started volunteering at the hospital. After college she had her first son, Jonah, who came to Children's initially because he was diagnosed with "failure to thrive."

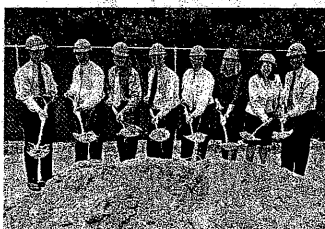
"When they called in a GI doctor, it was the same one I saw during my chemotherapy," she said. "It was like we came full circle."

Jonah had a liver transplant in 2009, and since then he's been healthy and hasn't seen as much of Children's. But his mother was so touched by the care she and her son received that she decided to join Children's Parents Council.

"I always say if I had the [emotional] strength to be a CHOA nurse, I would, but I don't think I'm strong enough to do it," Zurovsky said. "There's something about the people there that's just so special."

Children's next order of business is expanding access to its services in suburbs to the north and south. The hospital is also developing an ambulatory care center so kids with complex chronic conditions like sickle cell disease and cystic fibrosis can get the care they need quicker.

"Atlanta is growing again, and at a pretty good clip," Hyland said. "We're looking at how to expand access and get some of the services we have closer to where people live." ❧



BY THE NUMBERS

PATIENTS

Then:

▶ Scottish Rite treated 276 children in its first year of operation (1915-16)

Now:

▶ 365,000 unique patients in 2014.
▶ 38,000 inpatient and outpatient procedures in 2014

BEDS

Then:

▶ 1915: Scottish Rite opened with 20 beds.

Now:

▶ 575 beds total
▶ Egleston 278
▶ Scottish Rite 273
▶ Hughes Spalding 24

COST OF TREATMENT

Then:

▶ In 1916, \$409.54 operating cost per patient per year

Now:

▶ Now, \$8,800 in 2014
▶ 9,200 employees today, including 8 canine employees
▶ In 2013, Children's total revenue reached \$1.25 billion, and its operating margin hit \$136 million. Its total assets at the end of 2013 were nearly \$3 billion.
▶ In 2014, Children's reported \$34.8 million in NIH-funded research grants to the Emory Department of Pediatrics. This is used for joint pediatric research conducted by Children's and Emory.

2004

Emory Children's Center, which cost \$42 million, opens next to Children's Egleston campus to expand the hospital's outpatient pediatric care and faculty research.

2006

December: Children's takes over operations of Hughes Spalding Children's Hospital after signing an agreement with Grady Health System.

2008

Marcus Autism Center, which began as the Marcus Developmental Resource Center at Emory in 1991, joins Children's.

2011

Ground is broken on the Emory-Children's Pediatric Research Center.



2015

CHOA is one of only 12 in the nation to rank among U.S. News and World Report's "Best Children's Hospitals" Honor Roll.