

## Driving Transformative Change: Children's Hospitals and the Economy

By R. Lawrence Moss, M.D., President and CEO, Nemours Children's Health System

In a white paper published earlier this year, I cited evidence of America's low economic productivity growth rate. Economists point to healthcare costs, absenteeism, and presenteeism as major factors undermining American businesses. I pointed to evidence from various studies that led me, a pediatric surgeon and health system CEO, to conclude that the most direct and cost-effective way to improve labor productivity and our healthcare system is to change the way America invests in child health.<sup>1</sup>

### Now Is the Time

American children are on track to experience even greater negative consequences of preventable chronic health conditions than their parents. To reverse this trend, America must empower children's healthcare systems to address the social determinants of health (SDOH) *in addition to providing* medical care. Only then can we put every child—regardless of socioeconomic circumstances, race, ethnicity, or gender—on a course to a productive and healthy adulthood.

### Key Board Takeaways: Areas of Focus for Integrating SDOH Services

Children's hospitals have an opportunity to lead the transformation of U.S. healthcare. They are uniquely situated to integrate SDOH into care models and to transform how to pay for health. Boards should maximize the impact of their unique role by:

- Ensuring that there are board members with appropriate backgrounds to bring expertise on payment transformation
- Developing key relationships with external leaders from the business, academic/policy, and political communities
- Acting as key surrogates to communicate the transformative changes taking place in their organization to media
- Supporting fundraising activities to increase financial viability of the organization during this period of transition
- Checking to see that internal and external messaging is consistent

Although the causes of poor health have been discussed among experts for decades, mainstream awareness of issues related to the social determinants of health has been relatively minimal—until recently. COVID has laid bare the dangers and population health consequences of health disparities and inattention to the importance of social factors impacting health. Health is about far more than medical care. It is mostly determined by social factors, including pollution,

food deserts, subpar housing, and inadequate education.

For years, children's hospitals in the United States have been left to clean up the mess left by not addressing these issues. Children's hospitals exist in a system that incentivizes volume and complexity of medical services over integrated services that improve health outcomes.

Given the increasing awareness of and appreciation for the value of addressing the medical *and*

1 For more information, see the following white papers written by R. Lawrence Moss, M.D., [How Children Can Transform the Economy... and Healthcare](#) and [Growing the Economy: Children, Health and the American Worker](#).

non-medical determinants of health, now is the time for children's hospitals to build a groundswell of support for the programs and policies that will allow us to fully integrate and coordinate the services children in our communities need to become truly healthy.

The members of a children's hospital board can play a critical role in making this happen. As the CEO of Nemours, I work with our board to ensure that we are:

- Devoting the necessary resources to successfully shift to a value-based care/ population health model which includes comprehensive outcome tracking, partnership building, and program development to improve health and well-being for even more children in the communities we serve.
- Advocating for national and state policies that support the integration of medical care with housing, nutrition, education, and other services which, when "prescribed" together, can begin to eliminate the health disparities that plague our communities and economy.

## Laying a Foundation

Children's hospitals can play a crucial role in transforming healthcare by:

- Internally developing core competencies to assume full financial risk for children under their management
- Obtaining buy-in from the board for health system transformation

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- Having a direct line of communication, which allows two-way dialogue with the CEO
- Incorporating payment transformation from volume to value into the institution's strategic plan
- Working with government, non-profit, and private sector stakeholders to advance value-based care agreements

## Case Study: A Multi-State Children's Health System

**Opportunity 1:** Nemours took existing efforts to develop value-based care programming and turned it into a broader initiative that aligns with the enterprise-level strategic plan. The resulting Nemours Value-Based Services Organization (VBSO) gathers insights from our extensive electronic health records system, established telemedicine services, and a network of clinics and partnerships to create, implement, and track programs that reach more children, improve outcomes, and do so in a financially sustainable way.

**Opportunity 2:** Because patient populations and policies vary in each of the five states in which we operate, Nemours has a unique

opportunity to document what works in one location but not in another as well as what works in all locations. Our hospital system shares its successes and failures with other children's hospitals, non-profit organizations, and policymakers at the state level and federal level through our national office in Washington, D.C.

As Kara Odom Walker, Nemours Chief Population Health Officer and the former Secretary of the Delaware Department of Health and Social Services explains, "The government and other health systems benefit greatly when organizations share innovative, successful approaches to creating child health. Integrating comprehensive SDOH programming with medical services may be the most impactful and cost-effective step toward improving health outcomes in the United States."

**Opportunity 3:** As the VBSO builds and documents the results of its programs, the health system's government and payer relations teams work to put more contracts in place that allow payers, like the state government, to benefit from scaling these successful programs for entire populations of children.

Over time—within even just a few years—the children, families, and employers in these states will benefit from the economic ripple effects of a healthier, happier, and more productive population.

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## Not the Easy Way, the Best Way

Changing the way we operate, specifically the way we create health and are paid for it, is not easy. America's healthcare experts—some of our brightest minds and most dedicated leaders—have been working to address the SDOH and transition to value-based care for years, yet our system is still predominantly fee-for-service.

Children's hospitals exist because the people who operate them are devoted to making life better for children. They are the most dedicated among us. When we utilize their expertise and fierce commitment to children to create a broader, more inclusive, and more aspirational definition of child health, we can transform the health of our nation and invigorate our economy.

*The Governance Institute thanks R. Lawrence Moss, M.D., President and CEO, Nemours Children's Health System, for contributing this article. He can be reached at [larry.moss@nemours.org](mailto:larry.moss@nemours.org).*

