



Post/Ongoing COVID: Challenges for Children's Hospitals

By **Steven T. Valentine**, President and Board Chair,
Orthopaedic Institute for Children (an alliance with UCLA Health)

As children's hospitals face another surge/outbreak of the COVID-19 Delta, with other variants to follow, it is important to review what the impact was during the first wave of COVID-19. There are lessons to be learned and steps to take to mitigate the COVID impact and yet keep pushing forward to meet the healthcare needs of children. This article covers what happened during the first wave, identifies the significant impact on children's hospitals, and looks at what boards and management can do to adapt to the new wave of COVID.

Context and Prospective

To assess the challenges facing children's hospitals, we need to understand the pandemic influences and experiences that have had an impact on them:

- **The COVID-19 impact significantly reduced the admissions, ER visits, elective procedures, and births during 2020–2021.** This resulted in an unfavorable payer mix change to many hospitals, while at the same time these organizations experienced a significant increase in operating costs. Children's hospitals experienced higher costs due to human resources (vacancies, registry, wages, and bonuses), personal protection equipment (PPE), and adding bed, ER, and outpatient visit COVID capacity. All of these factors drove up operating costs while volumes declined roughly 40 percent across children's hospitals. This was a disaster. Fortunately, there was some federal and state economic funding for children's hospitals to help alleviate the situation.
- **During the first wave of COVID, the number one issue for most children's hospitals was the impact on staff.** They saw burnout, vacancies, stress, increased sick time, and concern for their own safety and that of their family. This weighed heavily on organizations and caused significant disruption of day-to-day operations.

- While the first wave of the COVID-19 pandemic had a rather mild impact on children, **the Delta variant is spreading more quickly and easily between children, therefore having a significantly higher pediatric incidence rate.** This increase in COVID-19 Delta patients is having a negative impact on hospitals financially and their caregivers emotionally. As reported in *The Wall Street Journal*, “Hospitals in the South and Midwest say they are treating more children with COVID-19 than ever and are preparing for worse surges to come.”¹
- **Children are back at school, mostly in person.** That along with children’s recreation and league sports programs will, at a minimum, increase orthopedic office and ER visits. We don’t know yet about the coming flu season and its impact. If we get our arms around the Delta variant and the flu, we will see less disruption. Failure to do this will result in a return to the 2020–2021 low volume, financially stressed environment.

Typically, children’s hospitals have academic affiliations, complex and compromised patients, research (basic and clinical), full neonatal and pediatric services, robust outpatient and clinic services, and centers of excellence. Therefore, these hospitals will be widely impacted.

Paul Viviano, President and CEO of Children’s Hospital Los Angeles, board member of the California Children’s Hospital Association, and Chair of the Children’s Hospital Association Public Policy Committee comments, “The post and ongoing COVID environment will force children’s hospitals when conducting strategic planning to move quickly, support and protect their staff, be nimble, and continue their focus on managing costs.” He further goes on to say, “We have expanded our residency program for nurses. While this won’t have an immediate impact, it will help further down the road to alleviate staffing shortages, improve retention, and reduce turnover.”

Board members should expect continued financial assistance from the federal and state governments. Further, the Biden Administration has supported funding CHIP for children, insurance exchanges, 340B (drug purchase program), and funding for state Medicaid programs. Additional funding was recently provided for rural telehealth as well. The Biden Administration also committed to making vaccine boosters available to adults and vaccine shots available for children under 12 by year-end.

1 Sarah Toy and Julie Wernau, “More Children Are Hospitalized With COVID-19, and Doctors Fear It Will Get Worse,” *The Wall Street Journal*, August 23, 2021.

→ Key Board Takeaways

- **Ask management to keep the board informed regarding the hospital's workforce issues.** Staff burnout, turnover, retention, recruiting costs, and costs of registry and travelling nurses have a significant impact on cost and quality.
- **Monitor the growing use of telehealth** by children's hospitals for consults and follow-up visits. There was a surge in telehealth use during the pandemic and now it seems to have leveled off at a lower level. However, a new surge in the Delta variant will drive telehealth volume up and continued and enhanced payment by payers will build a higher base of use.
- **Monitor utilization of services**, especially the use of the ER and elective procedures. The pandemic did cause a drop in births (already in decline), which reduces the use of neonatal units as well. Pediatric health screenings were down 40 percent, outpatient mental health visits were down 44 percent, dental health visits down 75 percent, and admissions down 40 percent nationally, all of which will cause pent up demand as the pandemic subsides.*
- **Be prepared and open to new models of care based on collaboration with other providers.** These new models and partnerships will be inclusive of social determinants of health. Also, more children's hospitals will integrate into school health to provide early detection of health issues and reduce the cost of care.
- **Track, through management, federal and state actions that will provide funding relief** addressing the increased cost of responding to periodic outbreaks of the COVID variants (Delta, Lambda, etc.).
- Management and the board should **strongly encourage staff to get vaccinated.** Some states are already requiring healthcare staff to get vaccinated.

* Jessica L. Markham et al., "Inpatient Utilization and Outcomes at Children's Hospitals During Early COVID-19 Pandemic," *Pediatrics*, March 2021.

Tony Scaduto, M.D., President and CEO of the Orthopaedic Institute for Children (OIC) (in alliance with UCLA Health) and the Executive Vice Chair of the Orthopedic Department at UCLA Health (which includes the Mattel Children's Hospital), also cited his number one concern is staffing. "Our organization has suffered from staff burnout, high turnover, increasing wage rates, staff shortages, higher expectations of better benefits, and requests to work fewer hours or work remotely." He also stated that "OIC

suffered significant volume reductions during the pandemic and is very concerned about the impact of the Delta variant.”

Boards and management should not slow down or stop moving forward. Managing in an unstable future environment is now the new norm. Taking more risk is now inherently built into an organization’s strategic direction. Children’s hospitals will need to push forward with strategic initiatives that were started and/or put on hold or were in the planning stages prior to the pandemic. Life will move forward and pursuing the mission and vision of the organization is still critical and should drive the organization forward. Valuations may have changed, risk (the unknown) is greater, however, moving forward with new care models, access points, and workforce/providers are needed to ensure the future of many children’s hospitals.

In addition to the “look forward mindset,” children’s hospitals must stay focused on their operating cost management and partnership with their staff. The staff are very vulnerable and the thought of a second or third variant wave is more than they can handle.

It is a difficult time for children’s hospitals with such an unstable future. The unknown impact of variants, staff burnout, and increase incidence among children are reasons to be cautious. Boards need to focus, be diligent, and move forward with an eye to the future.

The Governance Institute thanks Steven T. Valentine, President and Board Chair at Orthopaedic Institute for Children (an alliance with UCLA Health), for contributing this article. He can be reached at stv189.sv@gmail.com.

