

## Pediatricians work toward children's facility

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In the past three years, Bon Secours Virginia Health System has boosted the number of pediatric specialists in its physician network to 77, probably double what it was before, as it builds its St. Mary's for Kids brand.

“This group is made of an approximately even mix of employed, contracted and private practice physicians. They all function as part of our pediatric hospital team,” said Dr. William “Billy” Lennarz, chief medical officer for pediatrics at Bon Secours Virginia Health System. “We’ve been quiet, but we’ve been growing amazingly. ... I’m even able to recruit people based on hope.”

The “hope” he refers to is the prospect that Richmond will one day have an independently operated, free-standing children’s hospital that would consolidate most pediatric care in the region under that facility’s umbrella.

For such an entity to stand a chance of financial success in Richmond, the major hospital systems — Bon Secours, VCU Health System and HCA — would have to stop offering most pediatric services at their hospitals.

“We hired pediatric specialists with expectations they could be moving to this hospital,” Lennarz said. “We have developed a full-service comprehensive children’s program and are growing to a full complement of pediatric subspecialists, with the intent of partnering in a free-standing children’s hospital as envisioned by PACKids and the community’s philanthropists.”

PACKids, or Pediatricians Associated to Care for Kids, is a group of more than 250 community pediatricians working to build an independent children’s hospital in the Richmond area. Philanthropists Bill and Alice Goodwin and other donors have pledged to cover a significant portion of such a project’s costs. PACKids officials said those gifts would cover up to a third of the construction costs.

“Because the physician staffing model for the new hospital has not yet been established, our current pediatric physicians could remain part of the Bon Secours Medical Group or could be employed by the new entity,” Lennarz said. “None of that can be determined until we know who the partners in the project are.”

Results of a feasibility study by management consulting firm Kurt Salmon and released by PACKids in October suggest the Richmond market could support a \$500 million, 200-bed hospital operated as an independent nonprofit entity; the projected costs include a medical office building.

The consultant’s report envisioned a hospital where 46 percent of patients had commercial insurance, 44 percent were covered by Medicaid and 10 percent covered by other means. It also envisioned that 80 percent of the 200 hospital beds would be filled most of the time. The report projects a 7 to 11

percent net margin.

The consultant's report also assumes that a new children's hospital would receive federal and state "disproportionate share" dollars that go to facilities that treat a large number of uninsured and underinsured patients equal to the amount received now by local hospital systems for pediatric care.

To the VCU Health System and the HCA Virginia Health System, however, the consultant's projections do not add up.

"We think that there is not a clinical case for building a stand-alone children's hospital. We think that the business case is flawed and overly optimistic," said Mark Foust, spokesman for HCA Virginia.

HCA has a 36 percent market share of pediatric inpatient services in the Richmond region, according to data collected by the Virginia Health Information, a private nonprofit agency that has a state contract to collect and report health care usage data.

The VCU Health System also has invested significantly in children's health services in recent years, recruiting dozens of pediatric specialists to its Children's Hospital of Richmond at VCU, which it describes as a "hospital within a hospital" model.

VCU is constructing a new \$168 million, 640,000-square-foot outpatient children's pavilion on Broad Street between 10 th and 11 th streets in downtown Richmond. The building is scheduled to open in summer 2015.

"Ninety-five percent of the care of kids today is in the outpatient setting," said Dr. Sheldon Retchin, vice president for health sciences at VCU and the CEO of the VCU Health System. "That appears to be rising. That's the other thing the consultant did not look at — the need for inpatient care, for hospitalized care, is going down because of advances in therapy and the ability to lower costs."

HCA Virginia's pediatrics services include a pediatric emergency room and a pediatric intensive care unit at Chippenham Hospital. Regionally, HCA Virginia operates Chippenham, Johnston-Willis Hospital, Henrico Doctors' Hospital, Parham Doctors' Hospital, Retreat Doctors' Hospital and John Randolph Medical Center.

"We see 18 and under at all of our facilities," said Toni Rice, vice president of women's and children's services at HCA Virginia. HCA also contracts with VCU to provide some pediatric subspecialty services, Rice said.

Supporters of PACKids say it's fine to have all these services but that it would be better to have them consolidated in one place so families would not be confused on where to take their sick children.

Lennarz, at Bon Secours, said he continues to recruit new physicians to St. Mary's for Kids.

"We are slowly filling in gaps" in care, he said, including a new craniofacial team, which specializes in treating complex disorders of the skull and face, such as cleft palate.

"Our thought is that it's not a done deal," Lennarz said. "We have children and families to care for

now.”

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