

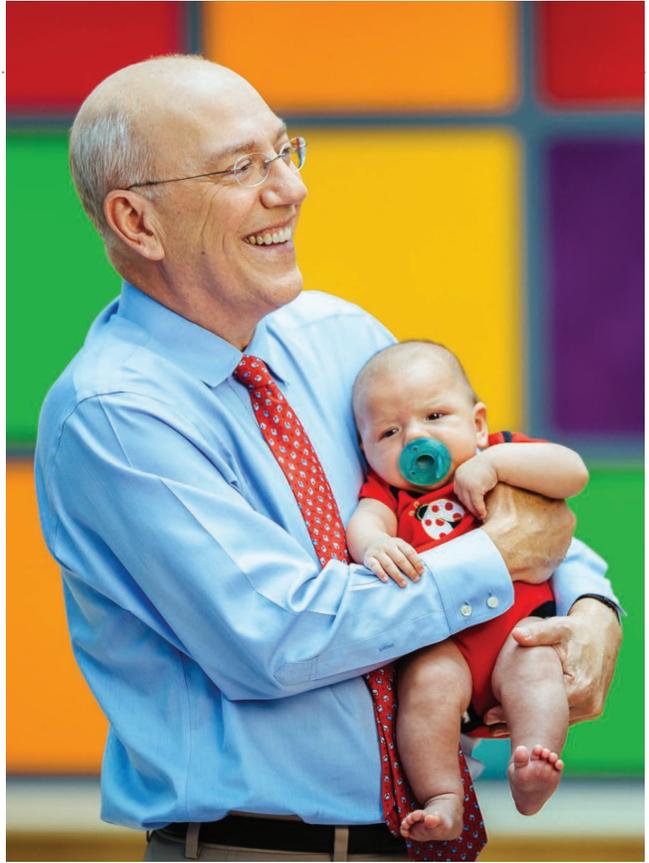


The Power of Partnerships



Children's National™

Annual Report 2014



We are grateful for the support and engagement of the people who make Children's National Health System the organization it has become. None of this would be possible without you."

I'm pleased to present the Children's National Health System 2014 Annual Report, which focuses on the power of partnership. My experience as President and CEO has bolstered my long held belief that strong, strategic relations and alliances empower us to provide more care to more children and have a greater positive impact on our community.

At Children's National, we are leading change designed to give every child the best chance at a bright and healthy future. In this report, we spotlight the diverse, groundbreaking partnerships that have helped us to make meaningful progress toward that vision this past year.

Partnership can take many forms. It can be multiple clinical divisions within Children's collaborating to streamline services and coordinate care to create a better experience for patients and families. It can be about building bridges across communities and organizations to help more children access the care they need where they need it.

As you'll see, no matter the type of partnership, one thing is clear: like-minded groups, united under the single powerful mission of improving the lives of children can indeed move mountains.

Thanks to the leadership and commitment of our employees, as well as the support of our community research, philanthropic, and business partners, we are stronger than ever before. We are better able to serve as champions and advocates for children. Our collaborators, allies, partners, and friends have truly enabled and inspired us to achieve greater health outcomes for children in the region, across the country, and around the world.



Kurt D. Newman, *President and CEO*

Fighting Together for the Mental Well-Being of Children



“As a father, and as someone who has dedicated his life to children, I find it devastating to watch families reach out for help with a child’s mental health issue when we have so few answers—and resources—to offer them.” In a 2012 Washington Post editorial, Children’s CEO Kurt Newman, MD, called on all of us to demand better.

Recognizing the need for better cooperation and given our role as an established advocate for children, the organization has since combined forces at local and national levels to advance delivery of mental health support services for the children who desperately need them.

Locally, a first of its kind public-private partnership—the DC Collaborative for Mental Health in Pediatric Primary Care—was launched by Children’s National, the Children’s Law Center, the American Academy of Pediatrics, Georgetown University, and the DC Departments of Health, Finance, and Behavioral Health, to improve early detection and treatment for children.



The collaborative created a quality improvement learning program for community pediatricians to integrate basic mental health assessment into primary care visits. Almost three quarters of children enrolled in the District's Medicaid program receive medical care from providers who participated in the program and are integrating such screenings into well child visits today.

In addition to caring for the District's children, we are taking steps to keep children at the center of any national discussion about mental health policy. At the White House National Conference on Mental Health in June 2013, Dr. Newman and Chief of Psychiatry and Behavioral Sciences, Paramjit Joshi, MD, advocated for children's mental health needs as central to initiatives that reduce stigma and improve access to care.

Children's National also gathered top pediatric mental health experts, children's hospital leaders, local and national advocates as well as policymakers at the first Children's Mental Health Summit in Washington, DC. The group highlighted best practices in how health systems and local governments around the country are meeting these challenges and mapped out potential next steps for systemic improvements.

Children with mental health challenges can't wait for policy to catch up to the tremendous need that already exists. These local and national coalitions have made important strides to overcome challenges and offer more of the answers—and resources—that these families so desperately require.

15 MILLION
NUMBER OF CHILDREN with conditions affecting mental health

20% Children with mental health conditions who RECEIVE TREATMENT

130
Local COMMUNITY PEDIATRICIANS who completed the DC learning collaborative for mental health quality improvement

Local Collaborators Building a Better Future for Children



From pioneering a district-wide immunization program for school age children to the addition of Children's National nurses in DC Public Schools, Children's National has worked with community partners since the earliest days in our history to identify the unmet needs of the District's children and families and find ways to meet them.

Local Collaborators Building a Better Future for Children

To that end, in 2012, Children's helped form the District of Columbia Healthy Communities Collaborative, a data-driven partnership of local DC hospitals and community health centers that share a common goal of reducing health disparities and increasing health equity for the most vulnerable DC populations. That same year, the collaborative sponsored a comprehensive evidence-based community health needs assessment, conducted by the RAND Corporation. This assessment identified four priority health conditions:

- Asthma
- Obesity
- Mental health/substance abuse
- Sexual health

The collaborative continues to sponsor DCHealthMatters.org—a website designed as a resource for healthcare leaders, policy makers, community-based organizations, and citizens in the District who are interested in tracking key health indicators and engaging in projects that will improve the health of the population.

The collaborative recently completed its first Community Health Improvement Plan for the District of Columbia, targeting intervention strategies at the four key priority areas: asthma, obesity, mental health/substance abuse, and sexual health.

The successful implementation of the community health improvement plan will rely on the expertise and commitment of the collaborative members, as well as support from partners in public health and community leaders.

For its leadership on DC Health Matters and the DC Healthy Communities Collaborative, Children's National was honored with a 2014 Healthy Communities Award from the Healthy Communities Institute. The most important outcome, however, is the real progress the collaborative is making together toward improved health outcomes for our Washington, DC, community.

Caring for Children Where they Learn: Children's School Services

The School Health Nursing Program within Children's School Services provides high quality health services to students by placing registered and licensed practical nurses within District of Columbia Public and Public Charter Schools.

..... :
160

Total DC PUBLIC and PUBLIC CHARTER SCHOOLS with Children's nurses

..... :

411,000

Total HEALTH SUITE ENCOUNTERS with students in the 2013-2014 school year

Multi-disciplinary Experts Partner in Caring for Our Tiniest Patients

The Fetal Medicine Institute at Children's National Health System is a new, multi-disciplinary institute that specializes in the early diagnosis and care of the smallest patients. This unique program provides seamless, family-centered support using the most advanced tools from diagnosis in utero through treatment of the highest risk babies.



Families who come to the institute at the Sheikh Zayed Campus find themselves in the hands of international experts in fetal medicine, the new frontier in pediatric care. Children's National specialists from 16 disciplines, including experts in the fetal brain and fetal heart, come together in one location to collaborate in providing advanced fetal care.

The institute utilizes state-of-the-art advanced diagnostic fetal imaging, and includes the Advanced Pediatric Brain Imaging Research Laboratory. The brain imaging team has built one of the largest databases of normal images of the developing fetal brain that allows clinical fetal neurologists to identify potential problems during early pregnancy.

When a patient is referred, Children's doctors work hand in hand with the patient's existing care team of maternal-fetal medicine specialists and obstetricians to tailor treatments based on the unique needs of each mother and fetus.

Made possible by donors including Daniel Tassé, President and CEO of Ikaria, Inc., and Natalia Luis and Cidalia Luis-Akbar, the institute's location at the main hospital brings another unique benefit—care doesn't stop after birth. The Fetal Medicine Institute bridges prenatal, postnatal, and longer term pediatric care, creating a continuum of support that stays with these families as long as they need it.



Health Information Technology Shaping Patient Outcomes through the Bear Institute:

First-of-its-kind Data Driven Partnership Celebrates First Year

“When most healthcare organizations first implement healthcare information technology, they are excellent at entering essential healthcare data,” says Brian Jacobs, MD, Children’s National Chief Medical Information Officer and Chief Information Officer. “We have been challenged historically in the aggregation, analysis, and conversion of this data into useful information to improve health outcomes.”

Children’s National recently celebrated the first of a seven year partnership with the Cerner Corporation, a leader in health information technology, creating the Bear Institute. The Bear Institute focuses on health IT operational excellence along with innovation to integrate electronic health data sources and take that next crucial step of harnessing data from information systems and facilitating the transformation of enhanced care delivery, education, and research.

A key initiative of the Bear Institute is Children’s IQ Network®, a community wide health information exchange (HIE) that connects together all health information at Children’s, from primary care clinics, emergency departments, and inpatient units. The Children’s IQ Network® provides more than 300 independent community pediatricians access to follow their patient’s essential health information electronically across our system, ensuring continuity of care.

Integration enables doctors to more effectively manage specific patient populations. For example, a Bear Institute algorithm identifies several factors—pain, medication compliance, socioeconomic status—that contributed to greater hospital readmission rates for sickle cell disease patients. Doctors are now able to optimize diagnoses and treatments, improve quality and safety, and avoid unnecessary testing.

Children’s National is at the forefront of applying this innovative technology to inform healthcare decision making, and our model is rapidly becoming an example of success for other health systems around the United States.

“Our leadership in the use of health IT to improve care delivery reaches beyond our patients at Children’s National,” Dr. Jacobs concluded. “We are starting to see the positive impact of these efforts on the care of children across the country and around the world.”

Health Information Technology Shaping Patient Outcomes through the Bear Institute

Ten

Major Bear
Institute HEALTH
SOLUTIONS
in year one

HEALTHCARE
PROVIDERS
affected by Bear
Institute initiatives

3,500

ELECTRONIC
inpatient care ORDERS
in a single week at
Children’s National

42,000

1,200

Complete,
legible electronic
clinician NOTES
CREATED DAILY

Our Donors: Partners for Children



Since its origins as a 12-bed hospital in 1870, Children's National has been able to provide the best possible care for children because of the generosity of volunteers, donors, and other partners. Through the support of individual, corporate, and community donors, Children's National has evolved into a pediatric health system known nationally and internationally for its exceptional care and research.

The Children's Ball in May 2014 demonstrated the endless possibilities of partnerships with corporate and community leaders who share our passion for improving the lives of children. A longtime Washington tradition, the Children's Ball is a black-tie event that has raised as much as \$2 million in past years. With the leadership of our co-chairs, Amy and Bret Baier and His Excellency Ambassador Yousef Al Otaiba and his wife Mrs. Abeer Al Otaiba, the 2014 Ball raised a stunning \$10.9 million through sponsorships, a silent auction, an online auction, and a live auction. Featuring celebrity chefs Wolfgang Puck and Nobu Matsuhisa and a surprise appearance by Grammy and Academy Award winner Jennifer Hudson, the Ball was one of the most successful Washington, DC, fundraisers in history.

The leadership and staff of Children's National – and the children and families we serve – are deeply grateful for everyone who supported our mission this year through the Children's Ball, our Race for Every Child, other events and campaigns, and individual gifts.

4,700
RUNNERS
and walkers

One
MILLION +
dollars raised



The Race for Every Child

Seeking a way to involve more children and families in our mission, Children's National established the Race for Every Child in 2013. Held on Freedom Plaza in Washington, DC, the inaugural 5K run/walk attracted 3,900 participants and raised more than \$700,000. This year, under the leadership of board member Carrie Marriott, the 2014 Race for Every Child exceeded expectations by raising more than \$1 million, with 4,700 runners and walkers, many of whom had been treated at Children's National. Visit raceforeverychild.org to learn more.

Highlighting the Power of Partnership



“

These programs demonstrate Children’s industry-leading thinking, bringing corporate organizations into innovative relationships to provide better and more accessible care. When we all put kids at the center of what we do, the right partnerships and collaborations naturally evolve.”

—Kurt D. Newman, MD, President and CEO



Working together with Walgreens to simplify family needs after a hospital visit

No day is happier for families than the day their child is discharged from the hospital. Their happiness is truly complete when it's easy to take their child's medication home too. This year, Children's National partnered with Walgreens, the nation's largest drug store chain, to open a convenient pharmacy on the Sheikh Zayed Campus. Located in the Main Atrium, the new Walgreens Pharmacy gives families the opportunity to fill needed prescriptions before they leave the building, talk to a pharmacist about medication questions, and pick up items like toiletries or healthy snacks right on site.

Health system partnerships bring better care to families where they live

Two new partnerships with health systems in the Washington, DC, region, are expanding access to care for families.

Pediatric Specialists of Virginia, LLC



Launched in 2013, Pediatric Specialists of Virginia, LLC, brings high quality child-focused specialty care to the families of Northern Virginia. This private practice, jointly created by Children's National and INOVA Health Systems, offers eight convenient locations around the region. Over the course of its first year in operation, the practice has added nine specialties, now offering Endocrinology, Gastroenterology/Hepatology/Nutrition, Genetics, Hematology/Oncology, Infectious Disease, Neurology, Nephrology, Orthopaedics, and Rheumatology, and will open doors to a new Ambulatory Surgery Center soon.

Pediatric Radiation Oncology with Sibley Memorial Hospital and Johns Hopkins Medicine

Children's National Health System, Sibley Memorial Hospital, and Johns Hopkins Medicine are jointly building a new pediatric-focused radiation oncology service in the District of Columbia. The collaboration will expand access for families requiring radiation treatment by offering services tailored to the unique needs of children within the District of Columbia. At its start, the program will offer traditional linear accelerator (photon) therapy, followed by the addition of advanced proton beam therapy in the near future. The partnership also will expand pediatric focused clinical trials in radiation therapy, so doctors can better understand the long term effects of treatment approaches and develop care improvements that minimize side effects for patients.

2014 Highlights: Spotlight on Innovation

Teaching the Body's Own Immune System
to Seek and Destroy Dangerous Intruders



Children's National is opening critical new horizons in the treatment of childhood cancer and other immunocompromising conditions with a pioneering treatment that teaches umbilical cord blood T-cells to fight dangerous viruses.

In the battle against childhood cancer and blood disorders, bone marrow transplant may be the only cure for some patients. However, many patients, especially minorities, do not have an available bone marrow donor. The use of donated cord blood for transplantation has now increased the number of children who can benefit from this life-saving treatment. Cord blood has greater flexibility to be matched to a patient, so children without an identified bone marrow donor can now receive a life-saving transplant too.

Unfortunately, while the "naïve" nature of cord blood's immune cells, or T-cells, makes them more compatible with more patients, that quality also means that patients who receive a cord blood transplant are more vulnerable to external threats such as viral infection for as long as a year following transplant.

Scientists and doctors at Children's National in the Program for Cell Enhancement and Technologies for Immunotherapy (CETI) have developed a new approach that borrows a small fraction of donor cord blood T-cells and teaches them to target viruses through exposure to low levels of these hazards in the laboratory. When these "trained" T-cells are injected back into the patient, it substantially reduces the child's risk of succumbing to a life threatening infection because the T-cells are better prepared to fight off the infection. This cutting-edge treatment is only available at Children's National.

To date, all of the patients who have received these "trained" cord blood T-cells have been protected from severe virus infection.

With such promising results, researchers are working to expand the application of this novel therapy to more patients in the future. As Catherine Bollard, MBChB, MD, the director of the CETI program says, "This procedure helps any patient who has a weakened immune system fight viruses and virus-associated cancers."

And so, while the CETI team continues to train some T-cells to fight viruses, they also are teaching others to target cancer cells, such as leukemias and lymphomas, and developing cell therapies to fight any type of inflammation. For example, a study will launch next year to investigate applications for children suffering from inflammatory bowel disease.

The team also is building a bank of trained T-cells with the goal of matching and deploying them to vulnerable children, similar to the way today's cord blood banks operate. This resource will allow CETI to be a fast and viable option for all children who may need this promising new therapy.

LESS THAN **20%**

MATCHING RATE for African Americans to a transplant donor, before umbilical cord blood transplants

APPROX. **40%**

OF CHILDREN with cancer can die from a dangerous infection post chemotherapy or bone marrow transplant

93%

CHILDREN who are able to fight off viral infection following T-cell therapy

MORE THAN **10**

Total number of T-cell therapy PROCEDURES PERFORMED at Children's

2014 Highlights: Year in Review



August

September

October

November

December

January

February

2013

The first pediatric health information technology institute in the country, **The Bear Institute**, is formed in partnership with Cerner Corporation.

Children's National and Inova Health Systems launch joint venture, **Pediatric Specialists of Virginia, LLC**.

Sheikh Zayed Institute for Pediatric Surgical Innovation receives **FDA grant** to form Pediatric Device Innovation Consortium.

Children's National, Sibley Memorial Hospital, and Johns Hopkins Medicine partner to make **pediatric-focused radiation oncology** care accessible to patients requiring radiation therapy.

Children's National holds its inaugural **Race for Every Child** 5k Run/Walk in Washington, DC, attracting nearly 4,000 participants and raising \$700,000.

First Lady **Michelle Obama** visits Children's National.

Roger J. Packer, MD, and **Yuan Zhu, PhD**, installed as the inaugural Gilbert Family Professors in Neurofibromatosis.

Diego Preciado, MD, installed as the inaugural Joseph E. Robert, Jr., Professor of Pediatric Otolaryngology.



Children's National employees donated more than **a million dollars** to the organization through the **2013 I Care. I Share. Employee Giving Campaign**.

Amy and Bret Baier receive inaugural Joseph E. Robert, Jr., Prize in Philanthropy.



March



May



June

July

2014

Led by co-chairs His Excellency Ambassador Yousef Al Otaiba and his wife Mrs. Abeer Al Otaiba, and Amy and Bret Baier, the Children's Ball raises a record **\$10.9 million.**

Children's National launches **Dr. Bear's Private Rooms Pilot Program**, offering families the opportunity to enhance their room accommodations during a hospital stay.

Children's receives **Healthy Communities Achievement Award** for the DC Healthy Communities Collaborative and the DC Health Matters website.



Fetal Medicine Institute opens doors at Children's National.

Children's convenes **first-ever national summit** to advance mental health care for children.

Program for Cell Enhancement and Technologies for Immunotherapy (CETI) performs the hospital's **first T-cell therapy treatment** for an immunocompromised child with virus infection.

Director of Nursing Research and Quality Outcomes **Pamela Hinds, PhD, RN, FAAN**, is named the first William and Joanne Conway Chair in Nursing Research.

Walgreens Pharmacy opens in the Main Atrium at Children's National.

Children's launches a **redesigned website** to engage and inform the digital generation, including patients and their families. As the "front door" to Children's National, the new design delivers detailed information about services coupled with colorful patient stories, delivered seamlessly to every type of device.

U.S. News & World Report names Children's National Health System among Best Children's Hospitals.

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Fiscal Year 2014 Financial Highlights

ASSETS, as of June 30, 2014 in Thousands

Cash and short-term investments on hand	\$119,263
Amounts owed by insurance companies, government agencies, patients, and other entities	169,922
Inventory on hand to meet the needs of our patients	7,918
Net value of property, plant, and equipment	535,466
Investments to be held longer than one year	361,121
Proceeds from the sale of bonds to pay for capital expansion, renovation, and equipment	29,084
Funds contributed over the years by our friends in the community to pay for specific projects	149,589
Other assets	192,700
Total assets, the strong financial base that ensures our ability to continue to care for sick children	\$1,565,063

LIABILITIES, as of June 30, 2014 in Thousands

Amounts owed to vendors, employees, and other third parties	\$333,291
Amounts borrowed to fund the projects and purchase the equipment needed to serve our patients, payments due within a year	7,339
Amounts borrowed to fund the projects and purchase the equipment needed to serve our patients, payments due in the future	463,480
The difference between what we own (our assets) and what we owe (our liabilities), representing the community's interest in Children's National Medical Center	760,953
Our current liabilities, plus the community's interest, equals our total assets	\$1,565,063

SOURCES OF INCOME FOR DELIVERING QUALITY HEALTHCARE SERVICES TO OUR COMMUNITY

COME FROM, as of June 30, 2014 in Thousands

Services provided for inpatients and outpatients, including physician care, diagnostic and therapeutic procedures, nursing care, and room and board	\$2,056,210
Because government and other insurance carriers do not pay the total charges on the care delivered, we did not collect	(1,137,504)
Because we provide care to the indigent and children with families unable to pay their full bill, we did not collect	(34,772)
We received additional income from other sources, including research grants and other programs sponsored by outside support	110,916
The use of restricted charitable gifts to support operations	32,518
Contributions from our friends in the community who understand and support our mission to care for children	24,917
Total revenues and support to care for the children who need our special services	\$1,052,285

FROM OUR INCOME WE PAID FOR,

as of June 30, 2014 in Thousands

Salary and benefits for our medical, professional, and support staffs	\$644,199
Operating supplies and services	283,715
Depreciation and interest on plant and equipment	77,746
Professional liability protection	11,006
Total expenses required to meet the needs to support our patients and mission	\$1,016,666
Excess of revenues from operations to support our mission	35,619
Total Philanthropic Support	54,084

Children's National Medical Center

Corporate Entities

Children's Hospital

Children's Hospital Foundation

Children's National Advocacy and Public Policy, Inc.

Children's National Health Network

Children's National Specialists of Northern Virginia, LLC

Children's Pediatricians and Associates

Children's Research Institute

Children's School Services

Safe Kids Worldwide

We would like to thank our donors, volunteers, employees, parents, and children who graciously give their time in support of our organization and our mission.

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