



Children'sSM
Healthcare of Atlanta

Payer Challenges

2024 CHA CFO Forum

Children's Healthcare of Atlanta





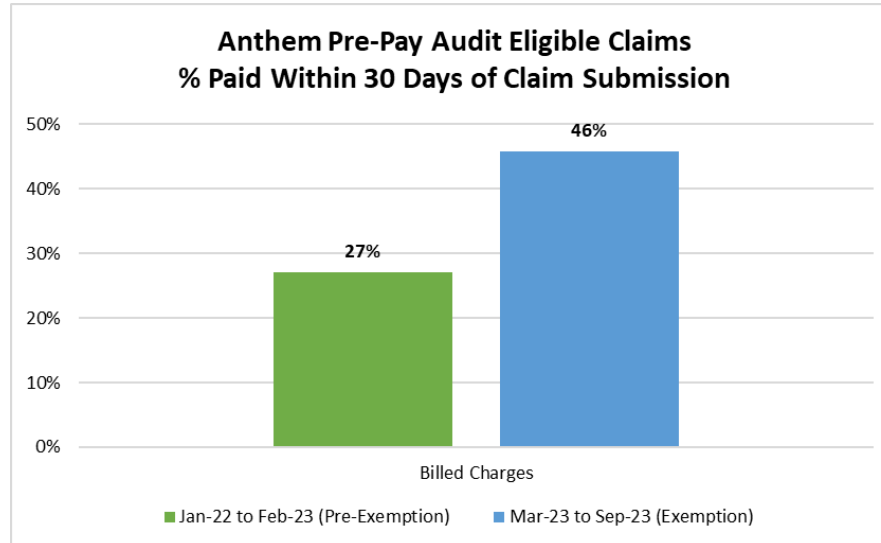
Children'sSM
Healthcare of Atlanta

Pre-Payment Audits



Anthem Blue Cross Blue Shield

- Children's is subject to Anthem's pre-payment audit policy, requiring the submission of itemized bills for all claims with billed charges in excess of \$125k (IP) / \$100k (OP)
- After demonstrating the administrative burden and limited financial benefits for Anthem associated with the policy, Anthem granted Children's a temporary policy exemption from Mar-23 to Sep-23
- Children's experienced a significant decrease in payment timeframes for pre-pay eligible claims during the exemption period; however, despite this success, Anthem was unwilling to extend the exemption without significant concessions from Children's



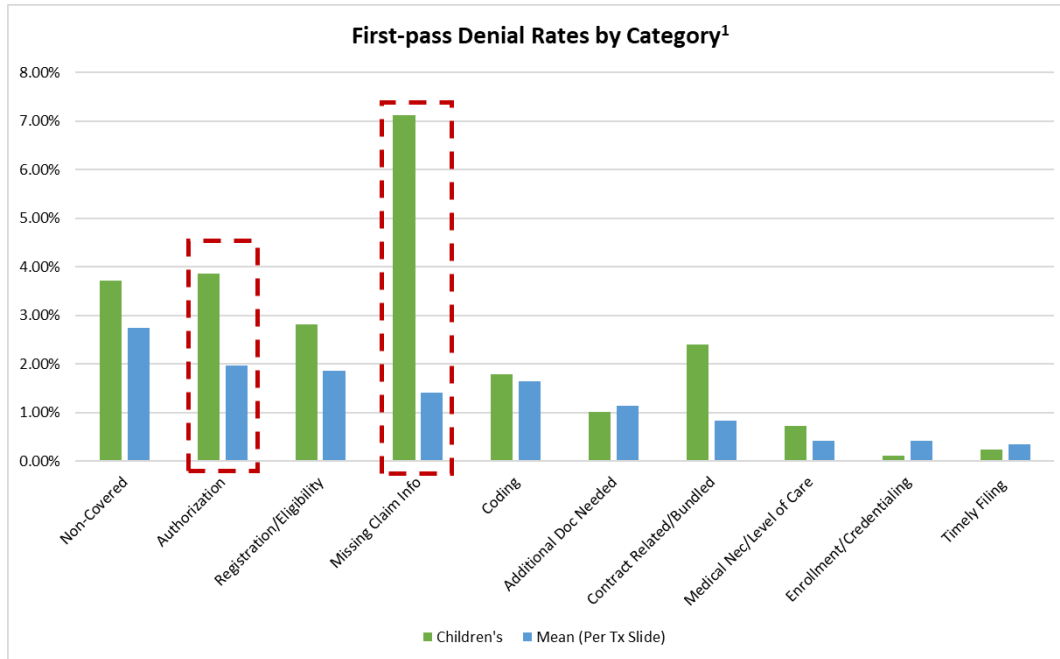


Children'sSM
Healthcare of Atlanta

Denial Trends and Management



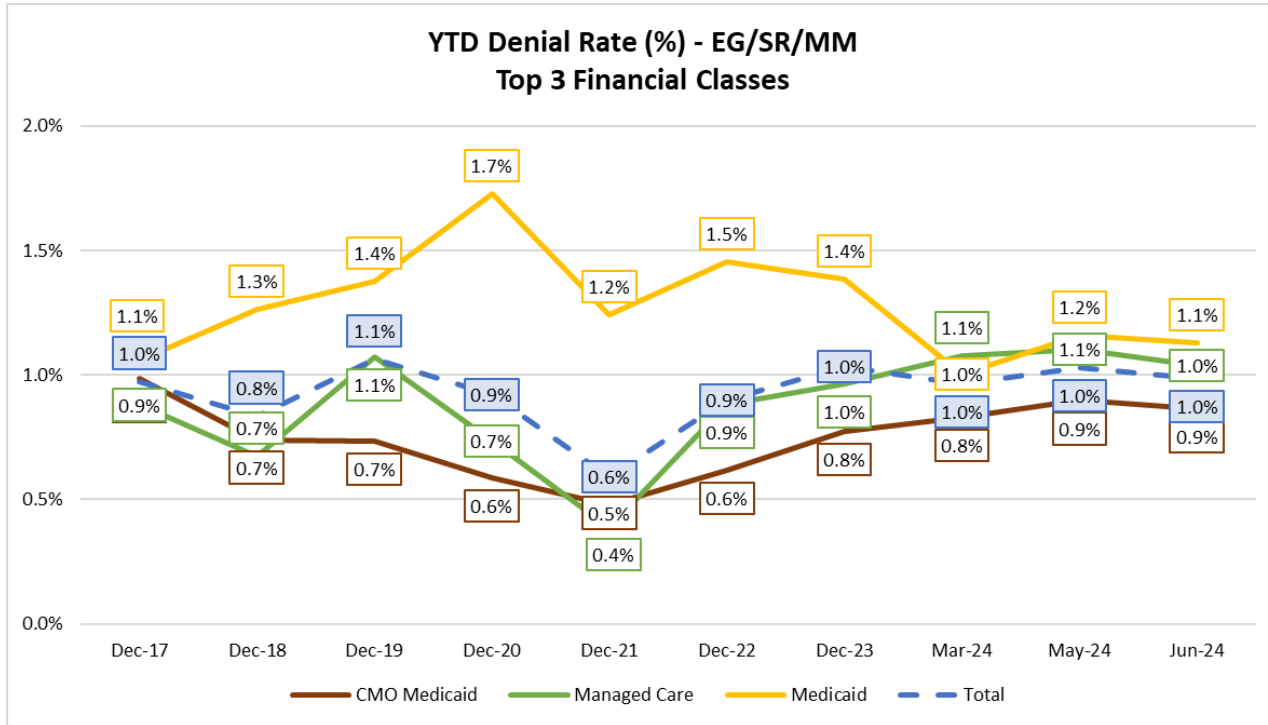
First-pass Denials



¹Source Data: Epic Denial Pulse – Hospital Billing as of 7/24/2024
Epic Calculation: Number of denial payments with remit code mapped to category divided by total number of payments in past four weeks

- **Authorization:** 50% of denials are from Managed Care financial class. Driven largely by CHIPRA-related authorization denials when patients are retroactively enrolled in Managed Care plan after admission.
- **Missing Claim Info:** Driven primarily by GA Medicaid's very broad usage of remittance code 16 (Claim/service lacks information or has submission/billing errors) for a variety of denial reasons. GA Medicaid accounts for 76% of this code's total usage.

HB Final Denials



- YTD Denial Rate = YTD Denial write-offs / YTD Gross Revenue
- Write-off transactions are generally entered at the gross account balance amount. On occasion, such as for partial governmental denials where the gross amount is difficult to derive, the transaction value may be net



Children'sSM
Healthcare of Atlanta

Revenue Cycle

2024 CHA CFO Forum

Children's Healthcare of Atlanta

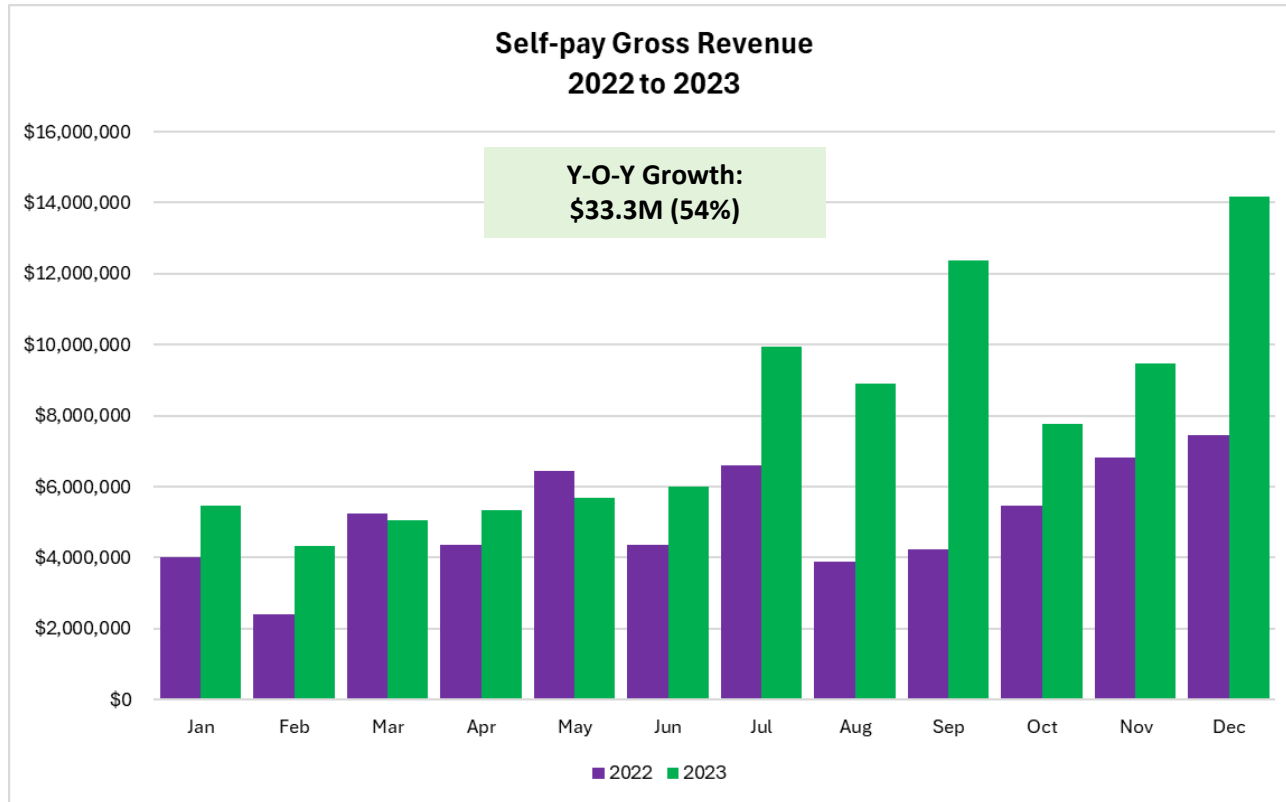


Background

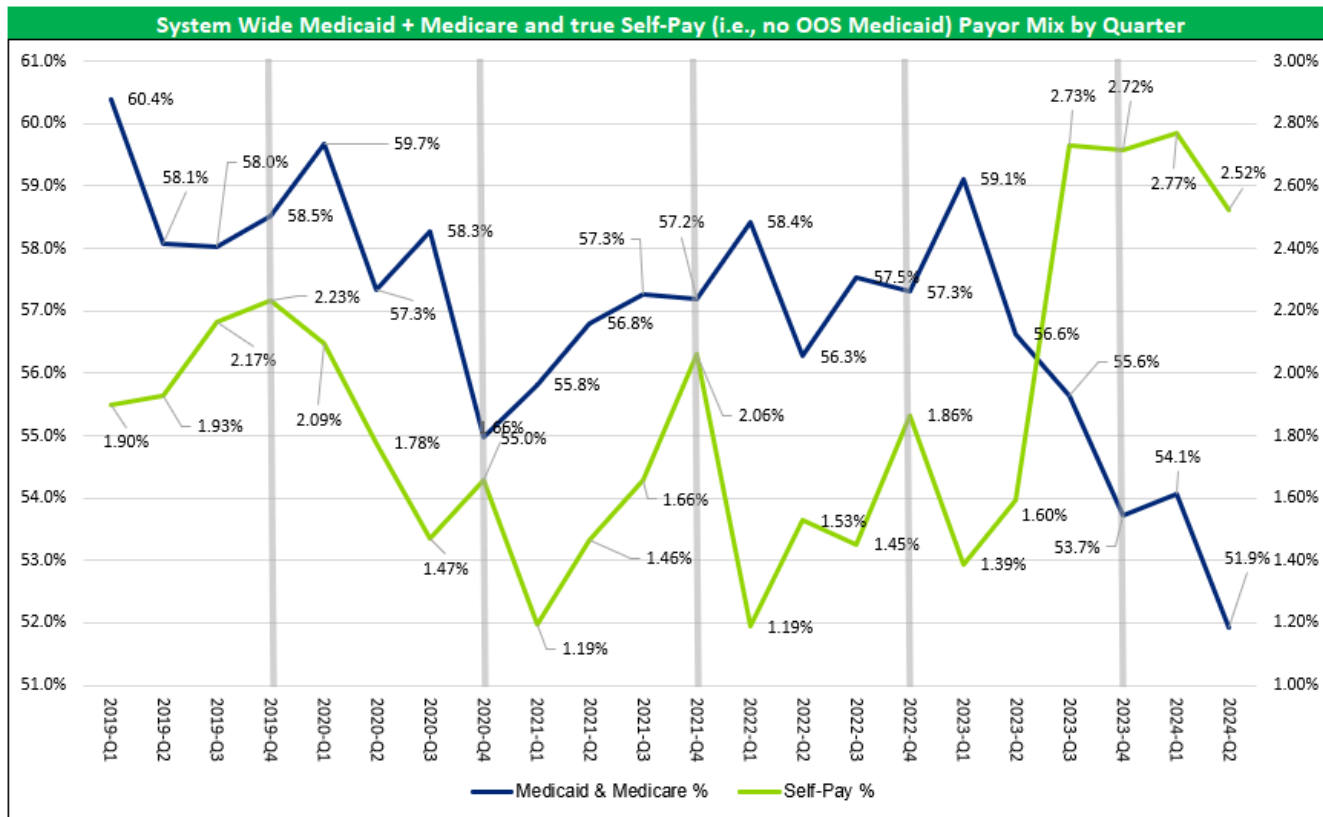
- **April 2023:** Georgia Medicaid initiated the redetermination process
- **April 2023:** GA Medicaid enrollment: 2.5M members (source: kff.org)
- **July 2023:** Children's began to observe a significant increase in Self-pay gross revenue
- **February 2024:** As a result of the Change Healthcare cyber-attack, Children's lost the ability to produce and send patient statements
- **March 2024:** GA Medicaid enrollment: 2.0M members (source: kff.org)



Self-pay Gross Revenue (HB): 2022 – 2023



Self-pay & Medicaid Payer Mix Trends: 2019 - 2024



Rate Volume Mix Analysis - 2022 vs 2023

Top of House by Fin Class for 2022 vs 2023							Rate - Volume - Mix Analysis \$				Rate - Volume - Mix Analysis %			
Fin Class	Year 2022		Year 2023				Rate	Volume	Mix	Total Var	Rate	Volume	Mix	Total Var
	# of HARs	Gross \$	\$ / HAR	# of HARs	Gross \$	\$ / HAR								
CMO Medicaid	207,869	1,736,275,395	8,353	205,058	1,823,460,169	8,892	85,639,792	(23,479,548)	25,024,529	87,184,774	21.55%	-5.91%	6.30%	21.93%
Commercial	1,641	14,040,133	8,556	1,078	7,895,790	7,324	461,160	(4,816,938)	(1,788,564)	(6,144,342)	0.12%	-1.21%	-0.45%	-1.55%
Managed Care	179,146	1,719,551,991	9,599	184,909	1,921,879,791	10,394	88,743,438	55,316,770	58,267,591	202,327,800	22.33%	13.92%	14.66%	50.90%
Medicaid	41,729	761,976,744	18,260	42,387	835,099,742	19,702	38,699,595	12,015,162	22,408,241	73,122,998	9.74%	3.02%	5.64%	18.40%
Medicare	1,368	19,594,564	14,324	1,094	22,023,063	20,131	783,496	(3,924,642)	5,569,645	2,428,499	0.20%	-0.99%	1.40%	0.61%
Out of State Medicaid	1,385	13,492,863	9,742	1,246	12,417,706	9,966	606,935	(1,354,157)	(327,935)	(1,075,157)	0.15%	-0.34%	-0.08%	-0.27%
Self-Pay	9,860	61,289,559	6,216	15,163	94,541,594	6,235	4,712,645	32,963,340	(4,423,950)	33,252,035	1.19%	8.29%	-1.11%	8.37%
Shared Service	80	6,602,081	82,526	116	7,960,640	68,626	478,651	2,970,936	(2,091,028)	1,358,559	0.12%	0.75%	-0.53%	0.34%
Tricare	7,509	99,300,485	13,224	7,639	104,330,288	13,658	5,050,982	1,719,145	(1,740,324)	5,029,803	1.27%	0.43%	-0.44%	1.27%
Grand Total	450,587	4,432,123,815	9,836	458,690	4,829,608,783	10,529	225,591,381	79,703,807	92,189,781	397,484,969	56.75%	20.05%	23.19%	100.00%
					Y-O-Y Gross \$ Change		397,484,969							

Self Pay Only by Base Class for 2022 vs 2023							Rate - Volume - Mix Analysis \$				Rate - Volume - Mix Analysis %			
Base Class	Year 2022		Year 2023				Rate	Volume	Mix	Total Var	Rate	Volume	Mix	Total Var
	# of HARs	Gross \$	\$ / HAR	# of HARs	Gross \$	\$ / HAR								
Ambulatory Surgery	279	3,142,334	11,263	362	4,236,395	11,703	203,858	934,816	(44,613)	1,094,061	0.61%	2.81%	-0.13%	3.29%
Emergency	5,566	15,419,547	2,770	8,626	25,449,073	2,950	1,194,835	8,477,150	357,541	10,029,526	3.59%	25.49%	1.08%	30.16%
Inpatient	382	24,606,903	64,416	698	35,885,783	51,412	2,248,118	20,355,449	(11,324,686)	11,278,880	6.76%	61.22%	-34.06%	33.92%
Outpatient	3,633	18,120,774	4,988	5,477	28,970,343	5,289	1,365,916	9,197,552	286,100	10,849,569	4.11%	27.66%	0.86%	32.63%
Grand Total	9,860	61,289,559	6,216	15,163	94,541,594	6,235	4,712,645	32,963,340	(4,423,950)	33,252,035	14.17%	99.13%	-13.30%	100.00%
					Y-O-Y Gross \$ Change		33,252,035							

Volume is the key-driver for the significant increase in self-pay revenue between 2022 and 2023

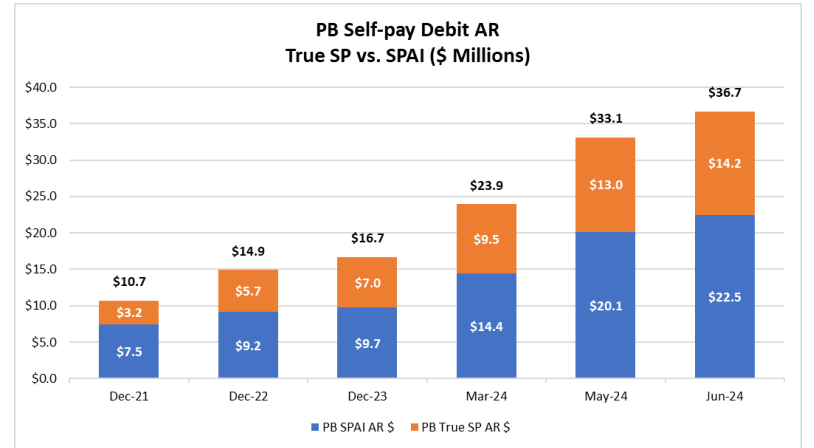
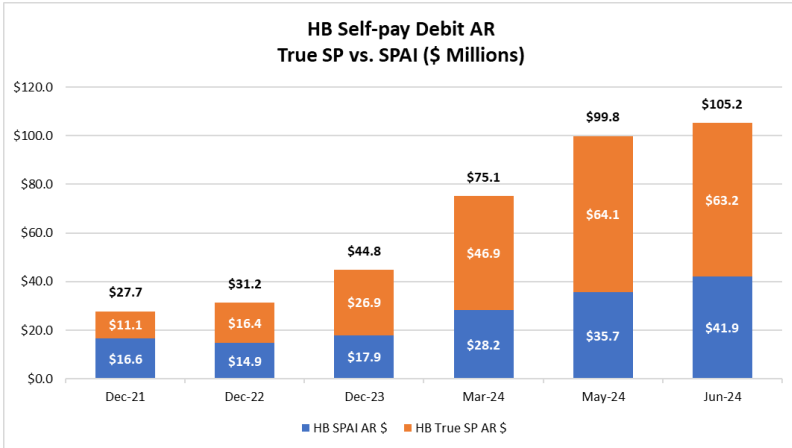
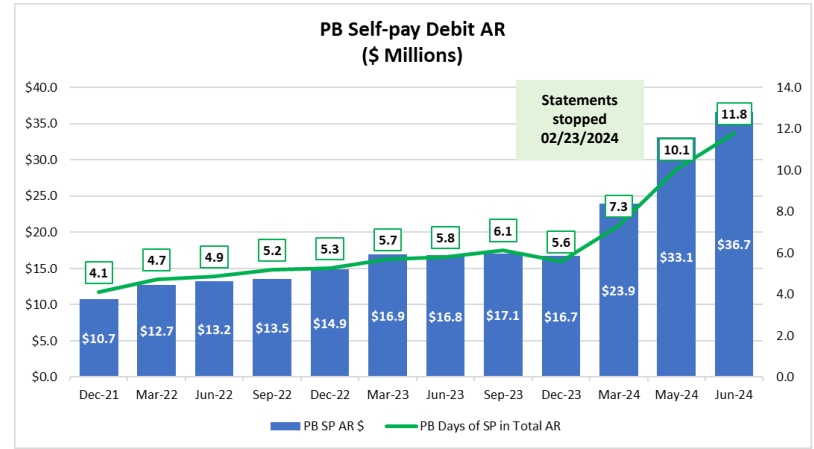
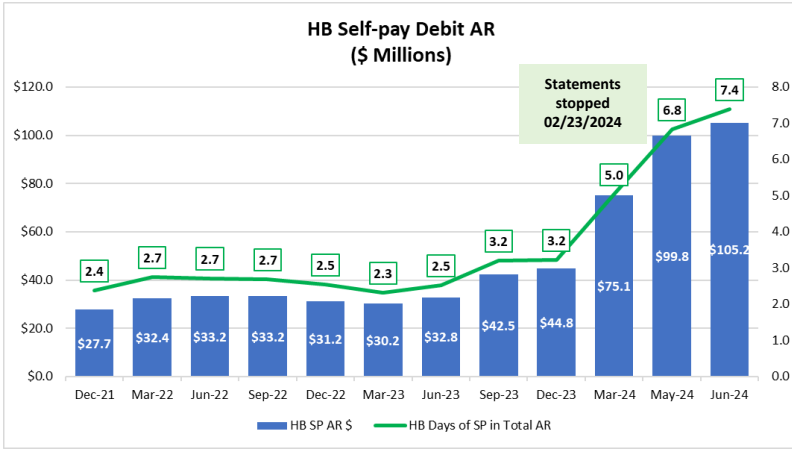
Rate Volume Mix Analysis – 2023 vs 2024 Annualized

Top of House by Fin Class for 2023 vs 2024 (annualized)										Rate - Volume - Mix Analysis \$				Rate - Volume - Mix Analysis %			
Fin Class	2023			2024 YTD (Jan to Apr)			2024 Annualized			Rate	Volume	Mix	Total Var	Rate	Volume	Mix	Total Var
	# of HARs	Gross \$	\$ / HAR	# of HARs	Gross \$	\$ / HAR	# of HARs	Gross \$	\$ / HAR								
CMO Medicaid	205,058	1,823,460,169	8,892	64,853	590,099,499	9,099	194,559	1,770,298,496	9,099	82,179,690	(93,361,431)	(41,979,932)	(53,161,673)	15.7%	-17.8%	-8.0%	-10.1%
Commercial	1,078	7,895,790	7,324	658	6,482,073	9,851	1,974	19,446,219	9,851	686,780	6,562,735	4,300,914	11,550,429	0.1%	1.3%	0.8%	2.2%
Managed Care	184,909	1,921,879,791	10,394	65,278	735,573,801	11,268	195,834	2,206,721,402	11,268	96,682,946	113,550,648	74,608,018	284,841,611	18.4%	21.7%	14.2%	54.3%
Medicaid	42,387	835,099,742	19,702	15,975	350,768,577	21,957	47,925	1,052,305,732	21,957	44,849,892	109,108,509	63,247,589	217,205,990	8.6%	20.8%	12.1%	41.4%
Medicare	1,094	22,023,063	20,131	338	6,014,185	17,793	1,014	18,042,554	17,793	969,599	(1,610,462)	(3,339,646)	(3,980,509)	0.2%	-0.3%	-0.6%	-0.8%
Out of State Medicaid	1,246	12,417,706	9,966	280	2,477,249	8,847	840	7,431,748	8,847	397,646	(4,046,219)	(1,337,385)	(4,985,958)	0.1%	-0.8%	-0.3%	-1.0%
Self-Pay	15,163	94,541,594	6,235	6,807	44,725,210	6,570	20,421	134,175,630	6,570	6,047,953	32,783,730	802,352	39,634,035	1.2%	6.3%	0.2%	7.6%
Shared Service	116	7,960,640	68,626	37	6,532,384	176,551	111	19,597,152	176,551	361,832	(343,131)	11,617,812	11,636,512	0.1%	-0.1%	2.2%	2.2%
Tricare	7,639	104,330,288	13,658	2,541	42,012,877	16,534	7,623	126,038,632	16,534	4,945,309	(218,521)	16,981,557	21,708,344	0.9%	0.0%	3.2%	4.1%
Grand Total	458,690	4,829,608,783	10,529	156,767	1,784,685,855	11,384	470,301	5,354,057,565	11,384	235,213,472	122,253,783	166,981,527	524,448,782	44.8%	23.3%	31.8%	100.0%
Y-O-Y Change									524,448,782								

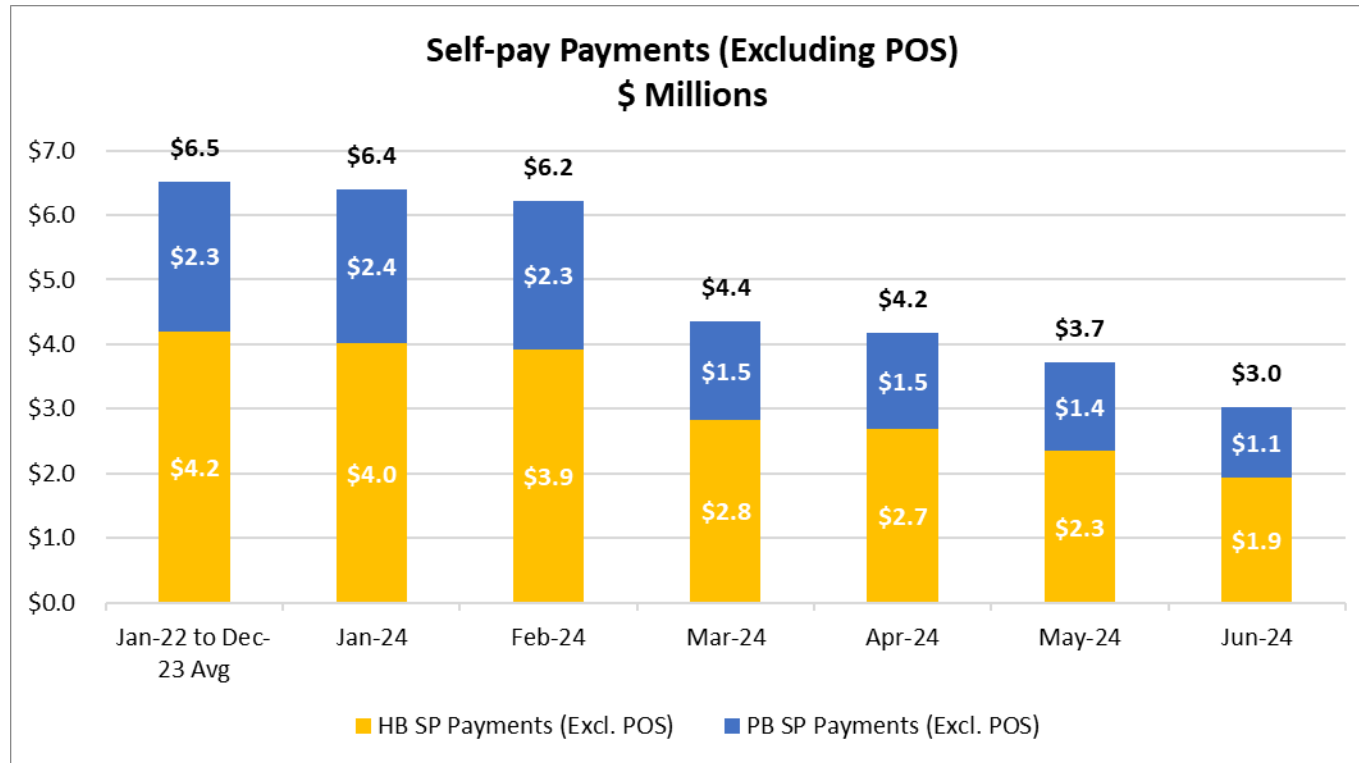
Self Pay Only by Base Class for 2023 vs 2024										Rate - Volume - Mix Analysis \$				Rate - Volume - Mix Analysis %			
FIN_CLASS	Self-Pay			Self-Pay <input type="checkbox"/>			2024 Annualized			Rate	Volume	Mix	Total Var	Rate	Volume	Mix	Total Var
	Base Class	# of HARs	Gross \$	\$ / HAR	# of HARs	Gross \$	\$ / HAR	# of HARs	Gross \$								
Ambulatory Surgery	362	4,236,395	11,703	143	1,711,651	11,970	429	5,134,952	11,970	238,473	784,084	(124,000)	898,557	0.6%	2.0%	-0.3%	2.3%
Emergency	8,626	25,449,073	2,950	3,984	12,208,018	3,064	11,952	36,624,053	3,064	1,674,930	9,812,615	(312,565)	11,174,980	4.2%	24.8%	-0.8%	28.2%
Inpatient	698	35,885,783	51,412	286	16,050,209	56,120	858	48,150,627	56,120	2,095,308	8,225,968	1,943,568	12,264,843	5.3%	20.8%	4.9%	30.9%
Outpatient	5,477	28,970,343	5,289	2,394	14,755,333	6,163	7,182	44,265,998	6,163	1,804,471	9,018,520	4,472,664	15,295,655	4.6%	22.8%	11.3%	38.6%
Grand Total	15,163	94,541,594	6,235	6,807	44,725,210	6,570	20,421	134,175,630	6,570	6,047,953	32,783,730	802,352	39,634,035	15.3%	82.7%	2.0%	100.0%
Y-O-Y Change									39,634,035								

Volume is (still) the key-driver for the significant increase in self-pay revenue between 2023 and YTD 2024

Self-pay AR (HB & PB): 2021 – 2024



Self-pay Collections (HB & PB): 2022 – 2024



Cumulative YTD 2024 SP Collection difference:
Actual monthly collections vs. Jan-22 to Dec-23 Average: **\$11.2M**

Self-pay Actions Taken

Task	Details
Statements	<ul style="list-style-type: none">• Selected top 3 vendors for in-depth discussions; received preliminary SOWs; fast-tracking top vendor with signing BAA to initiate IS&T risk assessment while concurrently negotiating contract terms.• IS&T completed internal statement setup within Epic; aggregating PB data cannot be achieved within Epic statement framework; issue will likely require vendor to format and produce statements.
Coverage Discovery	<ul style="list-style-type: none">• Validated preliminary results for FinThrive<ul style="list-style-type: none">• Coverage identified for 10% of self-pay accounts sent• ~80% of coverage hits have been found to be valid; coverages added to accounts and billed• Discussed results with FinThrive and engaging with initial contractual discussions around cost• Assessing Experian results but initial review shows not as favorable as FinThrive
Presumptive Charity Assessment	<ul style="list-style-type: none">• Experian offered to perform presumptive eligibility of large backload of 48K guarantors with a self-pay balance for free. We are pending final signing of amendment and are prepared to send data file.• Once data file is processed, scoping of presumptive charity for all self-pay AR can occur
Enrollment Outreach and High-dollar account reviews	<ul style="list-style-type: none">• Repurposed Customer Service employees to contact likely disenrolled families and provide instructions to reenroll.• Reviewing high dollar True Self-pay AR accounts for potential charity opportunity to relieve AR





Government / Public Relations Issues

2024 CHA CFO Forum

Children's Healthcare of Atlanta





340B Program Performance at Children's

- **Summary of Savings and WAC Losses for 2019-2023**
- **340B Federal Bills Introduced in 2024 and Key Takeaways**
- **Current Internal 340B Issues at Children's**



What is WAC?

- **Wholesaler Acquisition Cost (WAC)** pricing is the premium price charged by pharmaceutical manufacturers to wholesale drug distributors with no discounts.
 - GPO pricing is contracted pricing for inpatients
 - 340B pricing is discounted 35% off the average sales pricing for outpatients
- Causes for WAC expenditure:
 - Discontinued/backorder issues from manufacturers
 - New items: first purchase is always at WAC
 - Anticipated usage is greater than GPO and 340B accruals available

	340B Savings	Total WAC Losses
Year	Defined as difference between GPO unit price and 340B unit price – multiplied by unit amount. Totaled by drug and by hospital	Defined as difference between WAC unit price and GPO unit price – multiplied by unit amount. Totaled by drug and by hospital
2019	\$20.7M	-\$53K
2020	\$23.5M	-\$103K
2021	\$23.2M	-\$90K
2022	\$25.9M	-\$35K
2023	\$22.5M	-\$4K
Total	\$115.7M	-\$285K

Federal Bills Introduced in 2024

Two Republican-sponsored bills were introduced by the House Energy & Commerce Committee in 2024 regarding 340B:

340B PATIENTS Act

Prohibits manufacturers from **restricting / imposing conditions** on 340B pricing availability for contract pharmacy relationships

340B ACCESS Act

Significantly **tightens** 340B hospital eligibility and updates patient definition with strong safeguards

Increases hospital reporting requirements by creating neutral 340B claims data clearinghouse for greater public reporting

Establishes enforceable rules and **enhances** federal administration and oversight of 340B program

Neither bill passed through the House in 2024

SUSTAIN 340B Act

Bipartisan draft proposed within **Senate** (2024) that aims to consolidate several of the considerations at-left:

Formalizes covered entity contract arrangements and **imposes penalty on manufacturers** that refuse to offer / impose conditions on 340B pricing covered within these arrangements

Defines 340B program intent, clarifies child site eligibility criteria and allows for **more extensive** government oversight/auditing

It is unlikely that this bill will pass during election year; Children's is preparing for this bill to potentially pass in **January 2025** timeframe.

Key Takeaways from Draft Bills – Impact to Children’s

If the SUSTAIN 340B Act were to pass in 2025, anticipated internal ramifications include:

- Requirement of Children's to provide how 340B savings are being used.
 - Added as an addendum to the Medicare Cost Report
 - For the first time, Children's would have to report patient mix, charity care levels, and how 340B savings are being used not only at the parent site, but at each child site.
- 340B User Fee would be paid by Children's to help cover program “administration and oversight” activities (*primarily audit and compliance related*), such as the new claims clearinghouse.
 - The fee would be “no greater than 0.01% of the savings Children's received under the 340B program”, calculated as difference **between WAC and 340B**
 - This calculation overcounts the benefit of 340B, as Children's calculates savings by **GPO minus 340B cost** (which is the normative methodology for the industry)
- Increase to the number and frequency of HRSA audits
 - Requires more resources to maintain HRSA audit readiness

Internal 340B Issues at Children's

- **Charge on Dispense vs. Charge on Administration**

- 340B Program is based on a National Drug Code (NDC)-to-NDC replenishment
- Since Children's is “charge on dispense”, the biggest challenge is knowing which NDC was administered.
 - To improve accuracy of accruals:
 - Implementation of Epic’s Dispense Prep
 - Set up Epic Billing Review WQs: captures high-impact 340B drugs
 - Standardized pharmacy workflow with staff for specific vial sizes

- **JZ/JW Modifier**

- In 2023, CMS implemented requirements for manufacturers of certain single-dose container or single-use package drugs (SD) to provide refunds with respect to discarded amounts by adding a JW or JZ modifier to all Medicare claims.
 - Data is used to calculate manufacturer refund amounts specifically owed to CMS; Blue Cross Blue Shield and Humana have recently adopted this requirement as well, which has significantly increased internal, associated workload.
 - Creates additional work for the Pharmacy Business Team to closely monitor and manually update extracts to prevent duplicate accruals.



Gender-Affirming Care



Georgia's Gender-Affirming Care Legislation

During the 2023-2024 legislative biennium, one bill passed Georgia General Assembly related to gender-affirming care:



**SB 140
(2023)**

Prohibited use of irreversible sex reassignment surgeries and hormone replacement therapies on minors in a licensed institution for treatment of gender dysphoria

Exceptions for certain medical conditions, including treatment of sex development disorders and androgen insensitivity syndrome. Minors who began therapy before **7/1/23** are exempt

Physicians in violation of law will be held administratively responsible by medical board

Other significant pieces of legislation in the recent biennium that did not pass include:



**SB 519
(2024)**

Added to HB 1170 in Senate Health and Human Services Committee

Ban of reversible + irreversible hormone replacement therapies altering minor's appearance

No traction in Senate Children and Families Committee; HB 1170 failed to receive House agree



**HB 1104
(2024)**

Prohibited sex education for public school students before 6th grade

Authorized public schools to facilitate separate sports teams for members based on sex

Provisions added by Senate Youth and Education Committee; HB 1104 failed to receive House agree

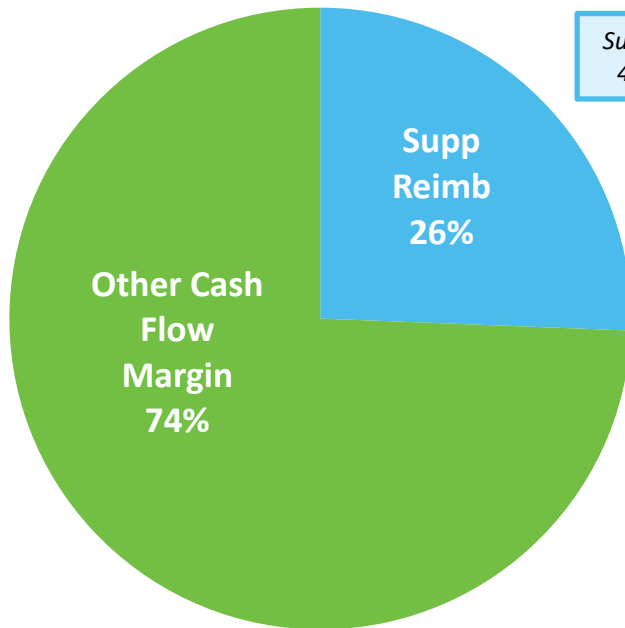


Supplemental Payments



Dependency on Supplemental Reimbursement

Operating Cash Flow Margin

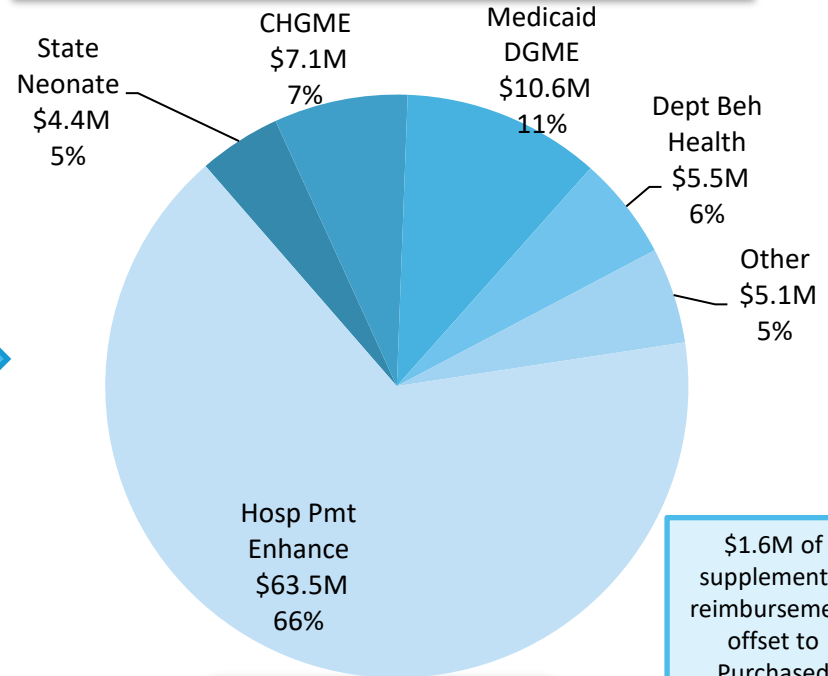


Total: \$375.5M

Supp Reimb is 42% of OM



Supplemental Reimbursement*



Total: \$96.2M

\$1.6M of supplemental reimbursement offset to Purchased Services

*Includes Hughes Spalding

Supplemental Payment Program Matrix

Program Title	Program Description	2024B Amount	% of Total
Provider Tax	11.88% Gross Revenue Add-On (+\$87.8M) partially offset by annual Provider Fee Tax (-\$24.3M)	\$63.5M	66%
Medicaid DGME	Calculation: Number of FTE residents * Medicaid Allocation Ratio * \$49,000 Additional funding for select specialties	\$10.6M	11%
CHGME	Actual Residents across two hospitals (<u>unweighted</u> three-year average); capped at 82.76	\$7.1M	7%
Dept of Behavioral Health	Annual state appropriation for support of patients with severe autism (Marcus Autism Center)	\$5.5M	6%
State Neonate Program	Benefit dollars distributed annually from the State of Georgia Maternal and Infant Health Project	\$4.4M	5%
Other Programs	Payments to Hughes Spalding Hosp. – Medicare DSH, GME, Hospital UPL, Family Practice Grant	\$5.1M	5%

Georgia Medicaid Reimbursement Environment

What is the impact of these programs

Directed Payment Programs (DPPs) are a fundamental game-changer in reimbursement that puts systems who receive it on a different playing field by raising Medicaid reimbursement up to "commercial-like" levels¹, flipping the economics of Medicaid business overnight.

Children's currently receives the pediatric base rate adjustment to compensate for the higher cost of pediatric care and is a 'net-winner' of the 11.88% provider fee 'add-on' but **is excluded from Georgia's DPPs**.






Why it matters

The current environment increases the incentives for competitors to **invest in pediatric expertise especially in high margin specialties, which could fragment the services landscape**. This could create long-term disruption to Children's **even if DPP differential is reduced/eliminated over time**.

This is a triple threat for Children's:

- 1 Self-reinforcing source of revenue for competitors – can use funds to get more funds.
- 2 For our competitors it strengthens the viability of moves beneficial to their reputation potentially at the expense of Children's (e.g., investments in under-resourced areas).
- 3 Increases payer leverage if competitors can create viable alternatives to Children's services (tiered networks) and there is no longer a need to cross-subsidize Medicaid patients with commercial rates at many competing providers.

Current Georgia DPPs - \$1.3B in Federal \$s for SFY 2024

	Physician DPP (PDPP)	DPP 1.0 (HDPP)	DPP 2.0 (GA AIDE)	DPP 3.0 (GA STRONG)	DPP 4.0 (HDPP)
Eligibility	<ul style="list-style-type: none"> Teaching Affiliate 7/2020 - Present 	<ul style="list-style-type: none"> Public Hospitals* 7/2021 - Present 	<ul style="list-style-type: none"> Grady/Rural SCHs* 7/2022 - Present 	<ul style="list-style-type: none"> Teaching Hospitals* 7/2022 - Present 	<ul style="list-style-type: none"> Private Hospitals* 7/2022 - Present
Financial	<ul style="list-style-type: none"> ↑ to full ACR or Medicare GA share via IGT 	<ul style="list-style-type: none"> ↑ to Medicare GA share via IGT 	<ul style="list-style-type: none"> ↑ to full ACR GA share via IGT 	<ul style="list-style-type: none"> ↑ to “limited” ACR GA share via IGT or Provider Tax 	<ul style="list-style-type: none"> ↑ to Medicare GA share via Provider Tax
Children's Participation	<p style="text-align: center;"></p> <p>CPG providers are not affiliated with governmental teaching hospitals</p>	<p style="text-align: center;"></p> <p>ECH and SR are not public hospitals. HS is a participant</p>	<p style="text-align: center;"></p> <p>Created to address needs of two specific hospitals (Grady/AU), has both quality and 'at risk' components</p>	<p style="text-align: center;"></p> <p>Eligibility criteria based on a MCR WS Children's Hospitals do not prepare, but criteria could potentially be changed</p>	<p style="text-align: center;"></p> <p>Eligibility criteria based on GA hospital groups, Children's Hospitals explicitly excluded, but could potentially be changed</p>

*Georgia modified all proposed SFY 2025 Hospital DPPs to benefit rural hospitals (new eligibility, additional amounts, or both).

Current Georgia DPPs - SFY 2024 Details

	Physician DPP (PDPP)	DPP 1.0 (HDPP)	DPP 2.0 (GA AIDE)	DPP 3.0 (GA STRONG)	DPP 4.0 (HDPP)
Calculation Method	<ul style="list-style-type: none"> Provider Specific CPT Specific Top 5 Comm'l 	<ul style="list-style-type: none"> Calculated across all elig. Providers IP/OP Specific 	<ul style="list-style-type: none"> Provider Specific IP/OP Specific Top 5 Comm'l 	<ul style="list-style-type: none"> Calculated across all elig. Providers IP/OP Specific 	<ul style="list-style-type: none"> Calculated across all elig. Providers IP/OP Specific
\$s and %s	<ul style="list-style-type: none"> \$138M (Fed \$s) All x 273% Above % varies by provider 	<ul style="list-style-type: none"> \$195M (Fed \$s) *IP x 51% *OP x 14% 	<ul style="list-style-type: none"> \$306M (Fed \$s) IP x 293% OP x 426% Above % varies by provider 	<ul style="list-style-type: none"> \$570M (Fed \$s) *IP x 149% *OP x 186% 	<ul style="list-style-type: none"> \$105M (Fed \$s) *IP x 51% *OP x 14%
Other Notes	Growth Drivers: <ul style="list-style-type: none"> CINs M&A 		For SFY 2025: <ul style="list-style-type: none"> AU moved from 2.0 to 3.0 rural added 		

***Each provider that is eligible for DPP 3.0 is also eligible for 1.0 or 4.0. Consequently, their total gross payment increase is equal to two times their negotiated CMO payments.**



Community Benefit



2022 Children's Community Benefit

Community Impact

\$301.0M Total

\$196.2M

Unreimbursed
care for children
who need
medical
treatment



\$35.4M

Subsidized
Services;
Cash/In-Kind
Contributions



\$27.6M

Research to
discover new
treatment and
cures



\$10.8M

Training
pediatric
specialists



\$31.0M

Wellness and
prevention;
Unique Pediatric
Services



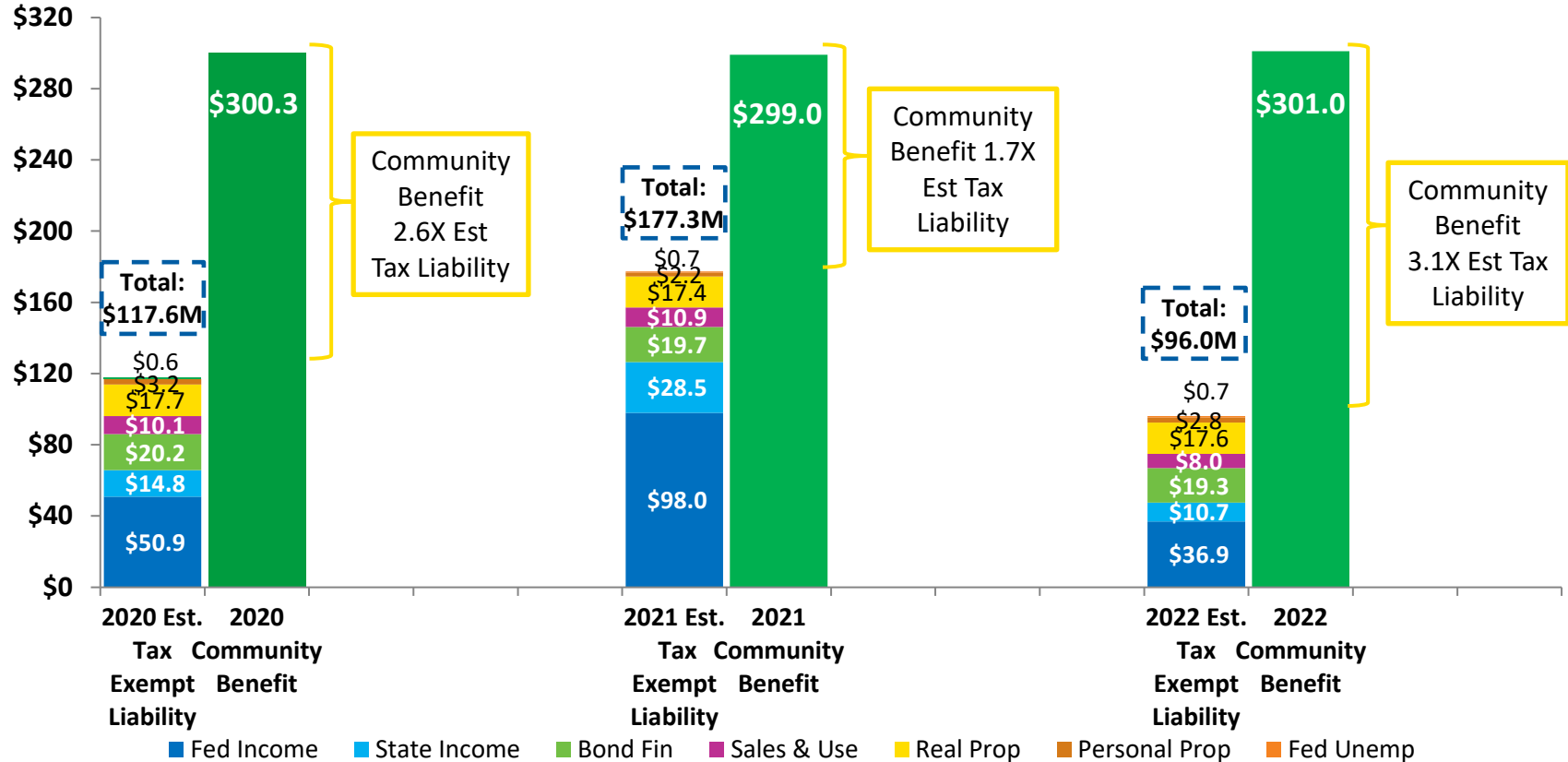
Children's Community Benefit 2020 - 2022

In Millions of dollars

Category	2020	2021	2022
Unreimbursed Charity Care	\$158.2	\$153.0	\$196.2
Research	80.6	75.5	27.6
Teaching	13.1	11.5	10.8
Wellness & Unique Services	23.2	24.0	31.0
Subsidized Health Services	25.2	34.8	34.6
Cash/In-Kind Contributions	0.0	0.2	0.8
Total Community Benefit	\$300.3	\$299.0	\$301.0
<i>% of Total Group Operating Expense (excl bad debt)</i>	<i>18.8%</i>	<i>16.6%</i>	<i>15.6%</i>

Tax Liability vs. Community Benefit

In Millions





Community Benefit Peer Comparables



Comparable Hospitals 2022

Pediatric Hospitals Revenue Quartile 4 (AA Rated)



Local Georgia Hospitals (Adult)



Atlanta figures reflect consolidated / GAAP figures throughout deck, unless noted.
The above AA "core group" hospitals are freestanding except for Stanford Children's Health (Palo Alto).

2021 Community Benefit

Community Impact

\$299.0M Total

\$153.2M

Unreimbursed
care for
children who
need medical
treatment



\$34.8M

Subsidized
Services



\$75.5M

Research to
discover new
treatment
and cures



\$11.5M

Training
pediatric
specialists

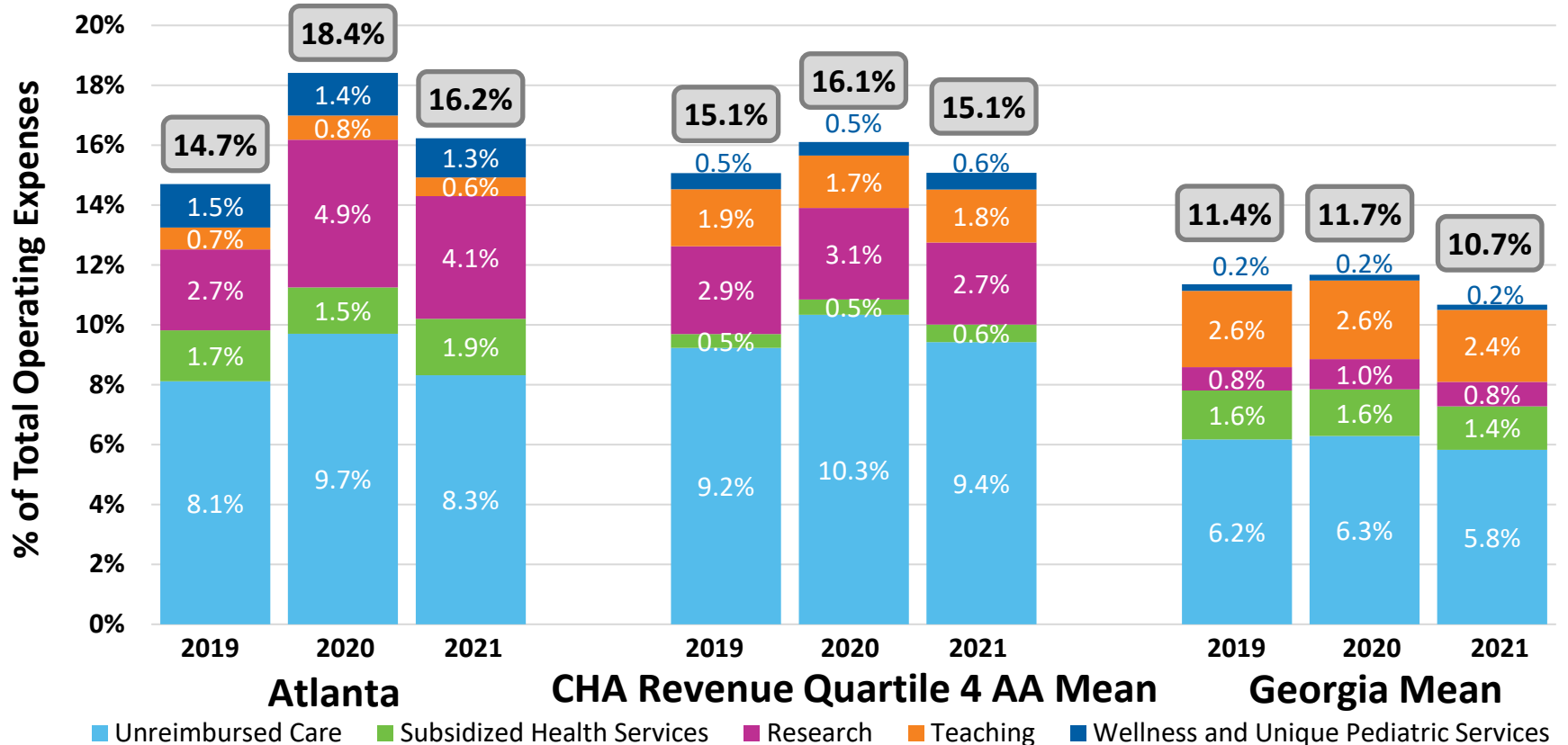


\$24.0M

Wellness and
prevention;
Unique
Pediatric
Services



2021 Community Benefit

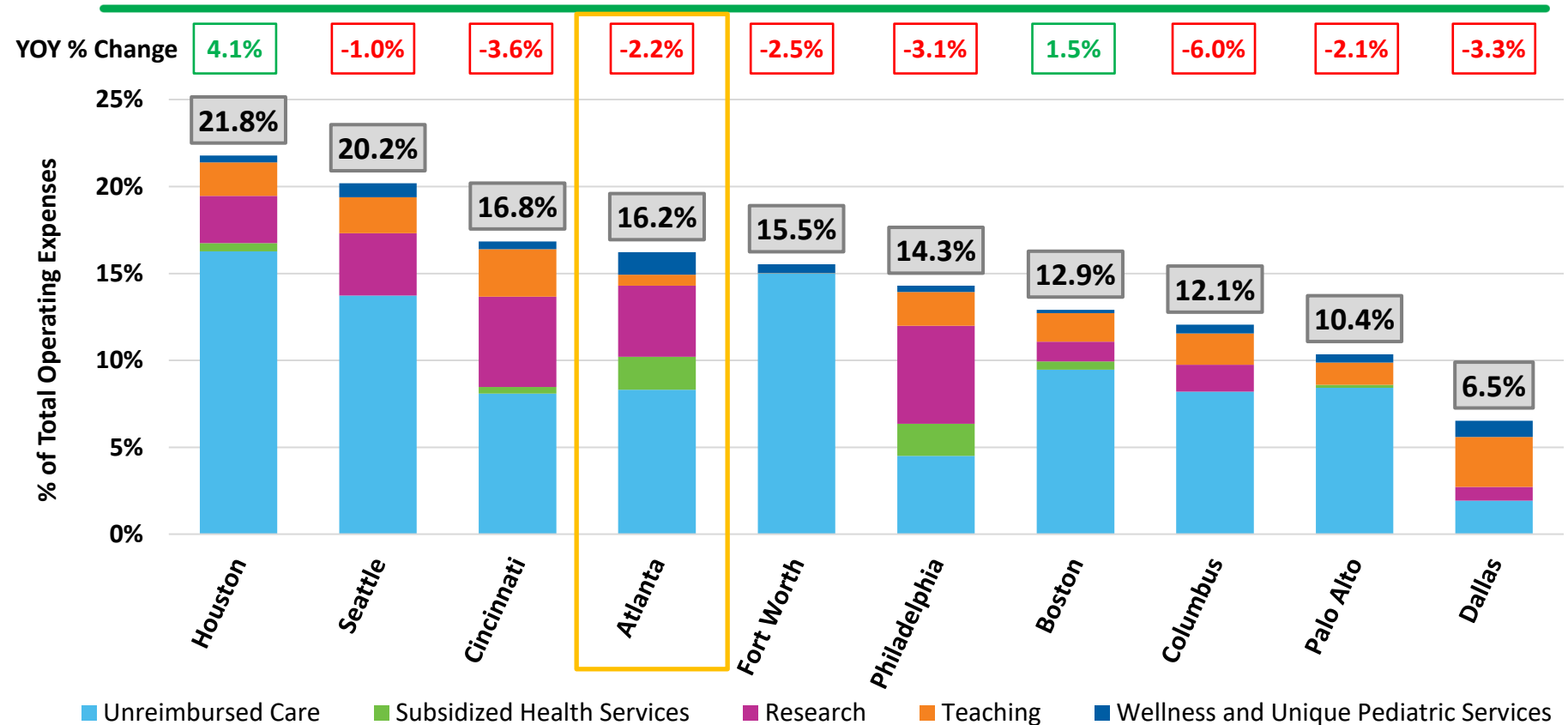


2021: Pediatric Peer Comparison

Community Benefit % of Total Op Ex:

% Increased from Prior Year

% Decreased from Prior Year



Source: 2021 IRS Form 990 Schedule H Filings. Operating Expense includes Bad Debt.

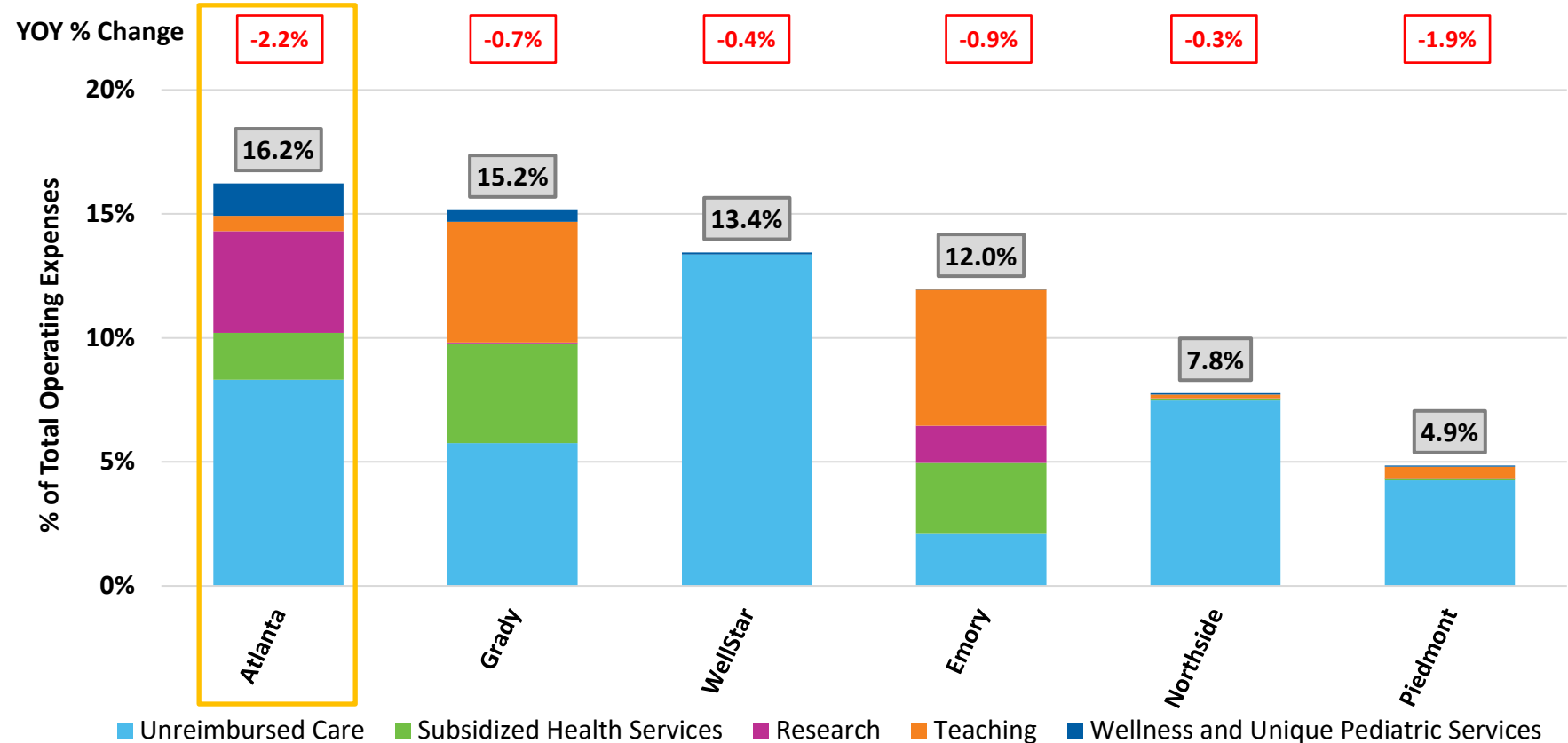
* Cash/In-kind is included in Unreimbursed Care

2021: Atlanta Comparison

Community Benefit % of Total Op Ex:

% Increased from Prior Year

% Decreased from Prior Year



Source: 2021 IRS Form 990 Schedule H Filings. Operating Expense includes Bad Debt.

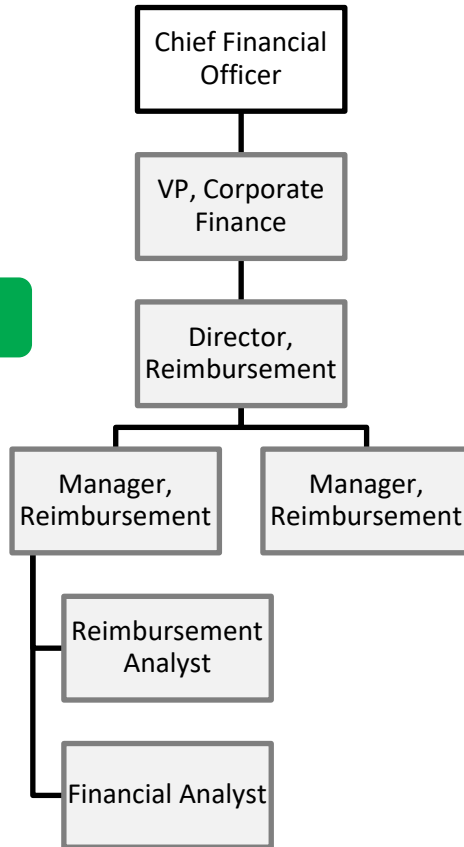


Organizational Charts

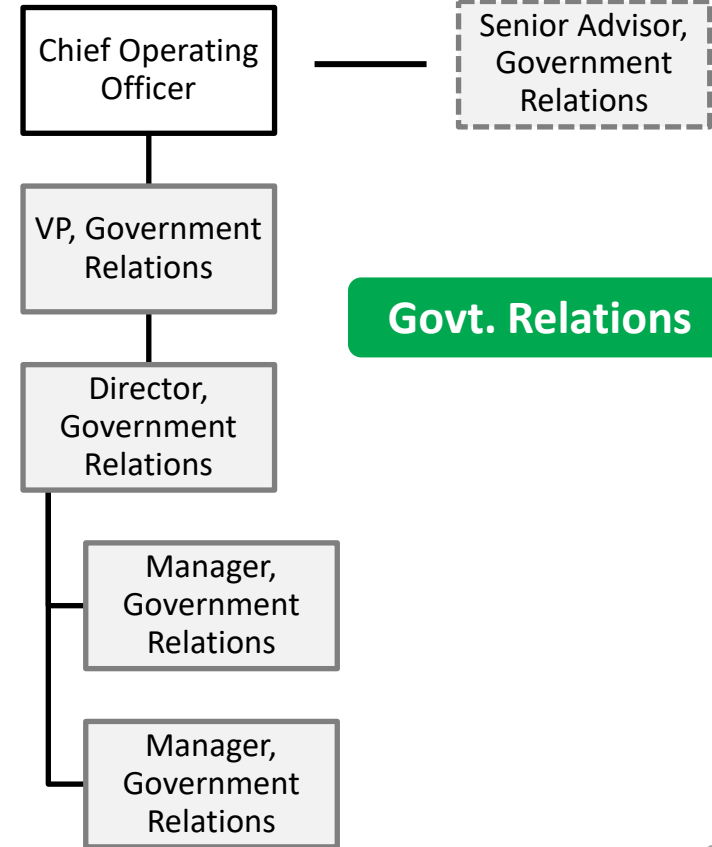


Atlanta – Team Organizational Charts

Reimbursement



Govt. Relations





Children'sSM
Healthcare of Atlanta

Margin Improvement

2024 CHA CFO Forum

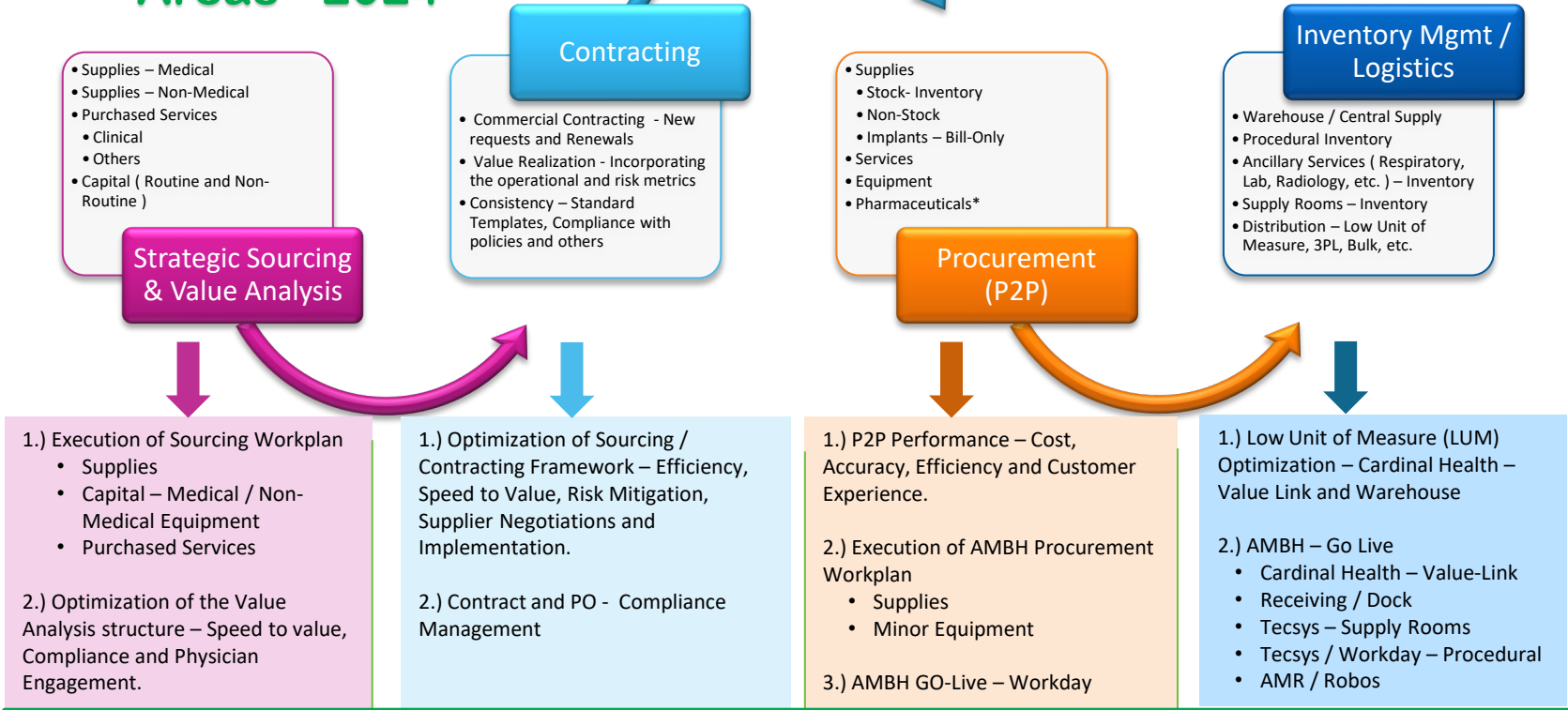
Children's Healthcare of Atlanta



Supply Chain – Strategic Focus Areas and FY24 Workplan Summary



Supply Chain – Strategic Focus Areas - 2024



Supply Chain Optimization Team – Analytics, Systems Engineering, Operational Excellence & Project Management

Supply Chain Operating Model – Trusted Data, Intelligent Decisions, Streamlined Process and Enhanced Customer Service.

YTD 2024 – Supply Chain Review

Supply Chain Organization



> 50% increase in Employee Engagement Scores



Talent - < 10% Open Positions with reduction in turnover rates

Logistics



Supply Chain Resiliency through hybrid distribution (Children's Warehouse and Cardinal Health)



Fill Rate for Distributed Products > 99%

Resource Optimization ~ \$ 400,000 in Savings

AMBH Workstreams Execution

- Tecsys Rack Deployment & Medication Rooms
- Procedural Area – Set-Up
- Procurement of Supplies and Minor Equipment
- Dock Activation
- Robots – Implementation
- Mail Room Set-up



Sourcing Workplan



Supplies



165 Initiatives / Spend=\$ 134 M /
Net Savings = \$ 2.59 M



Capital



215 Initiatives / Spend=\$ 16.92 M /
Net Savings = \$ 0.95 M



Services



24 Initiatives / Spend=\$ 36 M /
Net value (Savings / Avoidance)
= \$ 4.03 M

P2P Performance



Contract Compliance ~ 75% (> 25% Increase)



Perfect Order
Catalog / UOM / Pricing / Receipt

➔ Error Rate Reduction >55.2 %
GHX Top 10 provider ranking



Sourcing Workplan Strategies – 2024 /25

- Streamline the Value Analysis (VAT) framework for enhanced Clinician & Physician Engagement
- Prioritize AMBH Sourcing and Procurement requirements.
- 2024 - Execute the Contracting workplan and negotiate value with no conversions. Identify Category Optimization initiatives and build the 2025 Savings Workplan.
- 2025 – Continued focus on Contract Compliance and execution of the savings workplan.

Supplies

- Complete all medical equipment procurement for AMBH.
- Execute all 2024 Capital Workplan and Contingency Requests.
- Complete the 2025 Capital Planning exercise.
- Develop acquisition strategies for high dollar capital projects including IV Pumps, Spinal Navigation and others.
- Identify Capital Equipment utilization opportunities.

Capital

- Build the Purchased Services Sourcing program, playbook and Category Management / Sourcing expertise.
- Execute the Purchased Services Workplan needed for AMBH activation and negotiation strategies to maximize value and minimize impact on operating expenses.
- Build the Equipment Service contract workplan for all AMBH medical equipment.
- 2024 Q3 – Identify, prioritize and build the Category Optimization and 2025 savings workplan.
- 2025 – Continued focus on Contract Compliance and execution of the savings workplan.

Purchased Services



Sourcing Workplan Summary - 2024

Project Type	Addressed Annual Spend	Sum of Cost Impact \$
Rebate	\$ 43,260,888	\$ (1,624,911)
Contract Renewal Local	\$ 33,177,215	\$ (700,716)
Off Contract Spend Opportunity	\$ 6,747,342	\$ (422,399)
Tier Optimization	\$ 852,927	\$ (59,386)
Price Quote Review	\$ 2,416,060	\$ (32,448)
Savings	\$ 11,530	\$ (9,192)
New Product Line	\$ 48,081	\$ -
Contract Renewal GPO	\$ 47,780,199	\$ 258,557
Grand Total	\$ 134,294,242	\$ (2,590,495)

Supplies

Project Type	Initial Quote	Savings Negotiated
2022 Routine Carryover	\$ 8,188	\$ -
2023 Contingency Carryover	\$ 190,563	\$ 7,024
2023 Routine Carryover	\$ 546,667	\$ 400
2024 Contingency	\$ 1,702,993	\$ 57,739
2024 Routine	\$ 14,473,292	\$ 889,859
2024 Routine with Contingency	\$ 486	\$ -
Grand Total	\$ 16,922,189	\$ 955,022

Capital

Name	Category	Current Annual Spend	Projected Annual Spend	Projected Savings	Projected Cost Avoidance
Morrison	Food Services	\$11,806,918	\$10,190,475	-\$1,616,443	\$0
Novo Health Services	Laundry and Linen Services	\$4,300,000	\$4,300,000	-\$953,852	-\$129,167
Distribution Optimization - ValueLink	Distribution	\$1,200,000	\$800,000	-\$400,000	\$0
Konica Minolta	Managed Print Services	\$1,213,630	\$596,319	-\$376,393	\$0
Taylor Communications / SmartWorks	Marketing - Print Services	\$400,000	\$210,000	-\$190,000	\$0
IntraNerve Neuroscience (INN) Physician Charges	Neuromonitoring	\$1,125,321	\$1,049,321	-\$76,000	
Veritiv	EVS Distribution	\$1,842,747		-\$47,868	-\$113,803
IntraNerve Neuroscience (INN) Technical	Neuromonitoring	\$901,938	\$863,793	-\$35,000	
Karl Storz	Instrument & Scope Repair	\$832,550	\$832,550	\$0	\$0
Stericycle	Waste Management	\$738,000	\$1,086,270	\$0	-\$136,686
Agiliti	Instrument & Scope Repair	\$499,500	\$499,500	\$0	\$0
Valcourt - SUP	Window Cleaning Services	\$55,370	\$61,311	\$0	-\$64,099
Hazardous Waste - Clean Earth	Waste Management	\$49,236	\$56,811	\$0	\$0

Name	Category	Current Annual Spend	Projected Annual Spend	Projected Savings	Projected Cost Avoidance
Valcourt - CAP	Window Cleaning Services	\$25,040	\$26,240	\$0	-\$21,294
Valcourt - Ashrae	Window Cleaning Services	\$4,274	\$4,274	\$0	-\$4,471
Stryker - Booms and Lights	Equipment Repair and Services	\$0	\$292,745	\$0	-\$233,714
Hillrom - Booms and Lights	Equipment Repair and Services	\$0	\$104,913	\$0	\$0
Valcourt - AMBH	Window Cleaning Services	\$0	\$364,740	\$0	-\$100,660
ABM Healthcare Support Services	Janitorial Services	\$0	\$1,427,883	\$0	-\$149,659
Gibson	Landscaping Services	\$0	\$343,620	\$0	\$0
Daniels Health (Rx Destroyer)	Waste Management	\$0	\$15,357	\$0	-\$10,332
Cloudbreak - Martti (Interpretation)	Interpretation Services	\$1,292,025	\$1,339,484	\$47,459	\$0
LifeSouth	Blood Products	\$6,765,339	\$7,441,484	\$733,087	-\$144,496
Rx Program - Waste Management	Waste Management	\$0	\$175,000		-\$7,800

Purchased Services



Children'sSM
Healthcare of Atlanta

Marketing / Advertising / Communications



2024 Budget Breakdown

Expense Category

Marketing

Int./Ext. Comms

AMBH Transition*

Dollars in Millions



Salaries/Benefits

Total: 55.6 FTE / \$6.2

\$3.1

25.0 FTEs

\$3.1

30.6 FTEs

Not Applicable



Sponsorships

Total: \$3.6

\$3.6

Braves, ATL Utd, etc.

Not Applicable

Not Applicable



Purchased Services

Total: \$10.8

\$7.7

Advertising, External Spend, Consulting

\$1.5

Comms Consultants, Advertising

\$1.6

Advertising/Marketing for AMBH Opening

Overall Total: \$20.6

Total: \$14.4

Total: \$4.6

Total: \$1.6

*Temporary project expenses



Children'sSM
Healthcare of Atlanta

Consulting Spend



Consulting Overview

Consulting: expert advice received from professionals, typically in business or operational matters – typically for **time-limited, non-recurring** projects

Differs in definition from:

Contract Labor: outside organization provides resources for approved positions that Children's is unable to fill or meet current demand

Purchased Services: services/activities that are contracted, purchased from, or outsourced to vendor rather than performed in-house



System Consulting

Projected Spend \geq \$100,000*

Versus



Minor Consulting

Projected Spend $<$ \$100,000*

2024 Budget



39 Consulting Engagements

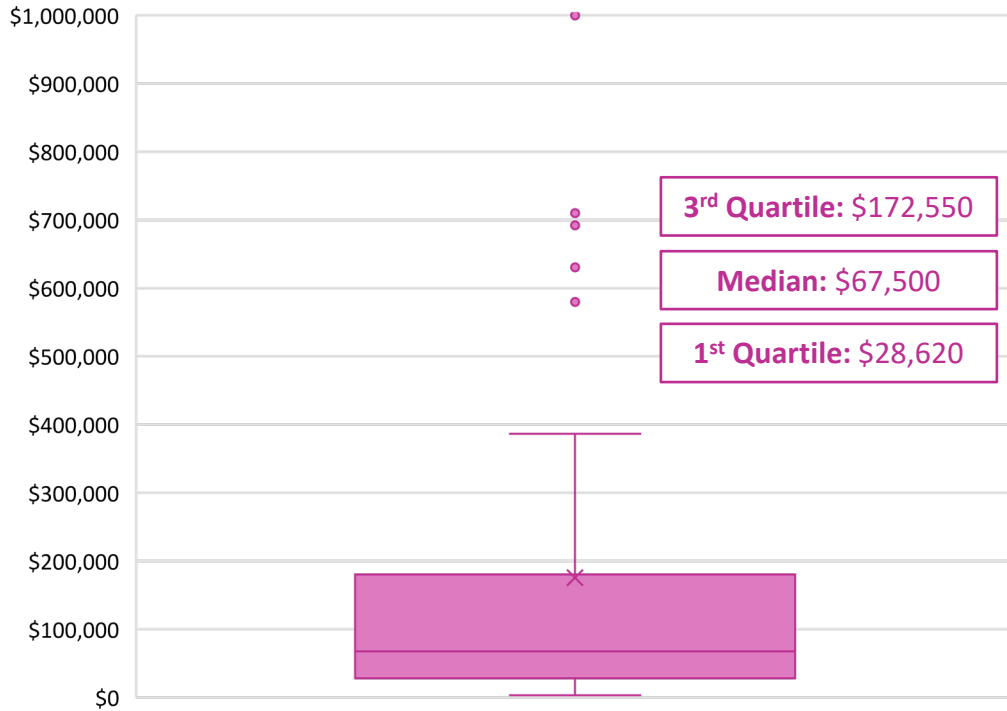


\$6.8M Budgeted Spend

*By vendor, initiative, or service offering

2024 Budget Consulting Breakdown

Consulting Spend by Engagement



Top Departments by Spend – 2024B

Department	Count	Total Spend
Finance	3	\$1.2M
Clinical Support – Interpreting and Translation	3	\$1.1M
Transition to Arthur M. Blank Hospital	3	\$1.0M
Facility Operations	2	\$1.0M
Chief Admin Office	1	\$710K
Marketing & Communications	4	\$476K
Clinical – Heart Center	2	\$322K





Children'sSM
Healthcare of Atlanta

Capital / Debt Considerations



2024 Capital Request Budget

 Routine: \$50.0M
 MSQE: \$4.3M

Total Capital
\$54.3M

Hughes Spalding
\$1.5M

CHOA Routine + MSQE
\$49.8M

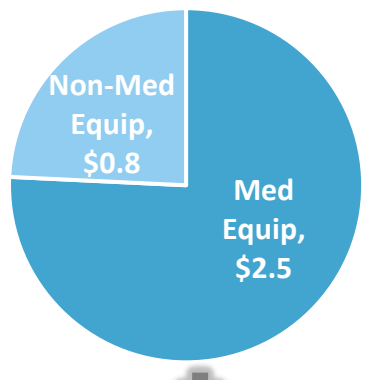
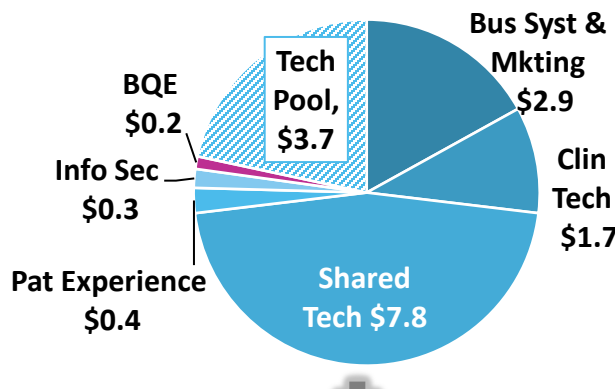
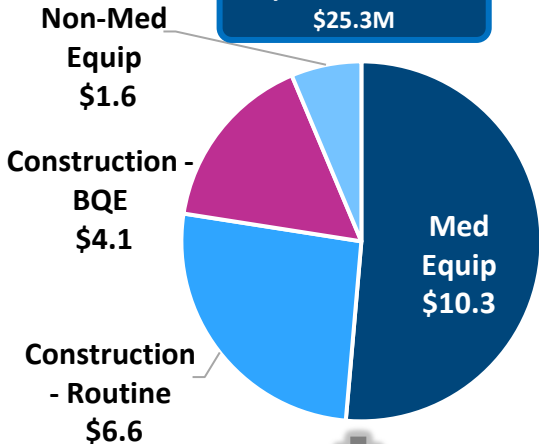
Children's Cardiology
\$1.7M

Meridian Mark
\$1.3M

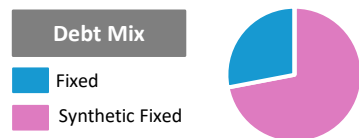
System Threshold
\$25.3M

Technology
\$18.9M

Non-Threshold
\$5.3M



Children's Outstanding Debt



	Series <i>Product Mix</i>	Dec 23 Balance ^a <i>In Millions</i>	Original Proceeds <i>In Millions</i>	Average Life	Weighted Avg. Coupon ^b	All-in TIC ^c
Fixed	2019A Brookhaven	\$686.6	\$819.7	18.1Y	4.12%	3.26%
	2019B DeKalb	\$70.2	\$97.4	9.0Y	4.75%	2.68%
	2019C Fulton	\$65.0	\$92.1	9.0Y	5.00%	2.74%
VRDBs	2019D Brookhaven	\$104.9	\$109.9	13.2Y	1. 3.71%	3.71%
	2008 Fulton	\$63.8	\$64.8	13.2Y	2. 3.72%	3.72%
Dir Plcmt	2017 Dir Plcmt DeKalb	\$151.0	\$220.0	9.5Y	3. 3.68%	3.68%
	Total	\$1,141.5M	\$1,399.8M	15.2Y	4.09%	3.31%

1. JP Morgan
 \$104.9 Variable rate; Swap (3.45% Fixed) + SBPA (0.195%) + Remarket (0.05%)

2. JP Morgan
 \$63.8 Variable rate; Swap (3.45% Fixed) + SBPA (0.195%) + Remarket (0.06%)

3. Citi, Truist, & JP Morgan
 \$151.0 Variable rate; avg. swap rate (3.48% Fixed) + DP Cost (0.20%)

a) Reflects principal balance; excludes debt issuance costs and premium

b) Excludes premium

c) As of issue date. Variable debt costs assume average SIFMA/SOFR since August 2019; variable costs include basis risk of swap receipt vs. debt payments



Children'sSM
Healthcare of Atlanta

Physician Productivity / Practice Plan Management

2024 CHA CFO Forum

Children's Healthcare of Atlanta





Children'sSM
Healthcare of Atlanta

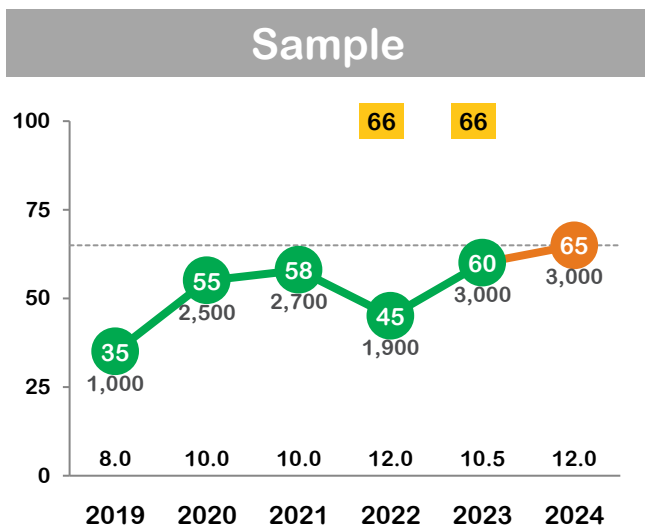
Children's Physician Group: Productivity Benchmarks

2023



Legend

Benchmark Legend



Measure	Calculation	Purpose
50	2019-2023 Actual $\frac{\text{Actual wRVUs}}{\text{Actual Clinical FTEs}}$	Historical Experience
50	2024 Budget $\frac{\text{Bud wRVUs}}{\text{Bud Clinical FTEs}}$	Plan/Target
5,000	Physician Production $\frac{\text{wRVUs or ASAs per Physician FTE}}{\text{Physician FTE}}$	Change over time
5.0	FTEs $\frac{\text{Clinical FTEs}}{\text{Clinical FTEs}}$	Growth over time
50	Compensation $\frac{\text{FTE Weighted Individual Comp Benchmark}}{\text{Comp Benchmark}}$	High-level understanding of Comp. vs Prod.

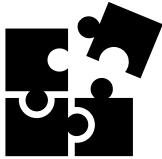
Overview

Purpose



Industry standard to compare to similar practices

Utilization



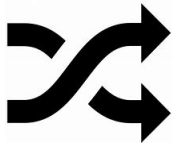
Regulatory Compliance (e.g., Stark, OIG)

Awareness to support system goals

Understand impact of environmental changes

Detailed Practice Data provided to access coding trends

Approach



Utilize 3rd Party Consultant for Integrity & Objectivity

Based on Most Recent Market Data

Excludes Contractual Physician Directorships (PLRC)

Includes PRN & Locum Support

Benchmark

2023 Sullivan Cotter Survey

- Blended benchmark
 - 920 Healthcare Organizations
 - 306,768 MDs & APPs
 - 383 Medical Groups
 - 217,599 MDs & APPs
- Most recent market data is based on data submissions for 2022

Other Considerations

- 2024 includes practice hiring to support new hospital
- FTE's exclude Medical Director time

Trending Only

- No benchmark available
 - Pain, Palliative Care, Sedation, Pathology, Sleep, Interventional Radiology, Gynecology, Child Protection
- Advanced Practice Providers

Executive Summary

Consolidated Physician Practice

Production & Compensation Benchmarks Aligned

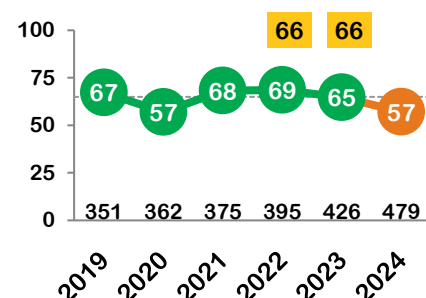
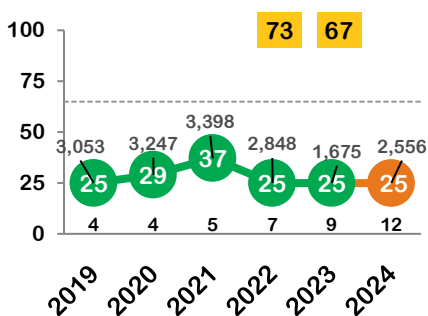
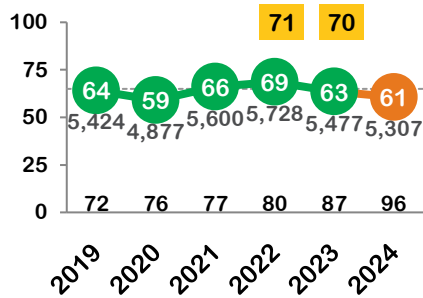
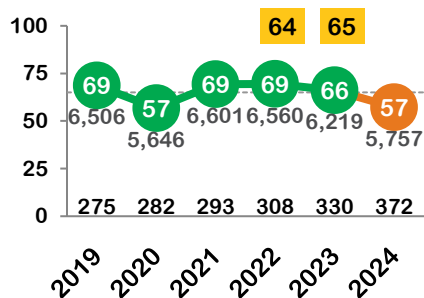
2024 Budget includes Hiring for AMB Growth

Leadership: CPG COO
Hospital-Based, Anesthesia,
Surgical, Medical Specialist,
Urgent Care

Leadership: Centers
Neuro, Ortho,
CT Surg, HemOnc

BMH Quasi Endowment
Consult Psych
& OP BMH

**Children's Physician
Practice (CPG)**



50 2022-2023 Comp Act

50 2019-2023 Act

50 2024 Budget

5.0 FTEs (shown right above x-axis)

Note: Practices without a benchmark excluded (Pain, Palliative Care, Sedation, Pathology, Sleep, Interventional Radiology, Gynecology, Child Protection)

Total & Segment Summary

Consolidated Physician Practice

50

2022-2023 Comp Act

50

2019-2023 Act

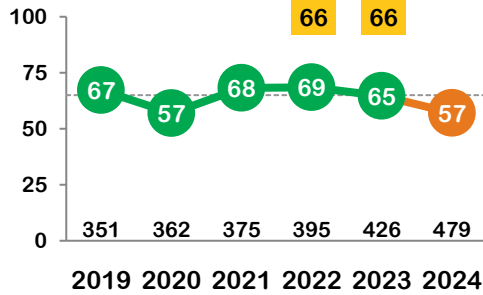
50

2024 Budget

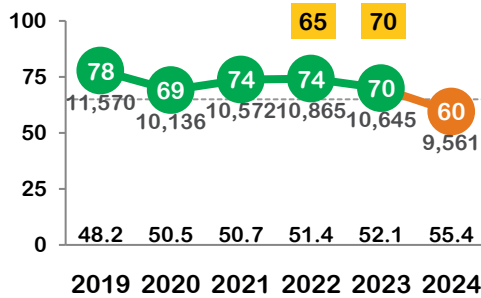
5,000 Physician Production

5.0 FTEs (shown right above x-axis)

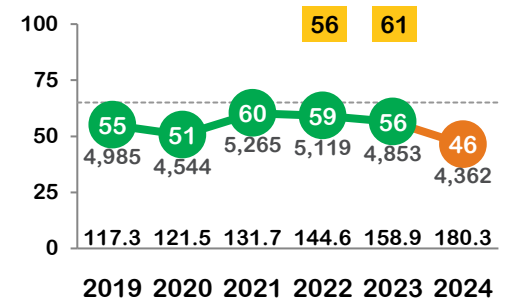
Total



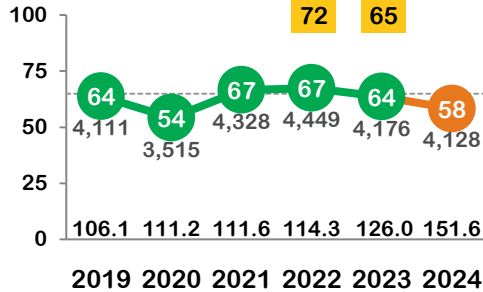
Anesthesia



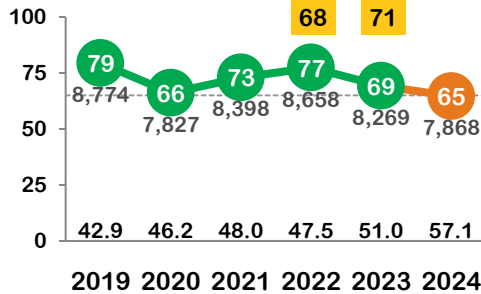
Hospital Based



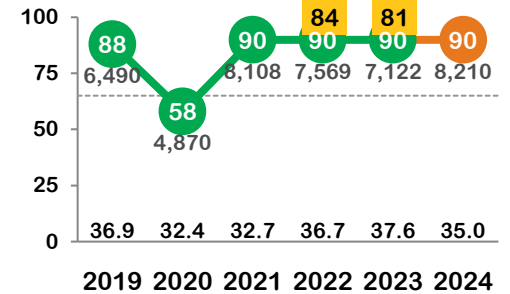
Medical



Surgical



Urgent Care



Excludes practices without benchmarks (Pain, Palliative Care, Sedation, Pathology, Sleep, Interventional Radiology, Gynecology, Child Protection); FTEs exclude PLRC-approved medical directorships; Includes PRN/Locum FTE

Children's Physician Group: APP Productivity

Practice Performance as of December 2023

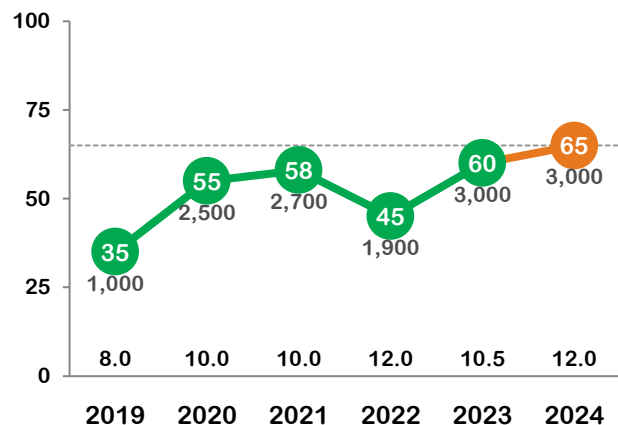
Internal Use Only: Do not distribute



Legend

Benchmark Legend

Sample



Measure	Calculation	Purpose
50	2019-2023 Actual $\frac{\text{Actual wRVUs}}{\text{Actual Clinical FTEs}}$	Historical Experience
50	2024 Projected (May YTD) $\frac{\text{YTD wRVUs}}{\text{YTD Clinical FTEs}}$	Current Year
5,000	Physician Production $\frac{\text{wRVUs or ASAs per Physician FTE}}$	Change over time
5.0	FTEs $\frac{\text{Clinical FTEs}}$	Growth over time



APP Productivity Graphs

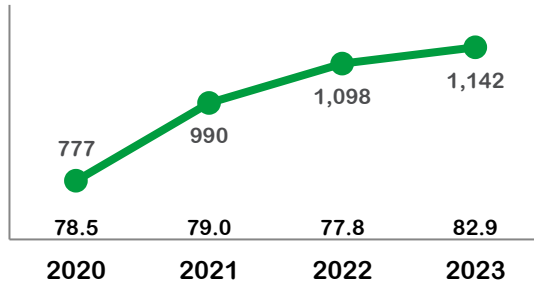


APP Productivity

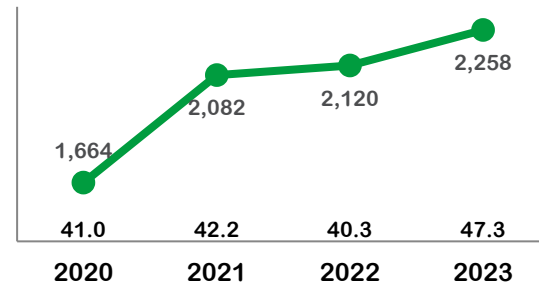
5,000 APP Production

5.0 FTEs (shown right above x-axis)

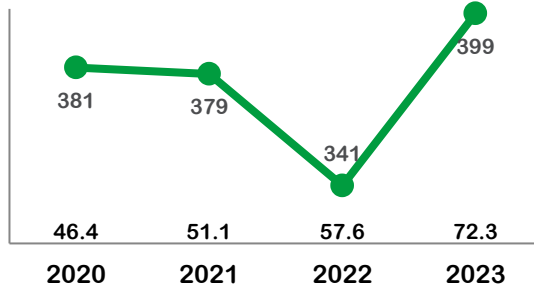
Medical



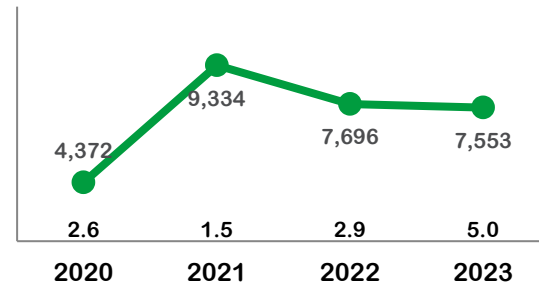
Surgical



Hospital Based



Urgent Care





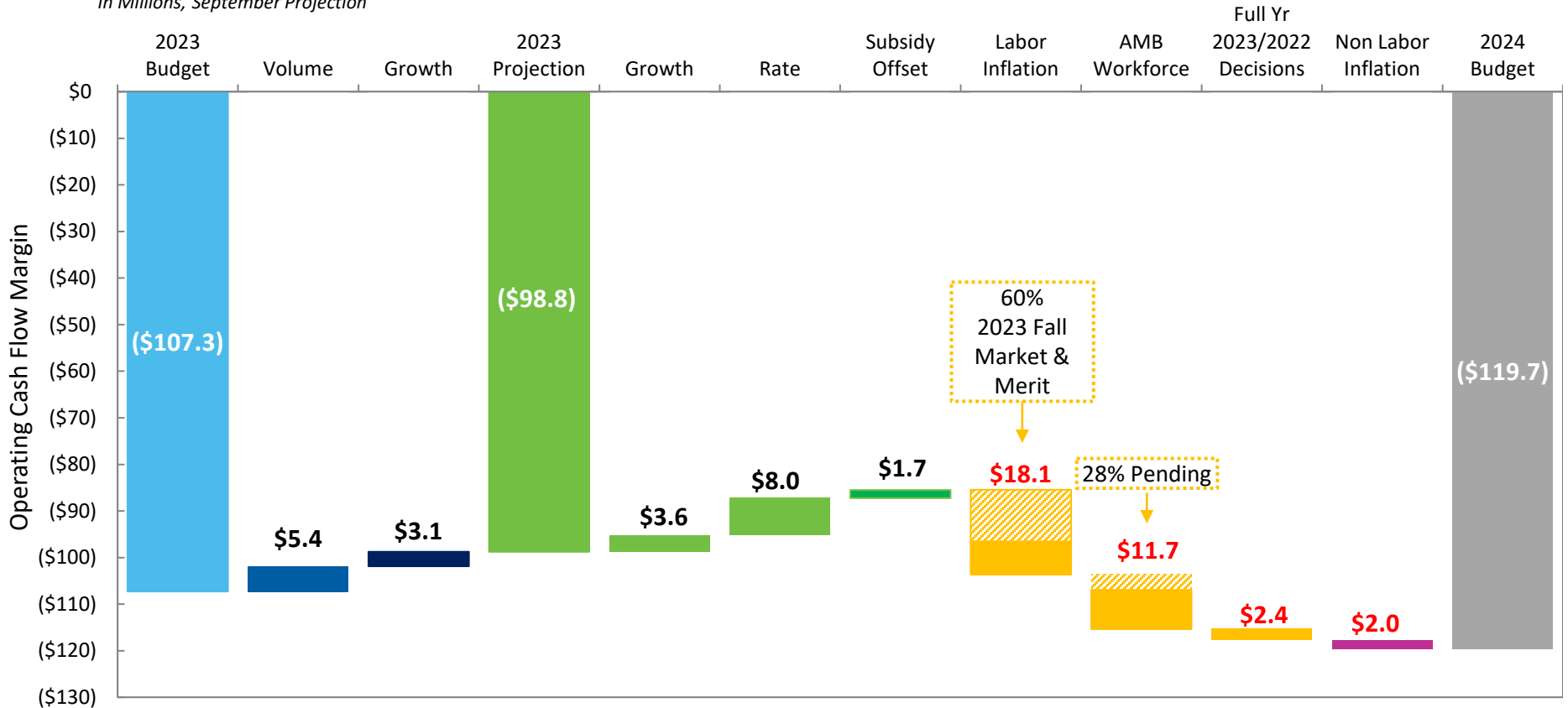
Children's Physician Group



Physician Practices



In Millions, September Projection



Note: Excludes Children's Cardiology and QEs

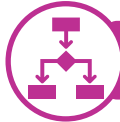


The Children's Care Network



The Children's Care Network (TCCN)

The Children's Care Network (TCCN)



Wholly owned subsidiary of Children's



Taxable non-profit



Established in 2015



Clinically integrated network

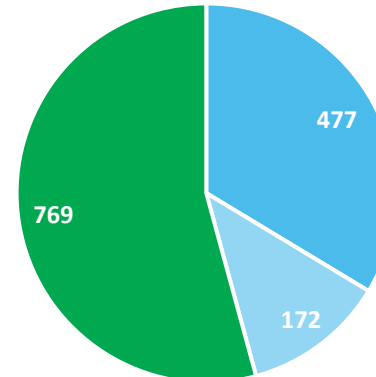
Benefits

Increases quality and decreases costs by aligning Children's with private practices

Benefits for providers include:

- Technical resources
- Business support
- Payer contracts – Participation agreements & incentive agreements

Membership



- Community Physician - Primary Care
- Community Physician - Specialist
- Children's Employed or Leased Physicians

TCCN Contracting

Types of Contracts

Participation Agreement – Fee for service

Incentive Agreement – Payer pays provider for care coordination based on clinical and patient outcomes.

Upside Only – Payer pays provider per member per month (PMPM); targets for costs and quality metrics associated with care.

Upside Only – Providers share in difference between actual costs and targeted medical loss ratio

Downside Risk – Providers at financial risk if actual costs greater than targeted medical loss ratio

TCCN Contracts as of April 2024

Participation Agreement

CareSource
Primary Care Physicians

Anthem
Primary Care Physicians

Incentive Agreement

Aetna

CareSource

Amerigroup

Anthem





Appendix – Physician Productivity



Anesthesia

(1 of 2)

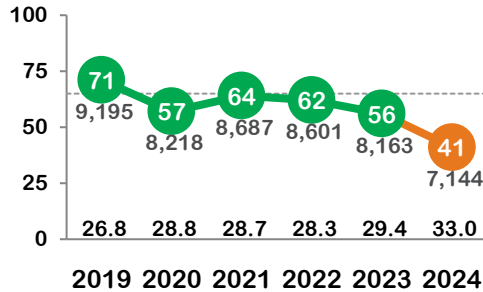
50 2019-2023 Act

50 2024 Budget

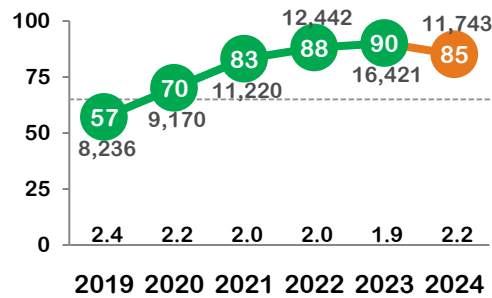
5,000 Physician Production

5.0 FTEs (shown right above x-axis)

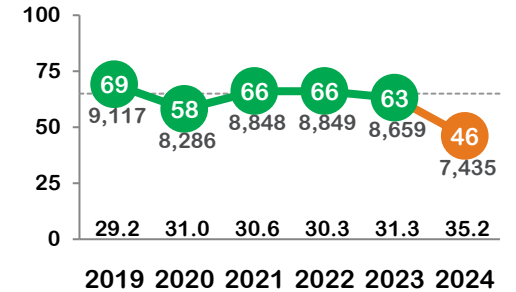
EG Anesthesia



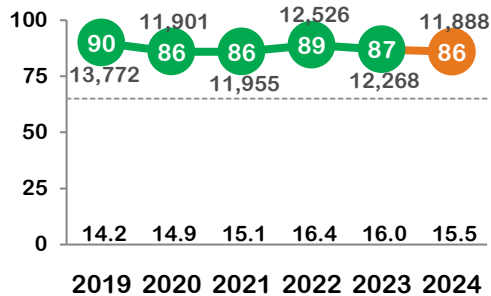
SB Anesthesia



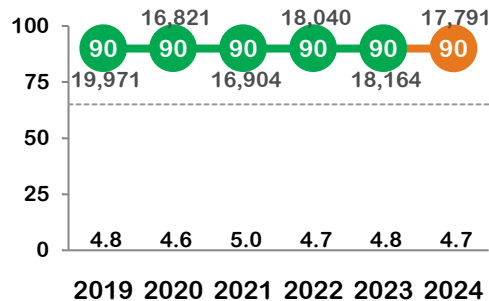
EG+SB Anesthesia



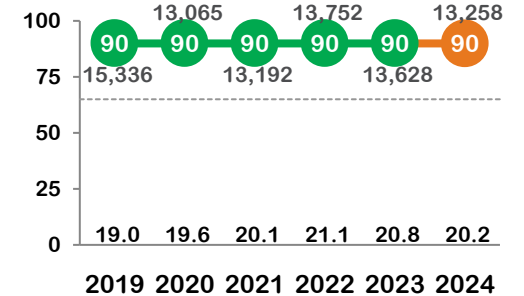
SR Anesthesia



MM Anesthesia



SR+MM Anesthesia



FTEs exclude PLRC-approved medical directorships; Includes PRN FTE



Children's Healthcare of Atlanta

Hospital Based

(1 of 3)

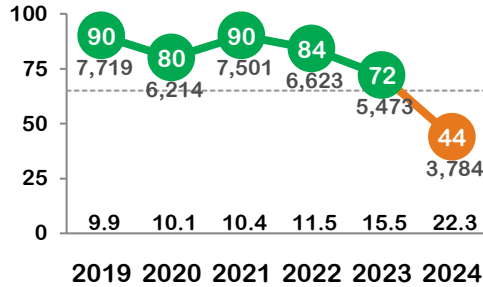
50 2019-2023 Act

50 2024 Budget

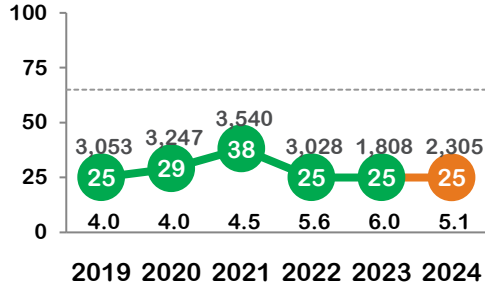
5,000 Physician Production

5.0 FTEs (shown right above x-axis)

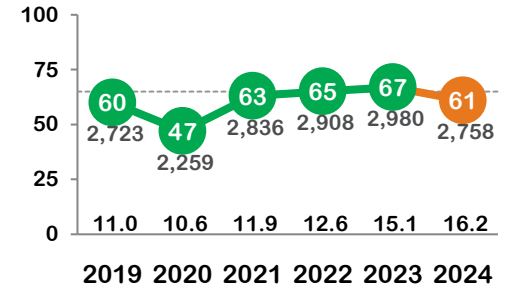
Critical Care Medicine



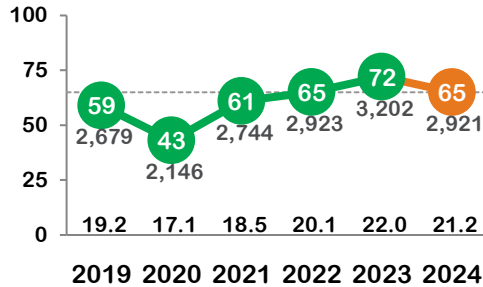
Consult Psych



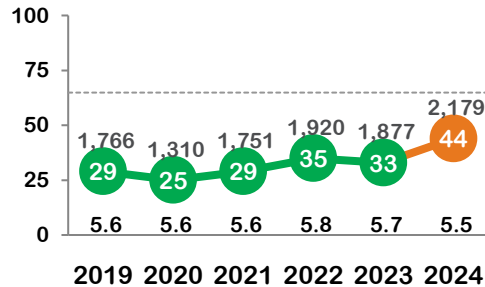
Hospitalists at Egleston



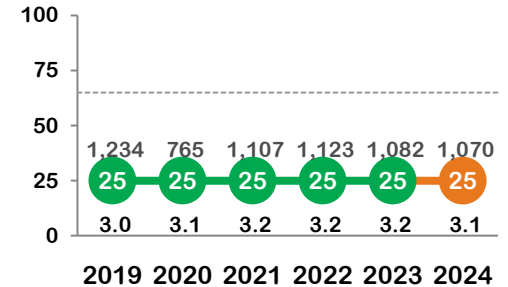
Hospitalists at Scottish Rite



General Peditricians - Neuro



Specialist General Peditricians



FTEs exclude PLRC-approved medical directorships; Includes PRN FTE



Hospital Based

(2 of 3)

50

2019-2023 Act

50

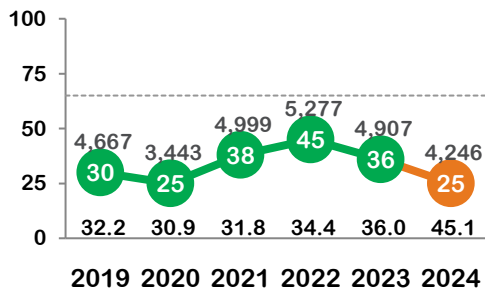
2024 Budget

5,000 Physician Production

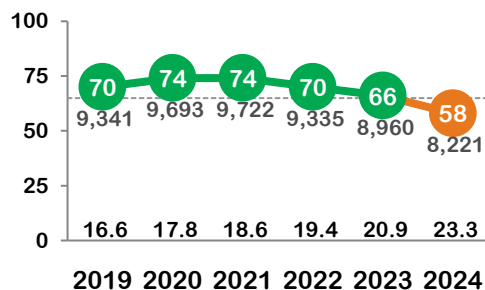
5.0 FTEs (shown right above x-axis)

*Survey Participants <50

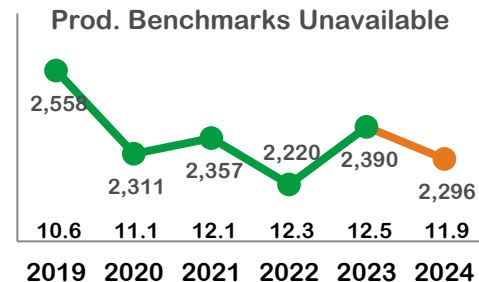
Emergency (Eg Only*)



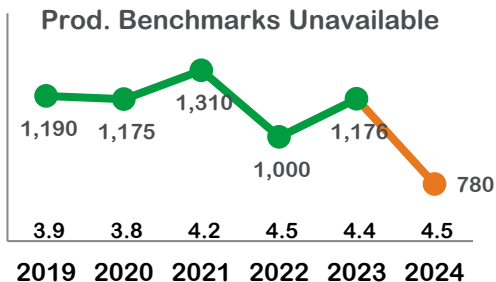
Neonatology#



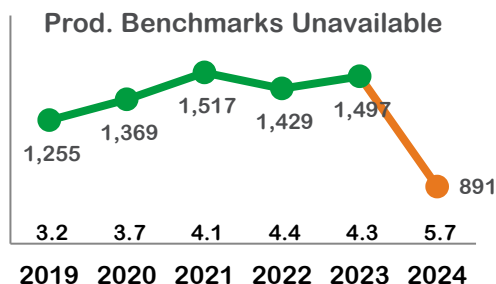
Pathology



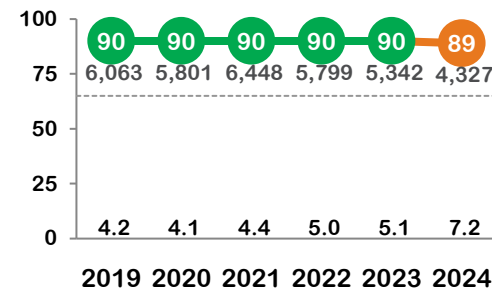
Pain Management



Palliative Care



Physiatry* (n=32)



FTEs exclude PLRC-approved medical directorships; Includes PRN FTE *See appendix for HS Consolidation
 #Neonatology-Midtown Oct-Dec'2022 wRVUs posted in 2023 manually removed (included in 2022)



Hospital Based

(3 of 3)

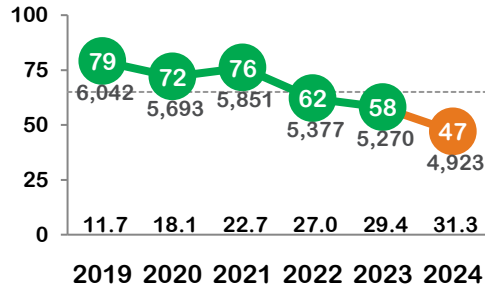
50 2019-2023 Act

50 2024 Budget

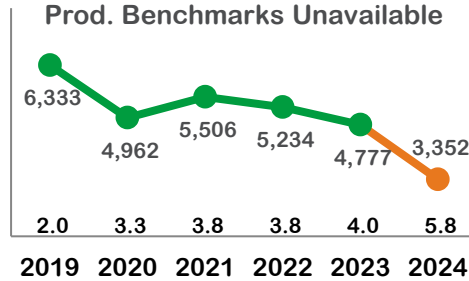
5,000 Physician Production

5.0 FTEs (shown right above x-axis)

Radiology – Gen & Neuro



Radiology - IR



Medical

(1 of 3)

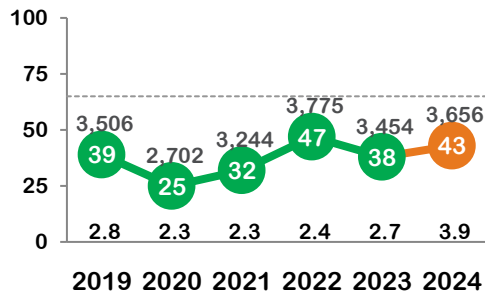
50 2019-2023 Act

50 2024 Budget

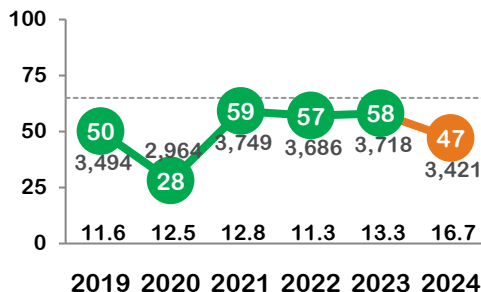
5,000 Physician Production

5.0 FTEs (shown right above x-axis)

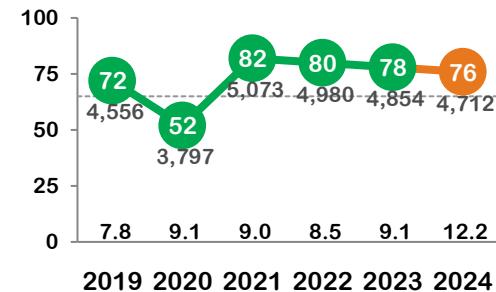
Allergy



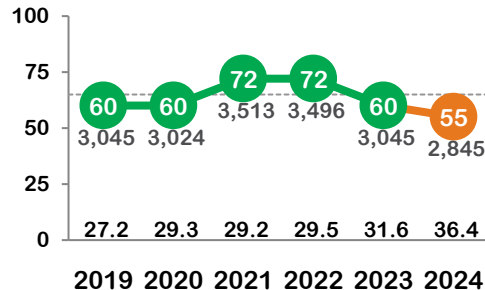
Endocrinology



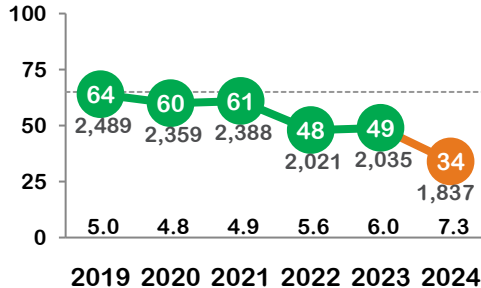
Gastroenterology



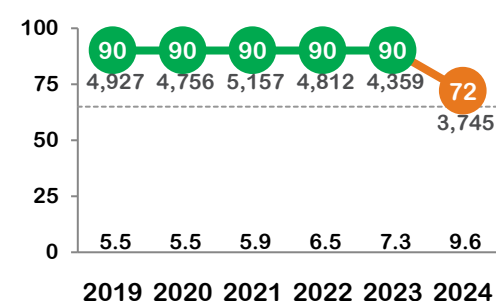
HemOnc



Infectious Diseases



Nephrology



FTEs exclude PLRC-approved medical directorships; Includes PRN FTE



Children's Healthcare of Atlanta

Medical

(2 of 3)

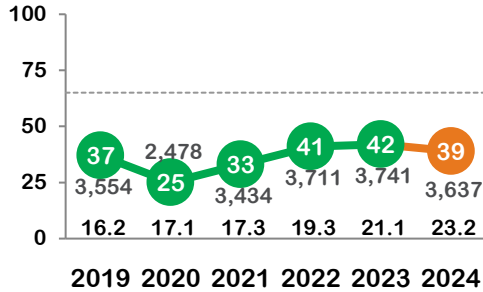
50 2019-2023 Act

50 2024 Budget

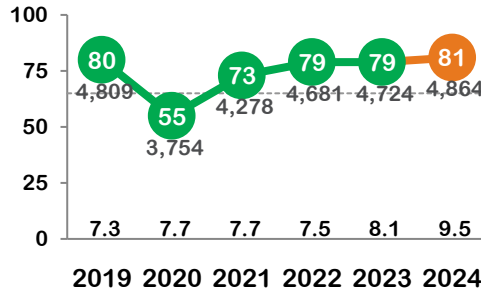
5,000 Physician Production

5.0 FTEs (shown right above x-axis)

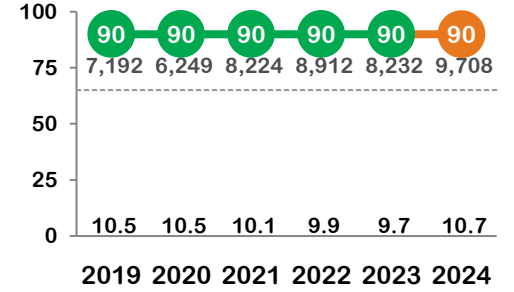
Neurology



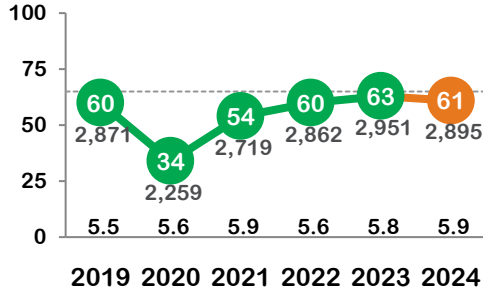
Pulmonology at Egleston



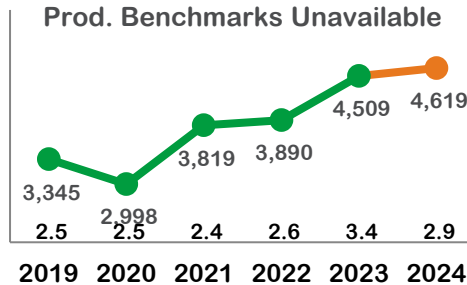
Pulmonology at Scottish Rite



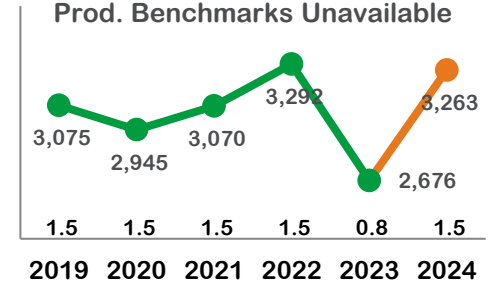
Rheumatology



Sleep at Egleston



Sleep at Scottish Rite



FTEs exclude PLRC-approved medical directorships; Includes PRN FTE



50 2019-2023 Act

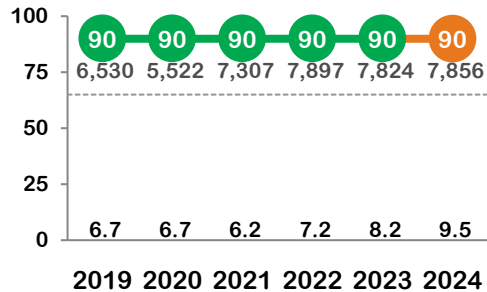
50 2024 Budget

5,000 Physician Production

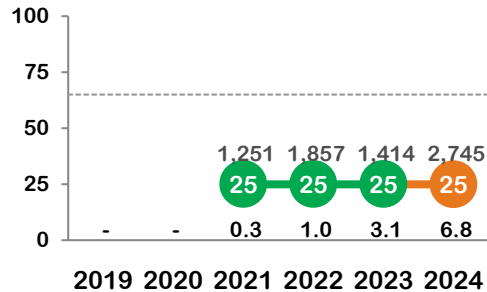
5.0 FTEs (shown right above x-axis)

*Survey Participants <50

Ortho – Sports Medicine* (n=10)



Behavioral Health Referral Clinic



Surgical

50

2019-2023 Act

50

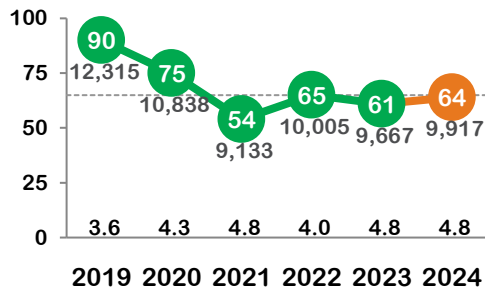
2024 Budget

5,000 Physician Production

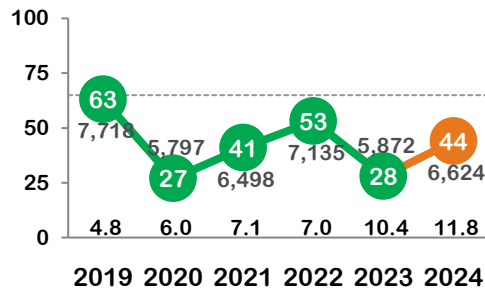
5.0 FTEs (shown right above x-axis)

*Survey Participants <50

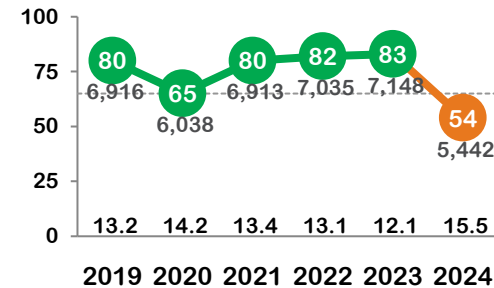
CT Surgery* (n=21)



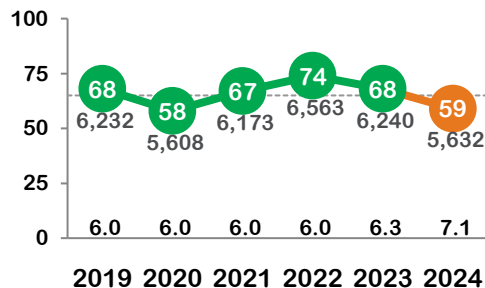
ENT



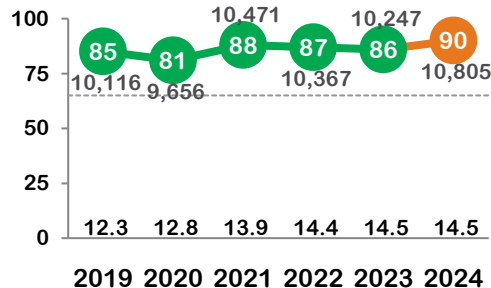
General Surgery



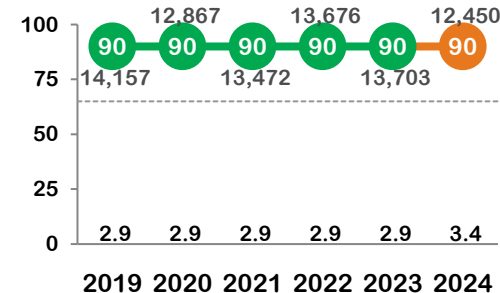
Neurosurgery



Ortho - Surgeons



Plastics* (n=9)



FTEs exclude PLRC-approved medical directorships; Includes PRN FTE



Urgent Care

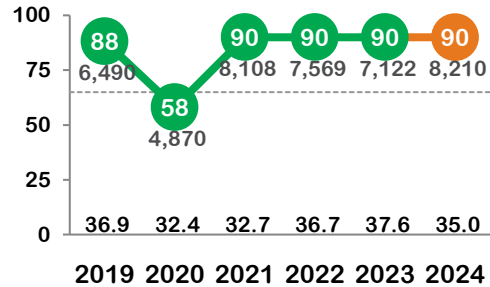
50 2019-2023 Act

50 2024 Budget

5,000 Physician Production

5.0 FTEs (shown right above x-axis)

Urgent Care





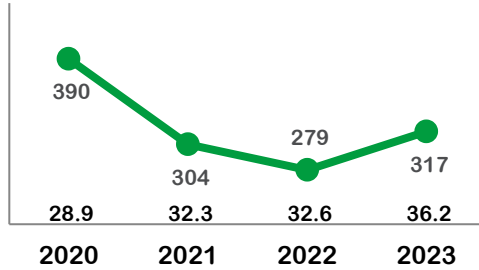
Individual Specialty Graphs - APPs



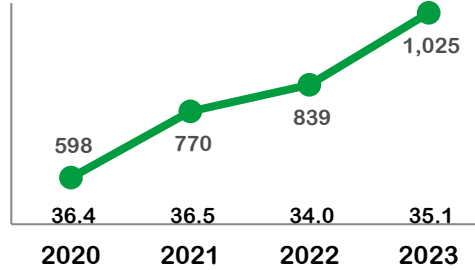
Advanced Practice Provider

5,000 APP Production 5.0 FTEs (shown right above x-axis)

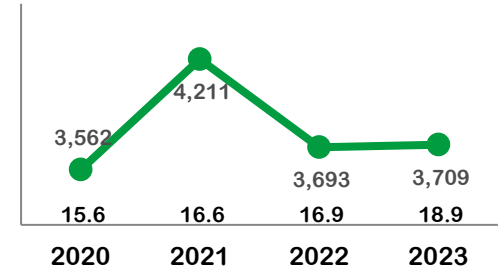
Neonatology



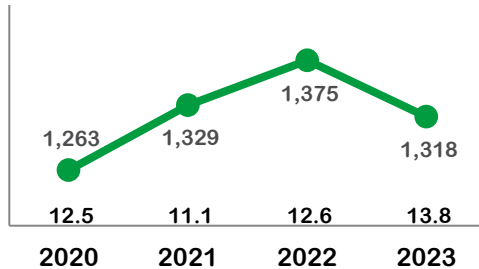
HemOnc



Orthopedics

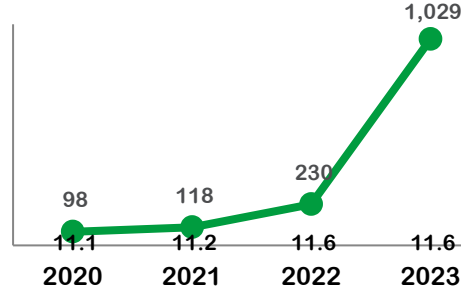


Neurology

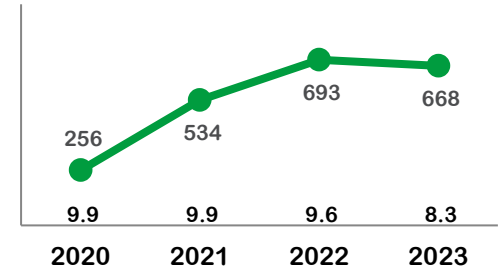


General Surgery

Shared services pilot group



Pulmonology at Scottish Rite

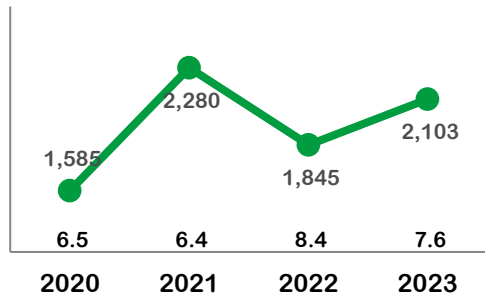


Advanced Practice Provider

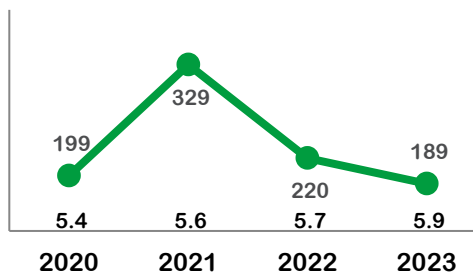
5,000 APP Production

5.0 FTEs (shown right above x-axis)

Endocrinology

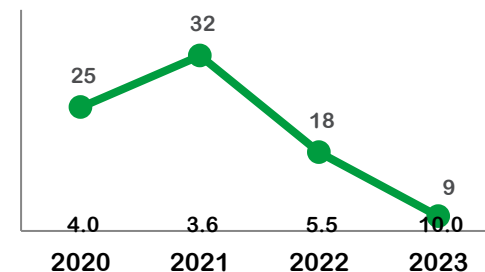


Neurosurgery



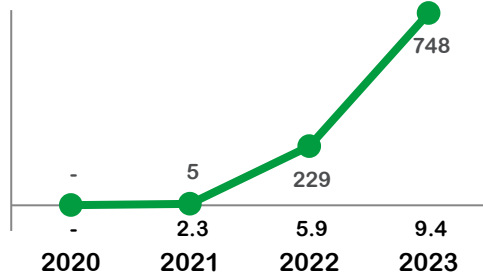
Critical Care Medicine

Team based care model

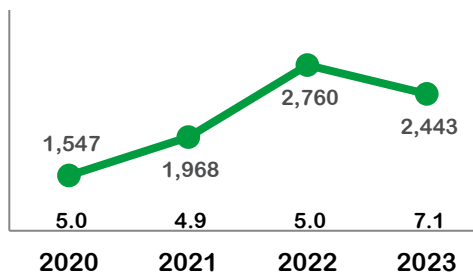


Consult Psych

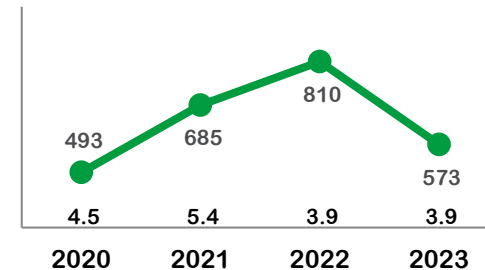
Shared services pilot group



ENT



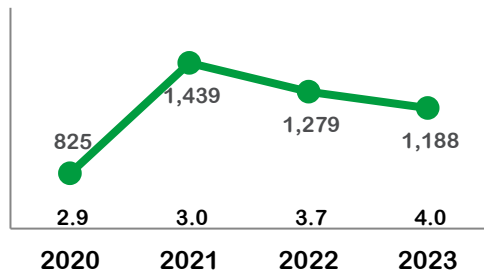
Pulmonology at Egleston



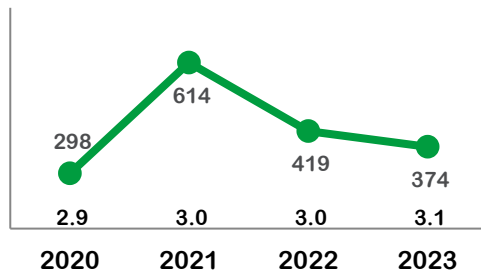
Advanced Practice Provider

5,000 APP Production 5.0 FTEs (shown right above x-axis)

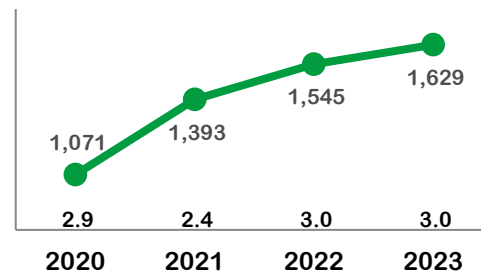
Physiatry



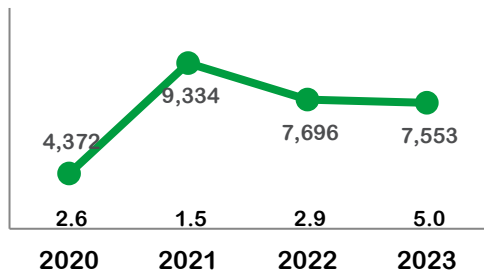
Infectious Diseases



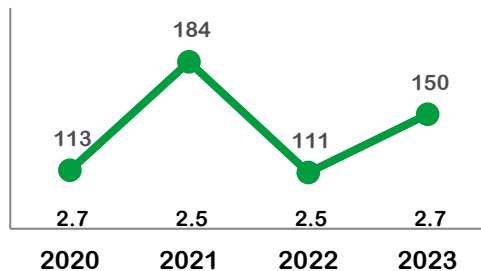
Nephrology



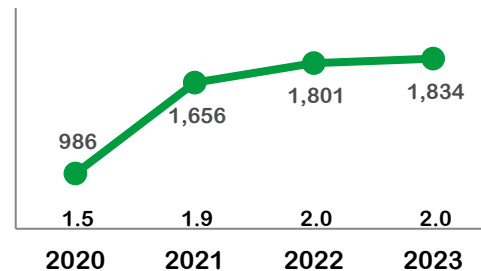
Urgent Care



Pain Management



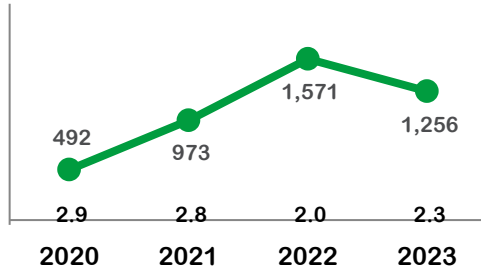
Allergy



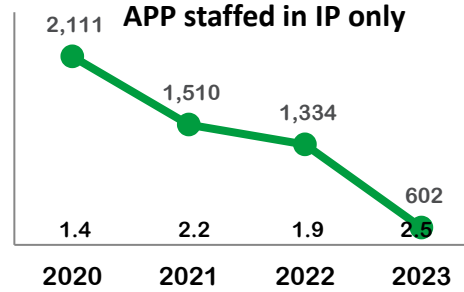
Advanced Practice Provider

5,000 APP Production 5.0 FTEs (shown right above x-axis)

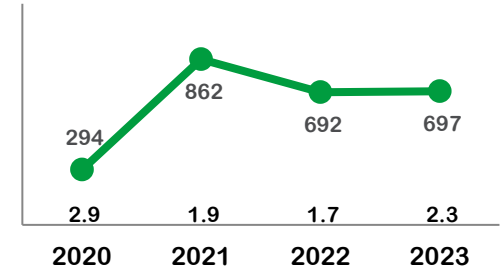
Plastics



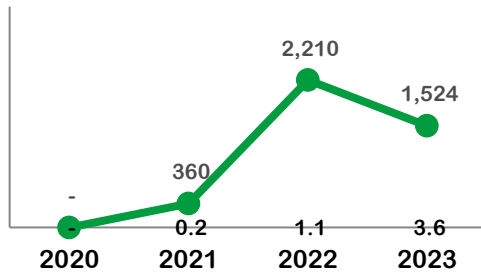
Gastroenterology



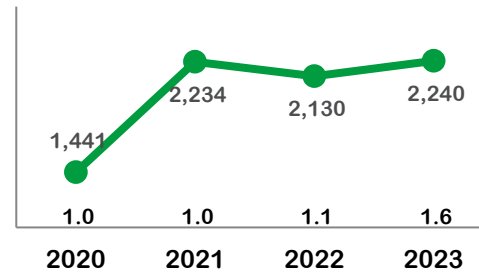
Palliative Care



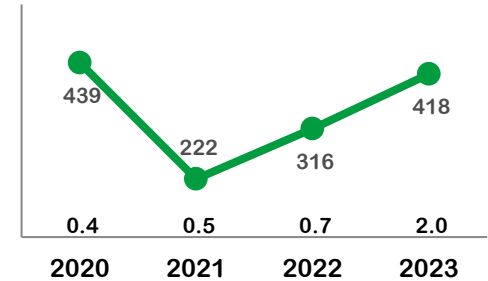
Behavioral Health Referral Clinic



Pediatric Gynecology



Radiology – Interventional





Children'sSM
Healthcare of Atlanta

Labor Management (Non- Physician)

2024 CHA CFO Forum

Children's Healthcare of Atlanta





Labor Productivity

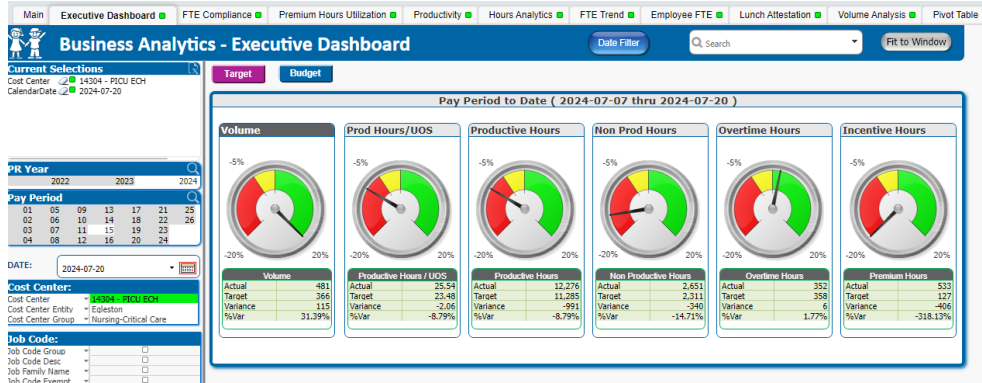


Labor Productivity

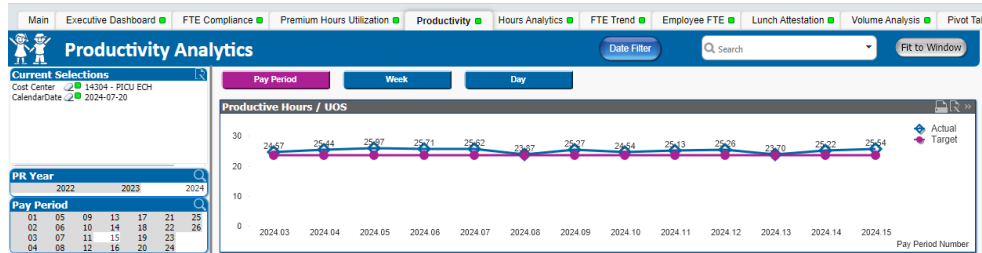
- Lost discipline during COVID staffing crisis (2020-2022)
 - 2023 focus was elimination of high-cost labor (travelers, incentive, bonus shifts, etc.)
 - 2024 reintroduced LMAT (Labor Management Action Team) to review monthly productivity results
 - SVP Ops chairs meeting, supported by finance team
 - 5% variance requires submission of action plan
- Staffing up to support new hospital opening and low summer volumes= productivity challenges



Bi-Weekly Productivity Management Tool



- Qlikview Tool
- Managers and above have access to all cost centers
- Updates daily, timecards managed bi-weekly which impacts usefulness prior to pay period close



LMAT Meeting

- Criteria for attendance: previous 2 pay period's FTE unfavorable 5%
- Focus on challenges + mitigation plans going forward
- Struggling with accountability to deliver on mitigation plans

Reporting Example

To be provided by Financial Operations Team									
Cost Center	Actual Vol	Actual Prod Hrs	Target Prod Hrs	Hours Var	ADC	Act PHUOS	Target PHUOS	FTE Variance	%
12325 - GPC Third Floor SR	714	9,491	8,892	(599)	25	13.3	12.5	(3.7)	-30%
2023-pp19	349	4,594	4,345	(249)	25	13.2	12.5	(3.1)	-25%
2023-pp18	365	4,897	4,547	(350)	26	13.4	12.5	(4.4)	-35%

To be completed by Clinical Director			
Issues impacting productivity (Volume, Staffing, Acuity,)	Action Steps	Expected Outcome	Completion Date
Lower census in these payperiods	Flex staff to volume	Favorable performance when volumes return	Q4 2023
Reviewed staffing ratios in both pay period. Identified a few opportunities.	Educate Charge RN to flex staff to volume. Consider calling someone in if volumes	Improvement in PHUOS	Q4 2023
FTE approved mid-year, PHUOS do not reflect new staff	Next budget cycle incorporate new resource	Increase in PHUOS to reflect approved FTE	Q1 2024



Benchmarking



Benchmarking

- Current Situation
 - Actively submitting PROSPECT data
 - 2018 was last year of “true” benchmarking
 - Balancing benchmarking resource requirements with opening of AMBH
- Future Plans (4th QTR 2024)
 - Finance to validate Prospect submissions (2022 Workday Conversion)
 - Identify comparison groups, targeted performance (top quartile)
 - Develop internal reporting/tools
 - Will not engage operations until 2025 (post AMBH opening)





Pay Practices



Pay Practices

- Current Situation
 - 2022 Workday conversion highlighted pay practice challenges
 - Compensation versus Payroll
 - Not all pay practices “automated” in Workday/API; many require manual intervention of Timekeepers and Managers
- Future Plans
 - HR/Compensation currently documenting all pay practices
 - Labor Management Team to review and make recommendations to revise pay practices to allow for coding/automated administration within Workday/API
 - Evaluate stacking of Diffs/Incentive pay with goal to limit/cap
 - Ensure pay practices are included within policies when appropriate, documentation provided to users



Pay Practice Inventory

Pay Practice Category	Sub-Category	Workday Compensation Plan	Workday Compensation Element	2023 Earnings (\$)	Documented?	Applicable Policy	Workday Earning Code(s)	TIME Codes	Job Condition	Eligible Job Codes	Notes	Internal Notes / Questions
Regular Earnings	Salaried	Salary Plan	Base Pay	\$332,812,259		3.04	REGS	REGS	X	All Salaried		
	Hourly	Hourly Plan	Base Pay	\$429,713,894		3.04	REGH	REG, *PTS	X	All Hourly	Productive time	
	Orientation	Hourly Plan / Salary Plan	Base Pay	\$19,537,624			ORI	ORI, ORF, ORN,		All	Non-productive	
	Professional Leave/ Training	Hourly Plan	Base Pay	\$7,441,604			PRL	TRE, TRI, WSTRI,	X	All Hourly	Non-productive	
	Administrative/Meetings	Hourly Plan	Base Pay	\$10,818,876			ADM	ADMS, ADMU, WSADMS, WSADMU	X	All Hourly	Non-productive	
Overtime	Overtime	Hourly Plan	Base Pay	\$8,256,103	X	3.22	OVT	OVT	X	All Hourly		Review exempt ees clocking in as PRN
	Overtime (Alabama) Earnings code: Overtime Hours * Reg Hourly Rate for AL	Hourly Plan	Base Pay	\$0	X	3.22	OTAL	OVT	X	All Hourly (work state is AL)	OT hours where work state is AL. New code effective 1/1/2024. One employee clocking in 2024.	2024 to date: Medical Lab Tech clocking limited OT hours
Incentive & Bonus												
Base Pay	Shift Incentive Pay (5% - 50%)	Hourly Plan	Base Pay	\$4,862,889	X	3.43	SHIFTINCV	S11, S12, S13, S14, S15, S16, S17, S18, S19	X	All Hourly	Approval requirements are well-documented in the policy; 24 hr/week requirement is a dissatisfier for workers with shifts < 10 hours	No Job Code Condition rules at present; No clear process in place for approval audits
	Shift Fixed Rate (Bonus) Payment	Hourly Plan	Base Pay	\$583,867	X		SHIFTFRP	FR01, FR02, FR03, FR04, FR05, FR06	X	All Hourly	24 hr/week requirement is a dissatisfier for workers with shifts lasting < 10 hours	
	Anesthesia Premium Pay	Hourly Plan	Base Pay	\$0			PRM	OTA1 & OTA2 - Inactive			Inactive in Time. Should the earnings code be deactivated?	
Discretionary	Referral Bonus	Ad Hoc/Allied Health/Clinical Support /Director+/ IS&T/Non-Clinical Prof./Non-Clinical Support/Nurse CN1/Nursing/Physician/Practice Manager Referral Bonus	Referral Bonus / Ad Hoc Referral Bonus	Incl. in DBONUS sub-total (\$5,069,268)	X	4.01	DBONUS	N/A	X	All except: Directors+, Recruiting, Managers within Dept., referrals of interns/contractors/consultants	Currently under Legal review for move to Nondiscretionary Bonus	Why are there 11 Referral Bonus Plans that flow through one Compensation Element (Referral Bonus)?
	Sign On Bonus	Sign On Bonus	Sign On Bonus	Incl. in DBONUS sub-total (\$5,069,268)	X		DBONUS	N/A		All	Sign-On Bonus Repayment Agreement workflow in Workday. Recruiting manages eligible jobs and payment guidelines. Costs allocated to job cost center.	Standard clawback is 24 months - should there be tiers based on level of payment?
	Retention Bonus (Discretionary)	Retention Bonus / Sign On Bonus	Retention Bonus / Sign On Bonus	Incl. in DBONUS sub-total (\$5,069,268)	X		DBONUS	N/A		All	Extended summary via Man	Retention Bonus in Comp



Special Pay/Scheduling Practices

- Implemented/expanded during COVID Staffing crisis

Pay/Scheduling Practice	Amount	Requirements
Full Time Respiratory Therapy Diff	\$15/hr	Work 72 hours per pay period, diff only paid for bedside care
Critical Care Diff	\$10/hr >3 years \$5/hr < 3 years	Emergency, PICU, NICU, CICU, Transport; diff only paid for beside care hours
Night Shift Option Plan/ Weekend Staffing Plan	\$8.50-\$18.00/hr	Commit to work all Nights/Weekends
Lab/Rad weekend and night requirements	N/A	Lab and Rad techs have no weekend or night requirements, requires total reliance on WSOP/NSOP

