



Structuring Administration for Pediatric and Congenital CV Care

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CHoP Cardiology 2025 / Orlando, FL

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Disclosures



Overview

The Business of Healthcare Administration

Models of Care

Business Principles

Case studies: Healthcare institutions

Medical history

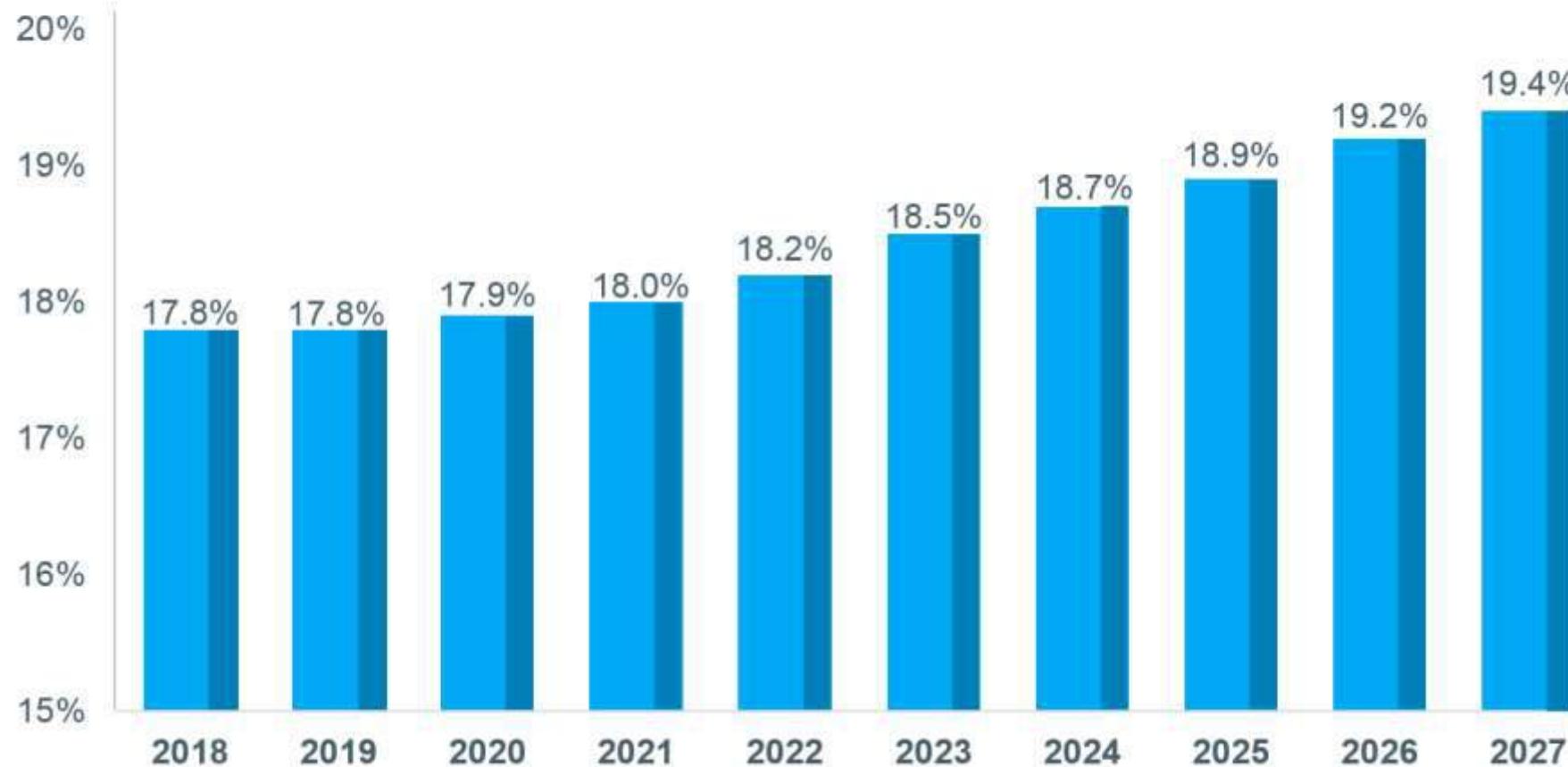
Healthcare... Is it a Business?

YES!!!

2023: ~18 % of US GDP spent on healthcare
-\$4.9 Trillion or \$14,570 per person



Figure 1. Projected US Healthcare Expenditures as a Percentage of GDP, 2018–2027



Sources: Centers for Medicare & Medicaid Services. [National Health Expenditure Projections 2018-2026](#), Forecast Summary and Selected Tables.

Questions:

What makes a business (i.e. a company) successful?

How are successful companies structured?

What makes a company unsuccessful?

Successful



COSTCO



 **Cleveland Clinic**

**The
Cheesecake
Factory.**

 **Children's National**™

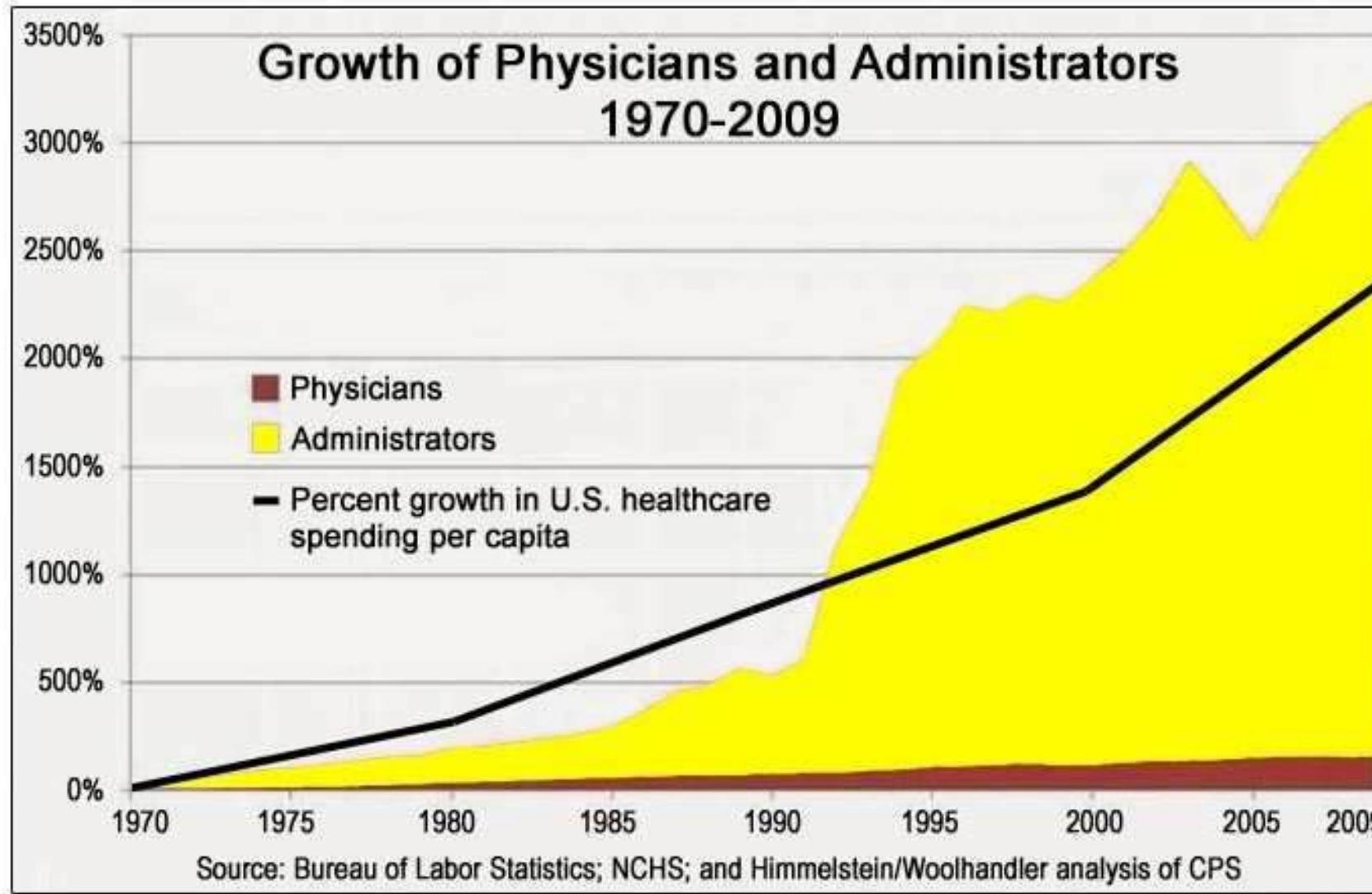
Unsuccessful



xeroxTM



The Big Business of U.S. Healthcare



Factors for a Successful Heart Program (and MOST businesses)

Personnel

Governance

Finances

Structure

Sustainability

Quality and Safety

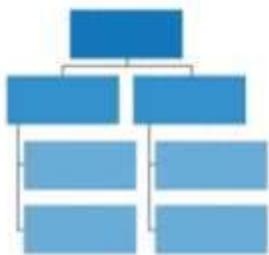
Culture

Education

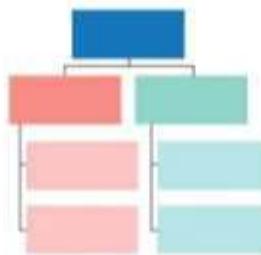
Growth

Types of organizational structures

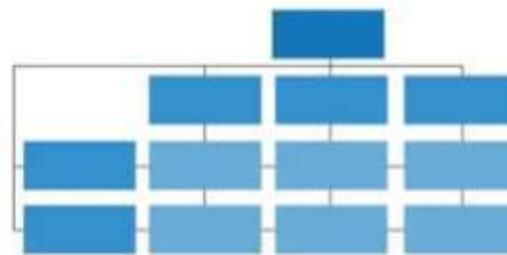
Hierarchical Structure



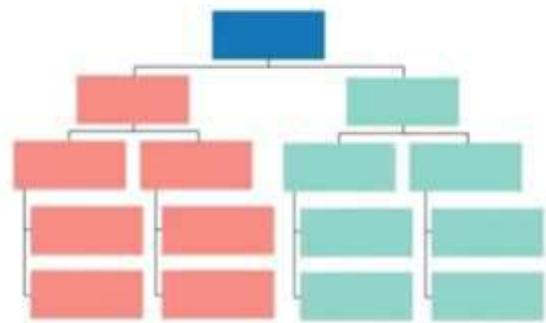
Functional Structure



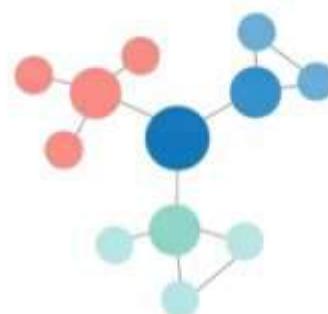
Matrix Structure



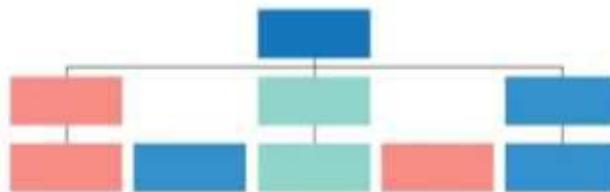
Divisional Structure



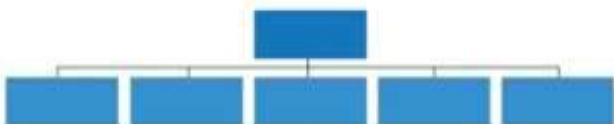
Network Structure



Team-based Structure



Horizontal/Flat Structure



Models of Care of Heart Centers

3 Models

Academic

Private-practice

“Priva-demic”

Academic Model

Dean of Medical School

Dept Chair of Pediatrics

Division of Cardiology

Division of Critical Care / CV Critical Care

Dept Chair of Surgery

Division of CT Surgery

Subdivision of Ped CT Surgery*

Dept Chair of Anesthesiology

Division of Ped Anesthesia

Subdivision of CV Anesthesia

Division of Ped CV Anesthesia*

Academic Model



DukeHealth



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Questions in the Academic Model

Is there a Children's Hospital?

 Is it freestanding?

 Is it REALLY freestanding?

Is Ped CT Surgery under Adult CT Surgery?

Is Ped CV Anesth under Adult Anesth? Under Ped Anesth?

 Is Ped CV Anesth its own Dept?

Who manages the Cath Lab? The OR? The CVOR?

Which doctors staff the ICU? Is it a CVICU?

Who owns ECMO?

Private Model

Physicians are Private Practice

Private Ped Cardiologists

Practice owns outpatient echo*

Private CT Surgeons

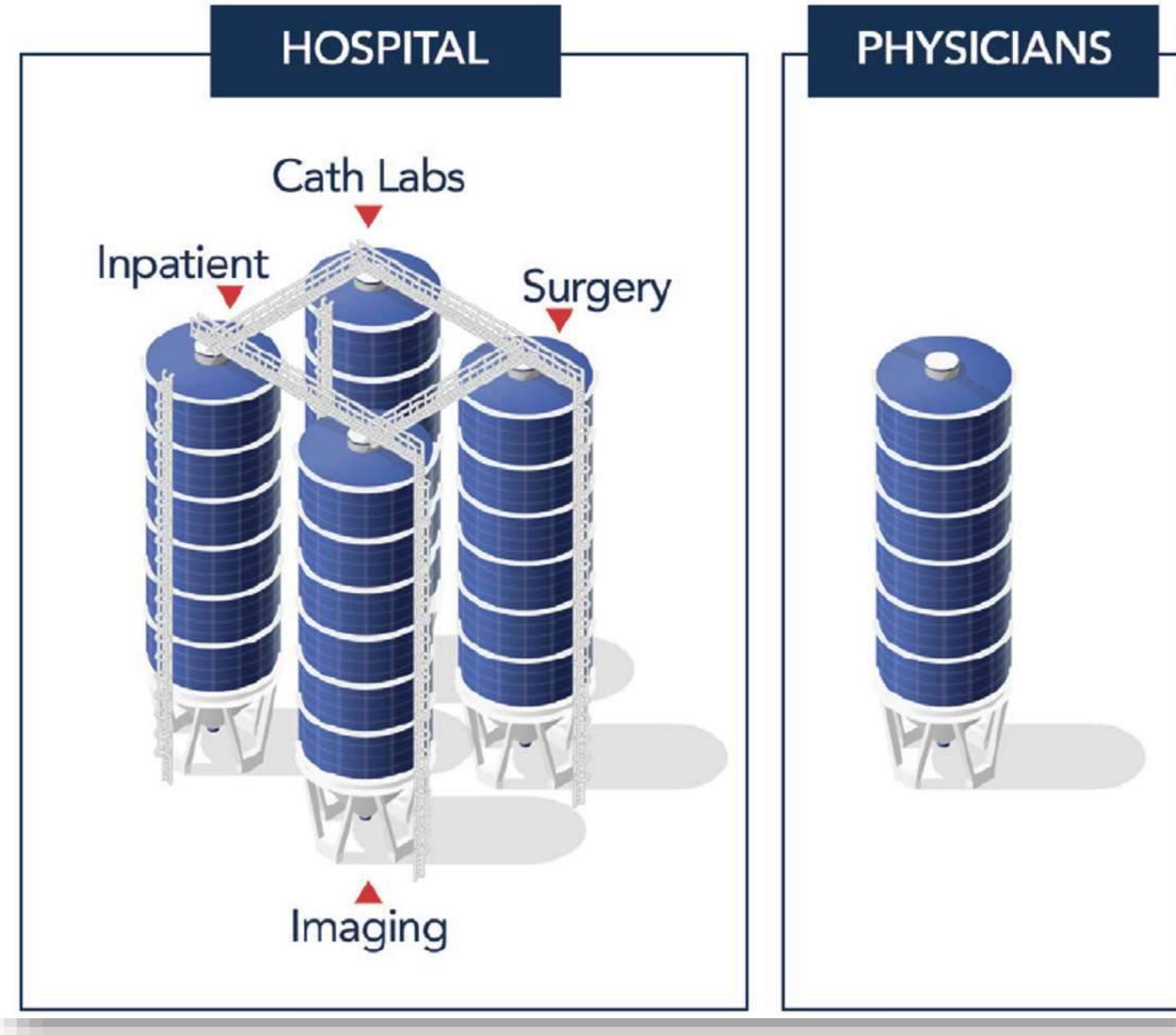
Hospital owns the facility and ancillary services

Hospital provides RNs, RTs, techs, inpatient echo*, etc

Hospital owns cath lab and equipment

Hospital manages/owns CVOR (personnel and equipment)

Private Model



Examples:

*Obstetrix
Pediatrics
MedNax
Pediatrics Medical Group*



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Questions in the Private Model

Are the Cardiologists and CT Surgeons in the same group?

So, the Cardiologists own the CT Surgeon(s)?

Are the physicians "loyal" to the main hospital?

They may "admit" or transfer to another facility in which they have a financial investment

Who manages the Quality and Safety of the patients?

e.g. Who manages the doctors if there is an issue?

What about HR issues?

e.g. Hospital-employed doctors vs private docs

e.g. HR: Nurse has an issue with private doc?

“Priva-demic” model / Employed model

Hospital-employs **ALL** the clinicians

Doctors, Surgeons, Nurses, Sonographers, Techs

Hospital gets **ALL** the revenue

Revenue: Ambulatory & Hospital-based

The *academic* part: residents, fellows, ? Research, “affiliated” with a medical school

Example:



Questions in the Priva-demic Model

Are the “best” doctors still in private practice? (Did they not “join”?)

Are the “best” doctors the “best”... or do they just have the most patients? (e.g. the most lucrative practice)

“Patients are power”...

How are the providers paid? Salary? RVU-based? Is there a Bonus?

What is the incentive to do academic interests?

What are the Quality components?

Accreditation? ICAEL-Echo? ACC? Magnet?

Is it just “All about the Money”???

In whatever model you are in...

Think about structure and governance!

Governance Works



What is the **STRATEGY** of your organization?

Strategy is*...

Where to play

What to do

How to win



Economic logic: How will we generate revenue?

*Hambrick DC & Frederick JW. *Acad of Mgmt Exec.* 2005

What is the CULTURE of your organization?

behavior
feedback
status
fit
social
unique
cognitive
meaning
success
employee
task
result
symbols
type
leadership
high
values
cultural
stories
society
external
problems
ORGANIZATIONAL
expertise
CULTURE
interpersonal
outlasting
deepest
knowledge
satisfaction
Management
compañía
live
growth
belief
collective
organizational
importance
result



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**Culture eats
strategy for
breakfast**

-Peter Drucker



NewAgeLeadership.com

What does your C-Suite look like?

Who is there?
How is it organized?

Physician-led Organizations (i.e. Physician CEO)

Cleveland Clinic (D. Cosgrove, MD → T Mihaljevic MD) (CT Surgeon)

Houston Methodist (Mark Boom, MD) (Internal Medicine)

Mayo Clinic (Gianrico Farrugia, MD) (Adult GI)

Cincinnati Children's (Steve Davis, MD) (Pediatric Intensivist)

New York-Presbyterian (Steve Corwin, MD) (Adult Cardiologist)

Rady Children's (Patrick Frias, MD) (*Pediatric Cardiologist*)

Non-physician-led Organizations (i.e. Non-physician CEO)

Children's National (Michelle Riley-Brown MHA FACHE)

Texas Children's (Debra Feigin Sukin PhD MHA)

Phoenix Children's (Bob Meyer CPA)

Nicklaus Children's (Matt Love MBA)

Children's Hospital Los Angeles (Paul Viviano MPA)

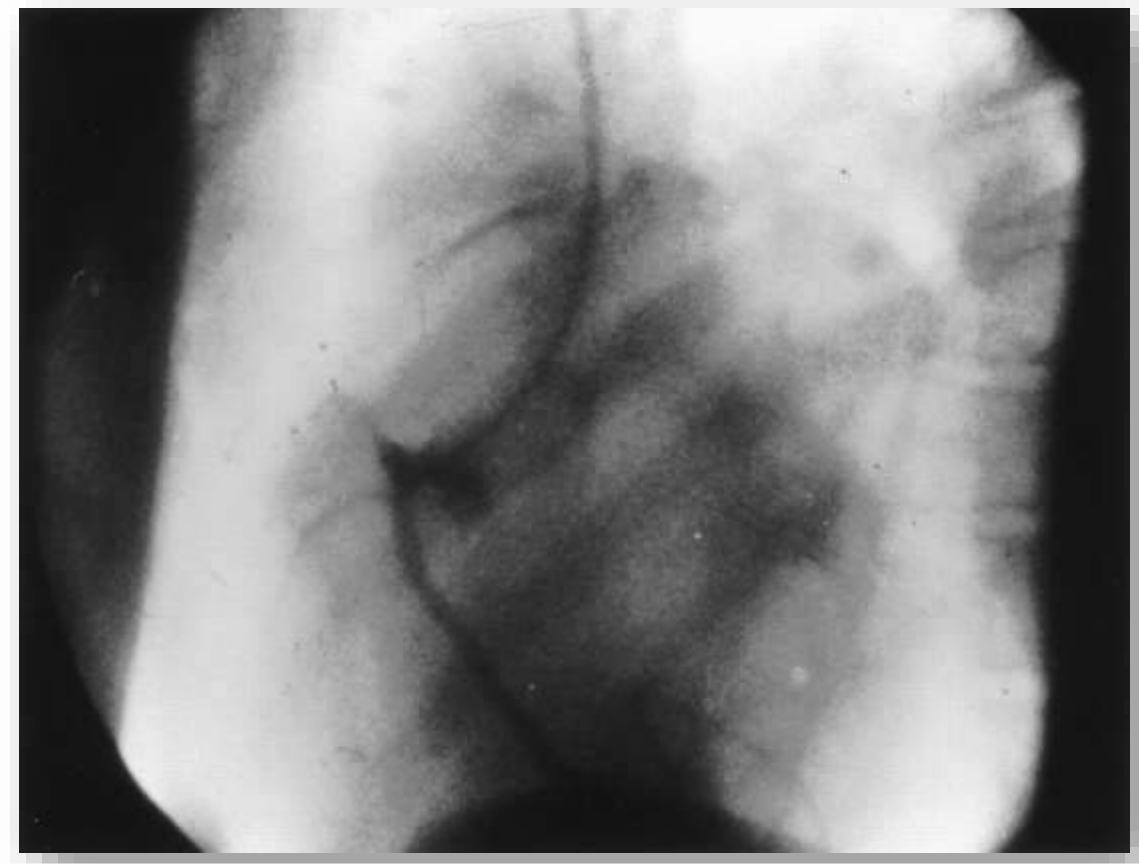
Children's Hospital of Philadelphia (Madeline Bell BSN, MS)

Case Studies of Successful HC Systems

Cleveland Clinic: A Case Study



1958: Dr. Mason Sones

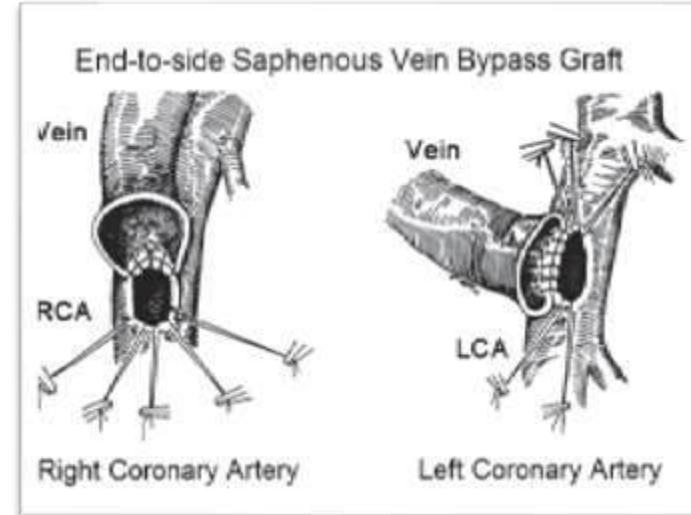


Sones MF Jr, Shirey EK. Mod Con CVD. 1962

Cleveland Clinic: A Case Study



1967: Dr. Rene Favaloro



Cleveland Clinic: A Case Study



1990-2004: Chair of CT Surgery - “Toby” Cosgrove
2004: Dr. Cosgrove named CEO

Created Centers of Excellence

“Cleveland Clinic Institutes”

Porter M and Teisberg E, HBS, 2019



Cleveland Clinic Institutes, c.2015

Clinical Institutes

Cancer

Orthopedics and Rheum

Pediatrics & Children's Hosp

Heart & Vascular

Others

Specialty Expertise Institutes

Anesthesiology

Research

Nursing

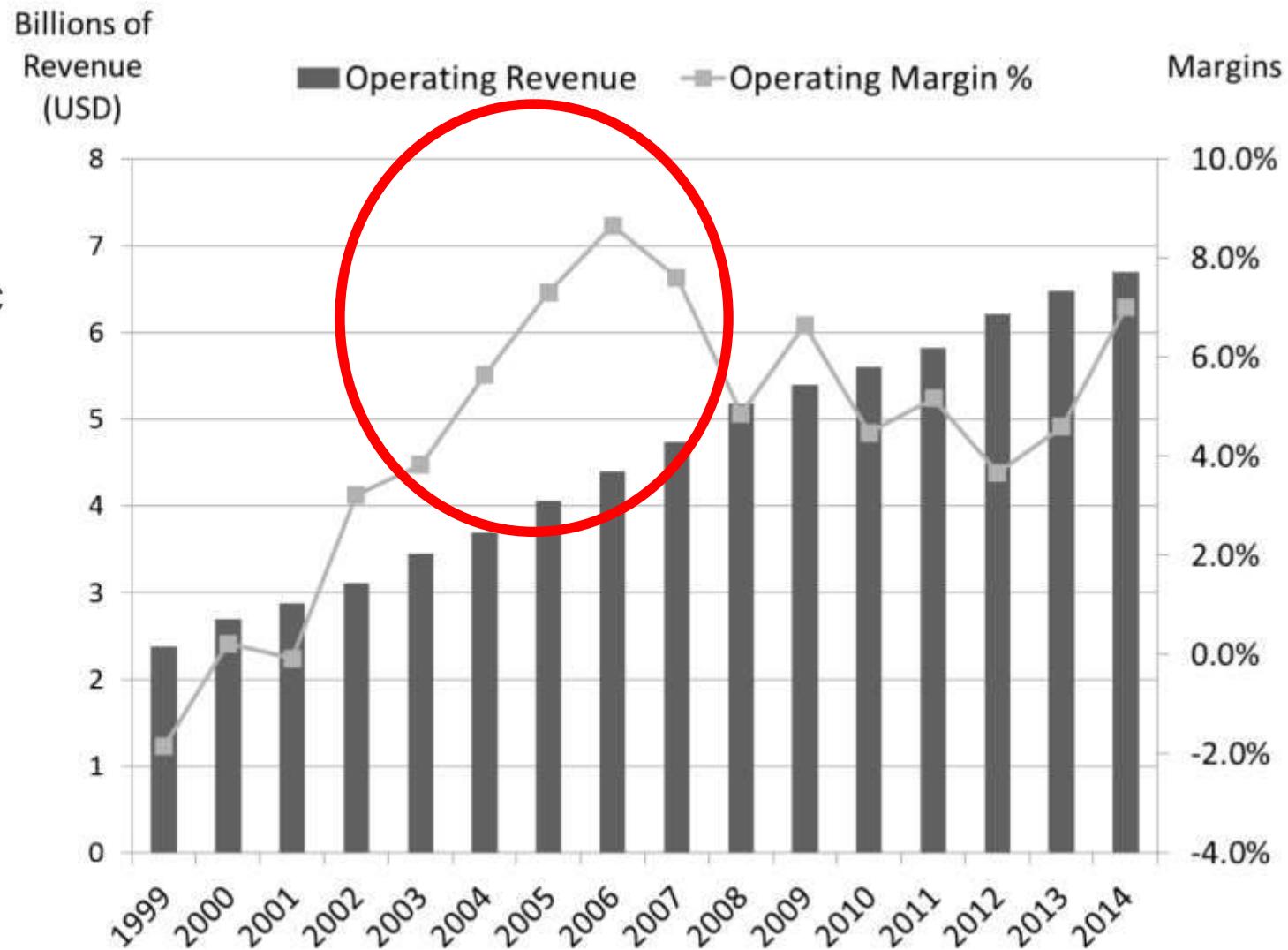
Quality and Patient Safety

Others





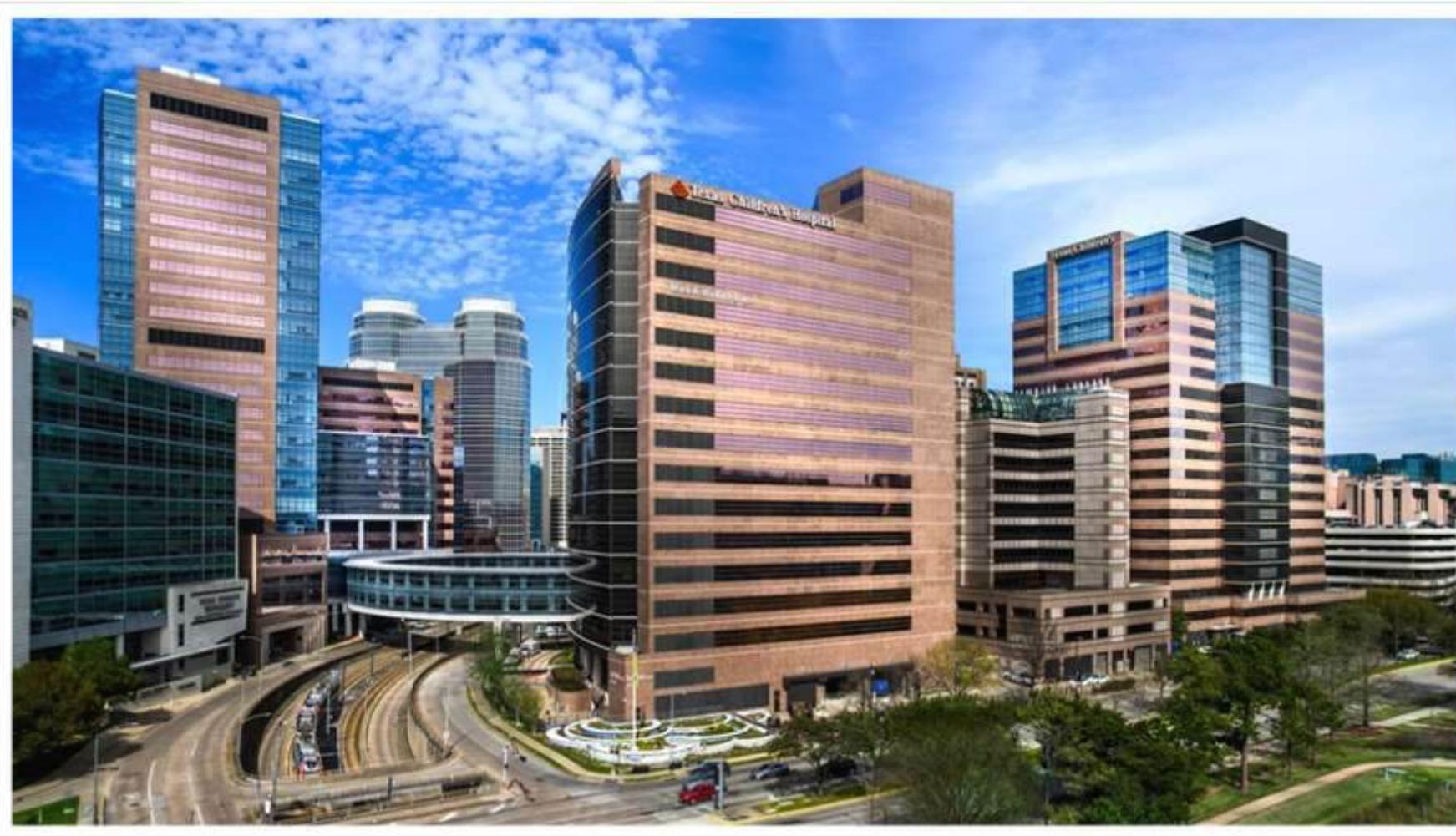
Total Operating Revenue and Margin %



Source: Cleveland Clinic "State of the Clinic."



Texas Children's Heart Center : A Case Study



Texas Children's Heart Center : A Case Study



1995: Fraser



2010: Penny



USNWR #1 in Heart & Heart Surgery



TCH – Heart Center → #1 How did they do it?

Clinical

High-volume

>1000 CVOR cases / year

>1000 caths / year

Excellent outcomes

Heart Center clinical excellence led the way for change ***for the institution***

Organization

- Original: 4 Chiefs: CHSurgery, Cardiology, CVICU, CV Anesthesia
- ~2012 – TCH “separated” from Baylor
- ~2012: In-Chiefs expanded (Ped-in-Chief, Surgeon-in-Chief, Anesth-in-Chief, Radiol-in-Chief, OB-in-Chief, Path-in-Chief)

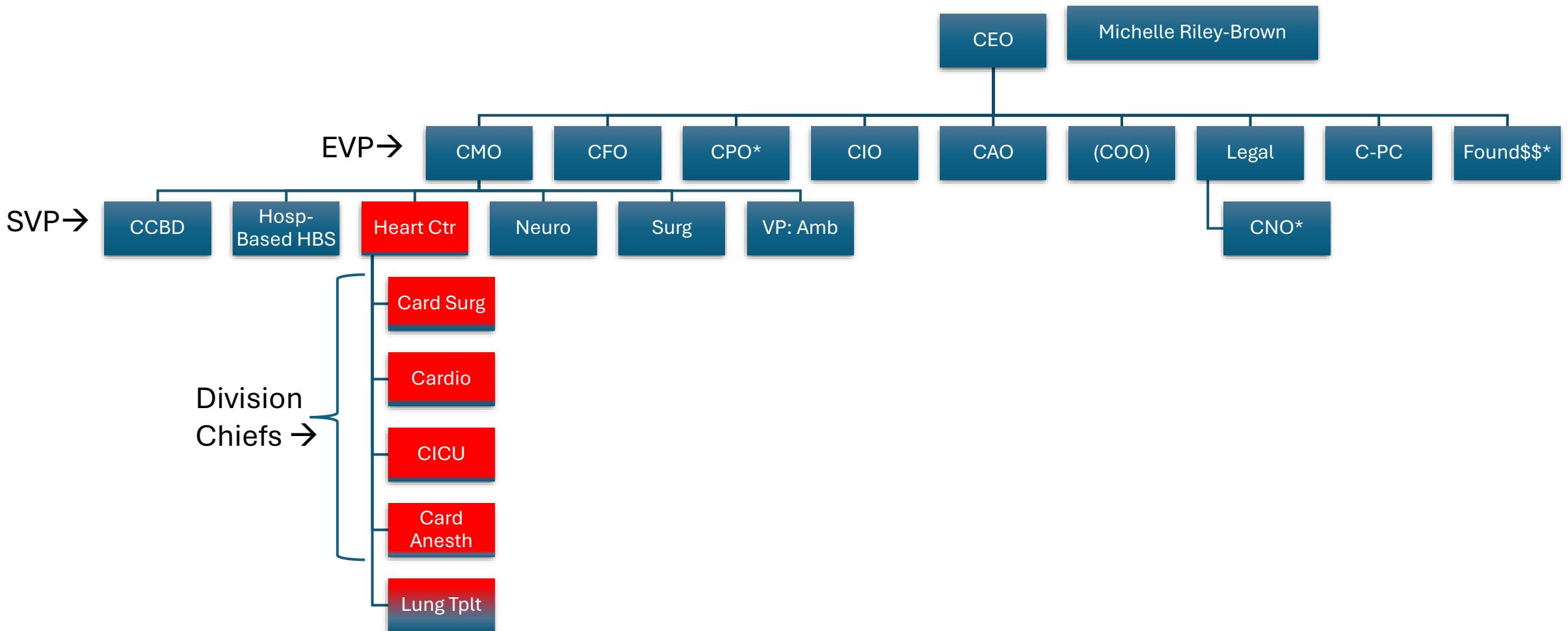


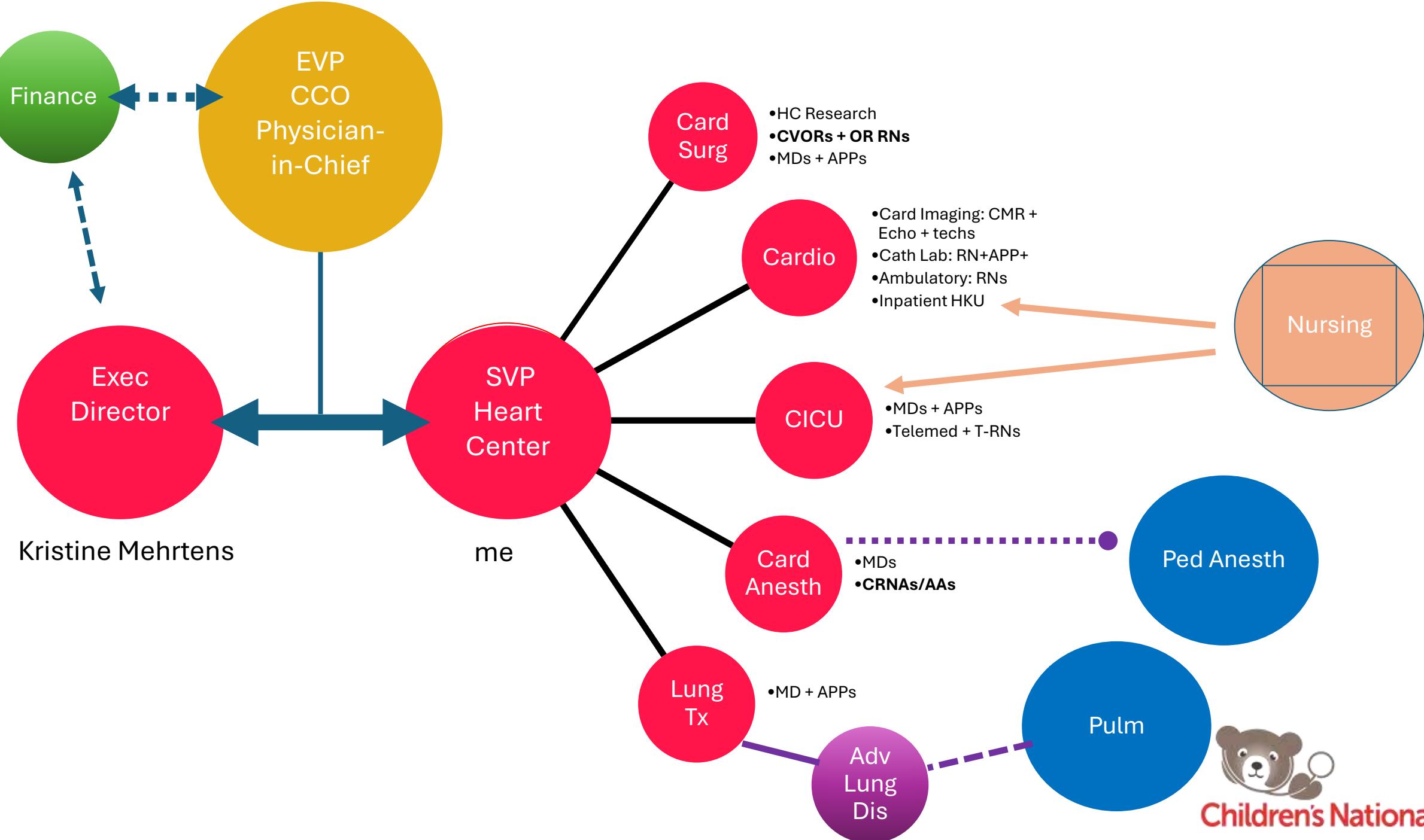
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What about Children's National?



Children's National: Org Chart (Hierarchical)







Together: We can ALL win as a Heart Center!



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Summary

- Business principles for Healthcare Administration
 - Factors for success
- Various models of care
 - Academic, Private, Priva-demic
- Physician-led and Non-Physician-led healthcare systems
- Case studies of successful health systems & pediatric heart centers (Bonus: medical history)

“The best way to predict the future is to create it.”

-Peter Drucker

Thank you!



Univ of Galway, Ireland, 2024



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