

Hospital growing pains Children's Medical searches for a new CEO while it expands

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Signs of change are palpable at Children's Medical Center of Dallas. Scaffoldings surround a main complex that's growing by six stories, waiting rooms are temporarily converted for patient beds, wheelbarrows dot a rooftop garden that's being installed.

Major changes are in store in corner offices as well, as the 90-year-old pediatric hospital prepares to welcome a new chief executive who will face overflowing demand for services, perception that its care quality may be slipping, and evolving doctor management relationships.

A new CEO was expected to be in place by the start of the year, but the search committee is still interviewing candidates for the job, considered one of the highest-profile executive openings in health care right now.

"In retrospect, we shouldn't have prognosticated" about when someone would be hired, said hospital chairman David Biegler, who's heading the search committee. "We want someone who can take it as far as they can take it.

"In our mind, Children's is at a stage to be in the premier ranks. And that's going to take someone who's highly experienced in health care."

George Farr, the outgoing CEO, continues in the role until a replacement is named.

Analysts say the job, although it comes with great challenges, has drawn much interest among the relatively tight community of high-level hospital executives, particularly those with experience in running a children's hospital.

"It's one of the top 10 children's [hospital] jobs in the country," said **Neill Marshall**, a Dallas-area consultant at Witt Kiefer, which recruits health industry executives. "Each year, only two or three of these types of jobs come up."

Mr. Biegler said the search process has taken longer than expected because the pool of candidates with the set of qualifications the committee seeks "shrinks quite a bit at this level."

He declined to provide candidates' identities or to set a new time frame for the selection announcement.

The search includes current CEOs of other children's hospitals and other operating executives, he said.

"We're cognizant that we have to wrap it up quickly," he said.

Children's continues to grow exponentially, after integrating pediatric care functions in recent years with Baylor Health Care System and

Texas Health Resources, the region's two largest nonprofit hospital chains.

In its third quarter, ended Sept. 30, Children's lost \$370,000 on operating revenue of \$88.6 million, compared with \$599,000 in profit on revenue of \$71.4 million in the year-ago period. Year-end figures haven't been released.

Changes taking place

The hospital launched a comprehensive, 10-year growth plan that includes \$100 million for the addition of 132 beds, the adoption of extra space at the nearby Menswear Mart and a new facility in Collin County.

"I'm excited about the changes that are going to take place," said Mr. Farr, 62, who announced in May that he would step down from the job after 18 years to head the hospital's fund-raising foundation.

"After the 10-year plan was completed, I began to think in my heart that we needed someone to work through that time period. My intention wasn't to work those 10 years." Children's also has a relatively new management agreement with the University of Texas Southwestern Medical Center at Dallas - a teaching hospital that provides it with doctors - giving Children's greater influence over the clinical care provided by all its physicians.

A new CEO will be charged not only with managing growth but also with juggling the interests of various doctor factions without sacrificing the quality of care, hospital officials said.

UT Southwestern supplies about half the hospital's physicians and coordinates with Children's in resident training and research. But about half of Children's physicians are independent pediatricians.

Having two key physician factions - common at the nation's academic hospitals - has been a source of tension at times, officials say.

The new CEO would have to handle "the complexity of meshing the needs" of private and medical school doctors, Mr. Biegler said. The candidate will have help in this regard, though.

The position of chief medical officer has been created under the new management agreement. That person reports directly to the CEO and oversees clinical care provided by the hospital's doctors, regardless of their affiliation.

In the previous contract, the school's pediatrics department chairman - Dr. Charles Ginsburg, until June - oversaw both the school's academic department and the hospital's clinical care. He reported to UT Southwestern.

"This gives private physicians more contact within the hospital," said Mr. Farr, who added that he senses community doctors are happier with the new arrangement. "The quality of care under [Dr. Ginsburg] was excellent. But we wanted to move away from the agreement."

The new CEO will also face the task of restoring the hospital's reputation.

The Joint Commission on Accreditation of Healthcare Organizations, a

national association that monitors hospitals and accredits them, said Children's registered 86 in its latest survey, short of the average score of 91 and lower than the 96 it registered in the last survey in 1998.

Problem areas

The study cited areas of needed improvement that included how it initially assesses patients and its evaluation process for determining if procedures are safe and effective. Other areas cited included medical record-keeping and staff assessment.

But the hospital moved to improve in these areas, and the joint commission declared the issues resolved. Children's score was raised to 94 in July.

But the earlier score of 86 resulted in the hospital's disqualification for an influential ranking of children's hospitals by Child magazine, released this month. To qualify for the top 10 ranking, a hospital needed to attain at least 93 from the Joint Commission study. In 2001, Children's ranked No. 7.

"That was disappointing for us, but I'm confident we will be back," said Betsy MacKay, director of marketing. "I don't think it had anything to do with delivery of care."

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