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Hospitals As Child Care Providers

an interview with Diane Schulz

For years, hospitals have been out in front of the employer child care movement. To find out about the status of hospital-based child care, Exchange interviewed Diane Schulz, the president of Child Care in Health Care.

Exchange: How many hospitals in the United States and Canada have on-site or near-site centers for their employees?

Schulz: Today, about 900 hospitals offer this service. This is down from 1300 in the 1980s. Overall, about four out of every ten hospitals in the United States and Canada operate centers. This last number is a bit of a moving target as the continual mergers, acquisitions, and name changes in the health care industry make it difficult to be sure what the real numbers are.

Exchange: What is the overall trend — are hospitals adding centers at an increasing, decreasing, or steady rate?

Schulz: In the late 1980s and early 1990s, the number of hospital-based centers decreased. This was in part a knee-jerk response to quick cost cuts and the closing of many health care facilities. Today, hospitals are back on a steady track of increase. The low unemployment rates and nursing shortages in many parts of the country are driving this change.

Exchange: How are most centers organized — are they operated in-house or contracted out?

Schulz: Today, about two out of every three hospital centers are operated in-house as a part of the hospital. Nearly one in three is contracted to an outside management organization. A very few (maybe 2 percent) are set up as independent non profits with hospital support.

Exchange: What is the current trend in the operation of hospital centers?

Schulz: At present, there are hospitals considering outside contracts to relieve them of the burden of additional FTEs. Having an outside contractor provide care is desirable to many health care organizations because their experience provides quality service with a shorter start-up time frame. Because child care contract services already know what is needed in terms of building, equipment, supplies, and staffing, they are a welcome alternative to health care organizations that do not have the time to focus on such an initiative themselves. Contrary to other industries, questions of liability do not drive hospitals to managed child care contracts. Hospitals live day to day, by the nature of their services, with high liability issues.

An equal number of hospitals are considering starting child care programs of their own. The choice to run the program as a function of the health care organization usually comes from the desire for significant control of the operation in terms of

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cost to employees, hours of operation, and spontaneous services. Because of the lack of technically skilled labor in many areas of the medical field, these organizations see this type of service as a valuable recruiting tool to be used when and how they like. These programs may utilize space that currently exists within the hospital while others are choosing to build facilities in strategic locations that meet the needs of employees coming from a variety of locales.

Exchange: What support do most centers receive from hospitals?

Schulz: Contract centers receive support as agreed by their contract. This may include use of land to build a facility, building the structure, ongoing maintenance/grounds keeping, housekeeping, or food service. The hospital may employ the director while the other center staff are contract-managed employees. Hospitals may purchase slots and pay a fee for those spots even when they are not utilized by hospital employees.

Centers that are departments of a health care organization may receive financial support for the losses a program experiences. The average subsidy at this time is approximately 25 percent of the program budget. Additional support may include building maintenance, housekeeping, accounts payable through payroll deductions, support for sliding fee scales, purchasing services, employee benefits, management and staff training opportunities, and computer support.

Exchange: Who are the customers of hospital centers — strictly employees, or can families in the community benefit as well?

Schulz: Contract service programs serve both the community and employees. They usually give the health care employees a discount that is subsidized by the hospital. Having the ability to utilize space for both employees and non-employees provides the child care contract program the ability to routinely fill spots and receive a consistent flow of revenue.

Currently, hospital department child care programs more often serve predominantly hospital employees. Depending on the finance department's interpretation of "tax-exempt status," centers may be forced into employee-only care to prevent jeopardizing the exempt status of the whole non-profit organization. A number of hospitals are opting to utilize some spaces for the community, but they are often used for those somehow related to the work of the organization, such as physicians, medical office staff, or laboratory staff.

Probably the largest service area growth available to both employees and community are ill care programs. Hospitals are typically viewed as the best places to provide care for mildly ill children because they have the infection control expertise as well as nursing staff readily available. Ill programs are springing up in pediatric units with routinely low census and in child care centers run as departments of health care organizations. Many hospitals with such programs establish contracts with other employers wanting ill care options for their own employees. These contracts are generally set up to provide a certain amount of space for a fee with the option to subsidize some or all of the care utilized by employees.

Although there are child care programs outside of hospitals that provide ill care services, the cost of having full-time nurses on staff generally makes the cost of care exceed the ability to pay for the families using it.

Exchange: What are the key challenges and opportunities facing child care centers in hospitals today?

Schulz: Child care programs affiliated with health care organizations need to be constantly in tune to the changes in health care and future trends. Health care is changing at an amazing rate. In order to adequately lend support to the employees that make change happen, child care programs must be tuned in and creative in the services they provide to support whole families.

One of the biggest opportunities this naturally creates is the move into work/life programs. Child care programs are best equipped to include whole family initiatives for health care employees. This broadening of scope creates a larger pool of employees to which the program can provide services — thus the subsidy dollars are divided by a larger number — and the health care organization realizes more value for its money.

Work/life initiatives being explored by hospital-related child care programs include:

- resource and referral on a variety of life needs such as elder care and tutoring.
- concierge services like taking a meal home, birthday cards, stamps, and dry cleaning.
- youth opportunities such as volunteer programs and computer stations.
- parenting development courses and support referrals.

- lunch and learn on family finances and saving for future needs.

- back-up child care alternatives.

We continue to challenge ourselves to look at families in new ways — out of the shade of our own bias of what families should be and do. We continue to look at how we can train staff to think in terms of the typical hospital employee's job — never a 9 to 5 and rarely one that can be left "on time" every day. We are also challenged with how to recruit and retain quality child care staff in the same unemployment market the health care organization faces.

Child Care in Health Care (CCHC) is an association of individuals and organizations currently operating or interested in starting a child care center in a health care environment. CCHC's mission is to provide a network of resources integrating quality child care services with the work/family and wellness initiatives within the health care delivery system. For more information, contact:

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