

# The Children's Hospital Public Economy Model (CHPEM)

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The purpose of this essay is to explain the Children's Hospital Public Economy Model (CHPEM).

**[Note:** In other essays I have referred to the Children's Hospital Public Economy Model (CHPEM) as the Academic Pediatrics Economic Model. It could also be called the Economic Altruism Model or the Appropriate Budget-Based Economic Model or the Appropriate Reimbursement Economic Model. But the best label for this model is the CHPEM.]

## **Characteristics of the Children's Hospital Public Economy Model (CHPEM):**

Since the 1940s, Academic Pediatricians throughout the world have practiced an altruistic Public Economy Model (the Children's Hospital Public Economy Model, or CHPEM) and have developed a loose, informal Collaborative International Network of Public Children's Hospitals that practice the CHPEM. This model resulted in great Social Beauty within children's hospitals.<sup>1,2</sup> In North America the CHPEM has been best exemplified in Canada (at least during the Social Beauty ERA<sup>2</sup>), as will be described in a moment.

The CHPEM is a needs-based model that starts with the question, **"What do children need?"** For example, children need primary care clinics, pediatric sub-specialists, various levels of hospital care, clinical and basic science research, and an educational system to train pediatricians (and other health care workers) and share new knowledge.

The next question is **"What is the best way to organize the above needs-meeting effort?"** One answer has been the development of a large collaborative network of independent-but-closely-linked, geographic/population-based academic pediatric medical centers—consisting of public children's hospitals affiliated with public medical schools. This has been exemplified in Canada, where it was recognized that each large metropolitan area needed a medical school-affiliated children's hospital, and it was decided to publicly fund these medical schools and hospitals. In Canada, each children's hospital is Public and is staffed with sufficient types and numbers of academic pediatricians to meet the needs of the population of children in that particular geographic area, including surrounding rural areas. All of these public children's hospitals are associated with a public medical school (like the University of Alberta College of Medicine) and are funded by Provincial governments.

Each Children's Hospital within the Canadian Collaborative Network of Provincial Public Children's Hospitals operates according to a cost-based,<sup>3</sup> budget-based, altruistic economic model. There is no interest in "making money." That is not the purpose of these hospitals. Their purpose is to responsibly meet the needs in their geographic/population area, not to make a profit. The hospitals are guided by moral incentive, not monetary incentive.<sup>4</sup>

A key to the success of the CHPEM and the national network of children's hospitals that practices this model is the CHPEM's emphasis on populating positions of leadership with exemplary "altruistic natural leaders."<sup>5-7</sup> Altruistic natural leaders have an innate and practiced ability to lead with exemplary kindness, altruism, empathy, trustworthiness, fairness, competence, wisdom, charisma, incorruptibility, humility, and effectiveness. These greatly admired natural leaders are asked by their colleagues to please serve as leaders. Accordingly, the provincial governments can trust the budget requests made by these leaders.

Each Children's Hospital is funded according to an appropriate budget presented by the Children's Hospital to the Provincial government. The natural leaders of the Children's Hospital base the budget on actual appropriate costs,<sup>3</sup> including appropriate salaries for physicians, nurses and other employees who are asked to perform appropriate workloads with appropriate efficiency. All physicians are on salaries; there is no fee-for-service billing. Because the Provincial government knows that the children's hospital is led by exemplary altruistic natural leaders, the Provincial government trusts (within reason) that the hospital leadership is presenting an appropriate budget, and trusts that the hospital leadership is committed to running the Hospital in an appropriately efficient way—neither skimping too much, nor being too extravagant. The definition of "appropriate" is democratically determined, with input from all concerned, including patients/parents. The entire network of children's hospitals is guided by an altruistic spirit and work ethic and an emphasis on accountability, fairness, and trust. Another term for this economic model would be an "Appropriate Budget Economic Model."

Philosophically, the foundational understandings<sup>8</sup> upon which the Children's Hospital Public Economy Model (CHPEM) is based are:

- A positive, comprehensive understanding of Human Nature that emphasizes the spectrum of human behavioral capacities that we all have, and emphasizes that the social and economic milieu can either upregulate the expression of our non-altruistic capacities and down-regulate expression of our capacities for altruistic behaviors (as is the case with corporate capitalism) or do the opposite, up-regulate expression of our altruistic capacities and down-regulate expression of our capacities for non-altruistic behaviors (as is the case with the CHPEM).<sup>9-11</sup>
- An understanding that "moral incentive" is a sufficient motivating factor and that "monetary incentive" is neither essential nor desirable.<sup>4</sup>
- An understanding that it is best to fill positions of leadership with "altruistic natural leaders" who have demonstrated exemplary altruism, honesty, kindness, and incorruptibility---as opposed to filling positions of leadership with those who are inclined to upregulate expression of their non-altruistic capacities.<sup>5-7, 9-11</sup>
- A positive, accurate understanding of the true nature and role of "competition," particularly the understanding that the word "competition" comes from the Latin "com petere," which means "to seek (new heights) together."<sup>12</sup>
- An understanding that "monetary incentive" and capitalism's perverted version of competition are not necessary for innovation and creativity.<sup>13</sup>

- An understanding that private free enterprise and free market activity are not essential for a successful social and economic model. Instead, a different kind of freedom might be the most precious of all---the freedom to enjoy widespread upregulation of the expression of human altruistic behavioral capacities---upregulation in oneself and in society as a whole.<sup>14</sup> This “precious freedom” is provided by a public economy, but not by a capitalist economy.

When practiced well, the CHPEM creates an abundance of Social Beauty<sup>1, 2</sup> and A Most Precious Freedom<sup>14</sup> within the hospital.

Another key to the success of the CHPEM and the national network of children’s hospitals is that the public Children’s Hospitals within this national network collaborate and coordinate with one another to improve care for children. There is no cut-throat competition or empire-building. To the contrary, the goal is to help each other become better. Unnecessary duplication of services is minimized. Each children’s hospital shares its expertise and new knowledge with all other children’s hospitals. Regular local, provincial, and national educational conferences are scheduled to share information. There is no such thing as “intellectual property rights.” The academic pediatricians write articles and gladly share their new research insights freely, via medical journals and conferences. They do not sell their knowledge, nor do the recipients buy it. Health care, medical knowledge, and medical expertise are not considered “commodities” for sale; they are considered public property to which the public has a right to free access. Health care is viewed as a Human Right. A physician’s opportunity and ability to serve is considered to be his/her privilege and honor.

Importantly, all children’s hospitals in the network are committed to practicing the fundamental principles of science, medicine, ethics, and democracy.<sup>15</sup> For example, data must be collected in an honest, scientifically-sound fashion and must be honestly presented and honestly explained. All plausible hypotheses need to be honored. Thorough patient education must be offered, and the proper process of informed consent must be strictly followed. (I emphasize these principles because they have been grossly violated during management of the COVID-19 pandemic.)

This same needs-based, cost-based, budget-based, altruistic, collaborative economic model has been practiced by academic pediatricians throughout the world for decades—though not necessarily in as pure and excellent a fashion as in Canada. For example, in the USA there is a mix of public and private children’s hospitals.

**[Note:** Unfortunately, over the past 25 years, or so, children’s hospitals, including those in Canada, have become increasingly corporatized, at the administrative level, particularly in the USA. This corporatization has brought a new leadership model to many children’s hospitals. Altruistic natural leaders have been considered a “poor fit” and have been replaced by corporate-minded leaders. Monetary incentive, revenue generation, maximization of fee-for-service billing, cut-throat competition, empire-building, and other corporate behaviors and priorities have been emphasized and have replaced altruistic goals and behaviors. This has

threatened opportunities for altruistic pediatricians and pediatric nurses to practice the CHPEM and has threatened the very survival of the CHPEM. As explained in a companion article, **the CHPEM has, therefore, existed in two different eras---the altruistic era (Social Beauty era) and the corporate era.**<sup>2</sup> The CHPEM flourished during the altruistic era but is now struggling for its survival during the corporate era.]

Especially during the altruistic era of the CHPEM, academic pediatricians throughout the world have altruistically worked together to raise the level of pediatric knowledge and quality of care. International conferences are held for this purpose. International pediatric medical journals have been developed, through which the world's pediatricians freely share their knowledge and research. Physicians from Canada interact with children's hospitals in other countries to mutually share experiences and knowledge and mutually improve each other. There is no such thing as exploiting money-making opportunities in other countries. Canadian Children's Hospitals, e.g., have no interest in creating an international empire of children's hospitals designed to make profits off of patients in other countries. Within the international academic pediatrics community there is no counterpart to the transnational corporations, like Exxon, General Electric, Apple, etc.

With the Children's Hospital Public Economy Model (CHPEM) there is no need for international "free trade" agreements—because nothing is being traded for profit. Knowledge and expertise are generously and freely "traded" only in the sense of mutually sharing what is needed for the benefit of Humanity.

A good example of the value and efficiency of this collaborative public economy model, especially during the altruistic era of the CHPEM, is the progress made in treating childhood leukemia. In the 1970s pediatric hematologists/oncologists at public children's hospitals in the USA and Canada pioneered the development of a Multi-Center Collaborative Research Effort to advance progress in treating leukemia. Thanks to this altruistic collaborative Public Effort, the mortality rate for Acute Lymphocytic Leukemia (ALL) went from 90% in the early 1970s to less than 10% by the year 2000. The knowledge gained has been freely shared with pediatric hematologists throughout the world. Not only has this collaborative Public Activity been extraordinarily successful, but it has also been a necessary approach to the problem—i.e., such success probably would not have occurred without this collaborative Public Effort, at least not as quickly and efficiently. For decades, pediatricians in all specialties have, similarly, freely and selflessly collaborated and shared their research and knowledge with other pediatricians, nationally and internationally.

At this point it is important to emphasize that with the CHPEM **each individual children's hospital is independent and is encouraged to develop in its own creative way, according to its unique local conditions.** Although the CHPEM strongly encourages collaboration, there is no central authority that dictates how all members of the network are to think, operate, or behave. **The CHPEM is a decentralized model that encourages local decision-making and local innovation.**<sup>16</sup> Although there is no central authority, there is, however, a strong central unifying spirit---the altruistic spirit and the specific underlying philosophical principles of the

CHPEM, including its commitment to honoring the fundamental principles of Science, Medicine, Ethics, and Democracy.<sup>2, 8</sup>

So, for decades, Academic Pediatricians, particularly in Canada, especially during the altruistic era of the CHPEM, have demonstrated the success and value of the CHPEM, including the feasibility and value of developing a Collaborative National Network of Public Children's Hospitals, and a Collaborative International Network of National Public Children's Hospitals. For decades, Children's Hospitals throughout the world have been practicing a needs-based, cost-based, appropriate budget-based, altruistic economic model. **This model (the CHPEM) has not simply been developed in theory, it has actually been practiced, for decades, and has proven to be of great benefit to the world's children, at an affordable price for societies.** Academic pediatricians, especially in Canada, have already proven the value of this model, especially during the Altruistic Era. They have also experienced the adverse effects of the corporatization of children's hospitals, during the Corporate Era, as discussed in a companion article.<sup>2</sup>

Furthermore, the vast majority of Academic Pediatricians have found this Academic Pediatrics Economic Model (the CHPEM) to be very meaningful, gratifying, and emancipating. The vast majority would not wish to have approached their work in any other way. They like the Public Economy Model, including the opportunity and freedom it provides to enjoy expressing their altruistic capacities. They have enjoyed the freedom to plan and act altruistically.<sup>14</sup> They have treasured this "Selfless Freedom." In fact, they have been greatly disturbed by the increasing encroachment of a private corporate business mentality into the administrative workings of pediatric institutions (particularly in the USA). That corporate mentality has been increasingly down-sizing (even punishing) altruism, over-extending physicians, and adversely transforming behaviors within our children's hospitals, particularly at leadership levels. The altruism and Selfless Freedom of pediatricians has been under assault (at least in the USA), and children are suffering because of it. (See the companion essay, "*The Social Beauty of Children's Hospitals*" which compares the "Social Beauty Era to the "Corporatized Era.")<sup>2</sup>

### **Application of the CHPEM to the general economy---Development of Independent-but-Collaborative Public Economies:**

If Canada can develop and successfully practice a public pediatric health care system (and a similar system for adults) that is based on a Public Economy model, **why can't Canada develop other essential industries and a general economy based on the same model?** And why can't this happen in other countries, and globally.

In Canada, the National Network of Children's Hospitals has been entirely a public network and, thereby, has exemplified what a Public Economy could look like, if all essential sectors of the general economy were to emulate the Children's Hospital Public Economy Model (the CHPEM)--i.e., if "Vast Fields of Public Activity"<sup>17</sup> (a phrase coined by Victor Hugo<sup>18</sup>) were to be created. In short, the General Public Economy in Canada could resemble a collaborative network of children's hospital-like public activities—regarding philosophy, spirit, principles, leadership, behavior, over-all organization, and logistics.

In an accompanying article,<sup>19</sup> the option of developing a **Collaborative International Network of Unique Independent, Creative, Self-Determined, Self-Reliant, Democratic National Public Economies** to replace current “Mean Arrangements of Man”<sup>20</sup> (another phrase coined by Victor Hugo) is discussed, including concerns and fears that people may have about the mere thought of a “Public Economy.”<sup>21-24</sup>

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**NOTE:** This article represents a revision of a previously posted article entitled, *The Children’s Hospital Public Economy Model (CHPEM)*.

#### **FOOTNOTES:**

The footnotes refer to related essays that further explain the concepts and terms used in the current essay. These related essays are posted (or will soon be posted) on the **Notes From the Social Clinic** website: [www.notesfromthesocialclinic.org](http://www.notesfromthesocialclinic.org) These essays are listed, by title, in the Table of Contents (TOC) of the website.

1. Social Beauty
2. The Social Beauty of Children’s Hospitals.
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4. Moral Incentive vs. Monetary Incentive
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6. Key Problem: Under Corporate Capitalism, Leadership Positions are Populated with People Who Are Inclined To Express Non-Altruistic Capacities of Our Human Nature
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15. Eight Fundamental Principles of Science and Medicine:  
<https://notesfromthesocialclinic.org/eight-fundamental-principles-of-science-and-medicine/>
16. Is the CHPEM a Centralized or Decentralized Economic Model?
17. Create Vast Fields of Public Activity
18. The phrases “Social Beauty,” “Vast Fields of Public Activity,” and “Mean Arrangements of Man” appear in Victor Hugo’s 1962 novel *Les Misérables*. Victor Hugo appears to have coined these phrases. I have not seen them written or used in any forms of communication other than by Victor Hugo in *Les Misérables*.
19. Application of the CHPEM to the General Economy
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