



centered

St. Charles Health System Annual Report

2010



“A new vision
of development
is emerging.
Development
is becoming a

● ————— **peoplecentered**

process, whose
ultimate goal
must be the
improvement of the
human condition.”

~ Boutros Boutros-Ghali



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In 2010, St. Charles Health System took a leap of faith. Our board of directors adopted a new, integrated model of health care delivery that has changed the way our business is structured and has become the foundation for our version of health care reform right here in Central Oregon.

Throughout the many months of conversations that led to this decision, it became clear that all of us — physicians, nurses, frontline caregivers, system leaders and community members — have the same goal at heart. We want what is best for our patients and we believe that the patient's care and experience needs to be at the center of every action we take.

In fact that word, “centered,” has become engrained in our vocabulary and our actions each and every day. It is reflected in our adoption of a Centers of Care concept that begins by thinking about healthy members of our community and focuses on maintaining and improving their health before they ever need our services. And it is structured so that if they do become ill, we wrap our providers around them throughout their journey with a goal of returning them to health.

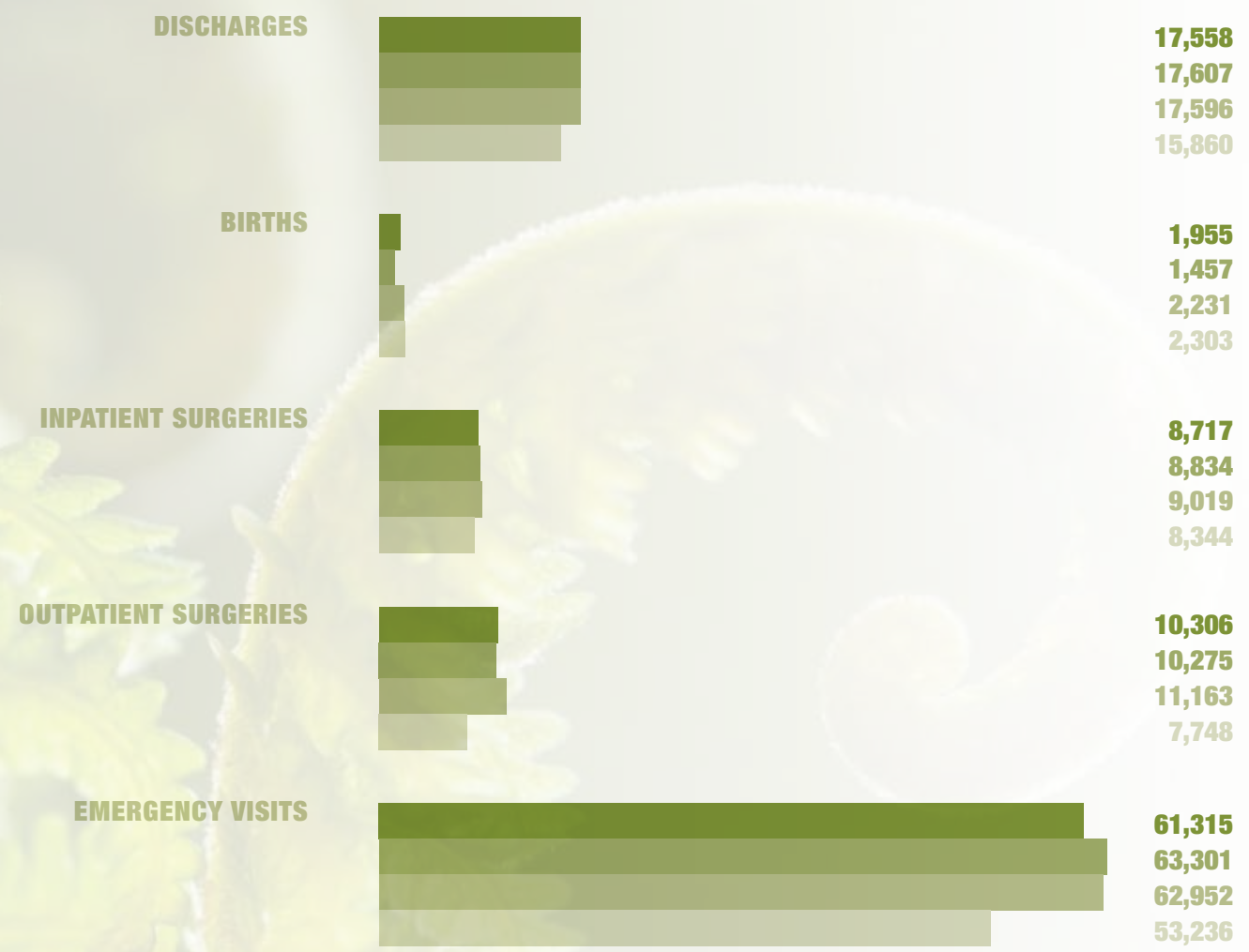
Ultimately, St. Charles Health System is here because of you. You are the center of what we do.

Sincerely,

James A. Diegel, FACHE
President and CEO
St. Charles Health System

systemcentered

KEY:
 2010
 2009
 2008
 2007



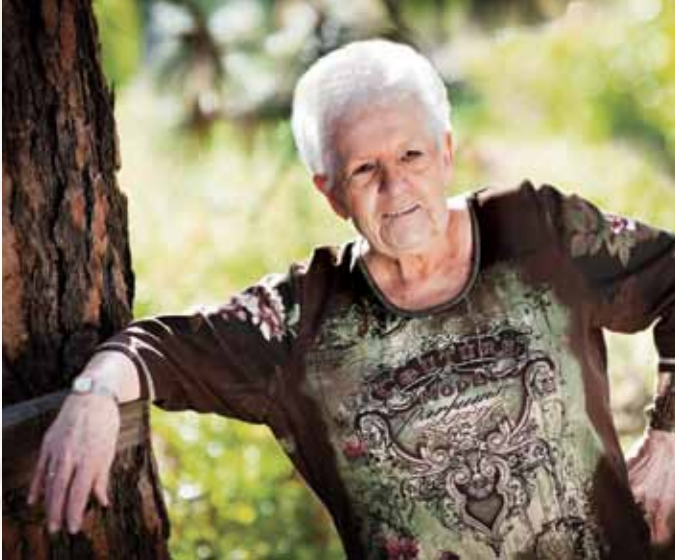
St. Charles Health System is a community resource.



Maintaining a solid financial performance is a critical component of our ability to fulfill our mission: To improve the health of those we serve in a spirit of love and compassion. Ultimately, we have a sacred trust with our community to provide care for all those who walk through our doors.

The following graph summarizes our financial journey over the past few years. We, like all health systems, are dealing with changing levels of reimbursement and a decline in patients who are commercially insured. We have taken steps to address these challenges and continue refining our operations to improve efficiencies and to reduce the costs of care, while maintaining our high level of service.

	2007	2008	2009	2010
Days Cash on Hand	157.58	104.4	134.9	162.5
Operating Margin	0.31%	-0.08%	5.50%	3.10%
Excess Margin	-13.30%	9.80%	6.40%	5.20%
Full-Time Employees (FTE)	2,152	2,481	2,472	2,426



Over the past 15 years, Yvonne Jean Flower has heard a physician tell her she has cancer five times. It started in her uterus and showed up again in her lungs.

But after her last round of radiation treatments, the 88-year-old says she feels great and continues to enjoy her extremely full life.

lifecentered

"I can't imagine why I've been so lucky," Flower said. "I've had chemotherapy, radiation — none of it bothered me."

Flower was the first patient to qualify for stereotactic body radiation therapy at St. Charles Cancer Center after the addition of a new linear accelerator in the summer of 2010. The method shortens the duration of treatment time because it can more easily target the tumor and reduce damage to surrounding tissues.

During treatment, Flower was placed in an immobilization unit that kept her body, and the tumor, in one place. With this system, radiation is delivered in a higher dose to the exact spot where it is needed.

Before St. Charles invested in the new linear accelerator, patients had to travel outside of Central Oregon to receive stereotactic body radiation therapy. Flower is grateful her treatment took place here. She likes to talk to other cancer patients and encourages them to think positively.

"It's really what you make of it. Sure it's a bad disease, but all kinds of things are bad," she said. "So far, I am cancer free."

We have the courage to innovate, the discipline to standardize and the heart to personalize.

CENTERS OF CARE CONCEPT

Dr. Linyee Chang starts thinking about how to best treat her patients long before they are diagnosed with cancer.

The radiation oncologist is helping to lead local efforts to improve treatment and outcomes for cancer patients through a new concept known as the Centers of Care. The idea starts by looking at healthy Central Oregonians and determining how best to keep them healthy through regular screenings and preventative care. If tests show potential problems, patients are guided through diagnosis and treatment before being returned to the healthy state where they began the journey. The Centers of Care are the vehicle that will help St. Charles achieve its goal of providing better health and better care at lower costs.

"Our target audience is the general population," Chang said. "It's exciting because we are doing work along the entire continuum of care and all of it is evidence-based."

The Cancer Center of Care was the first to launch of the 11 centers that are planned by the health system. So far, the team has built a call center to help personalize care, along with a food assistance program for patients in need. Alternative therapies including Reiki and acupuncture are supported along with art therapy for chemotherapy patients.

"It's very exciting," said Allison McCormick, Director of the Cancer Center of Care. "These are just some of the first integrated projects we've done and they so embody what we are trying to do as a cancer center — having the patient at the center of the process."





Bill Winnenberg had no history of heart disease in his family. He was in good shape and had just finished his regular morning workout one day in January 2010 when he felt a strange sensation in his heart.

Looking back, Winnenberg, the Chief Information Officer for St. Charles Health System, said he knew immediately that something was wrong. He asked his wife to bring him an aspirin and to call 911. In the ambulance and when he arrived at St. Charles Bend his EKG appeared normal. But Dr. Bruce McClellan gave him a choice: to be monitored for a few hours or to go directly to the cardiac catheterization lab.

heartcentered

Winnenberg opted for the cath lab and it turned out one of his arteries was partially blocked by a clot. Because he recognized the signs and acted quickly, his heart muscle sustained virtually no damage during the episode.

Through the Heart 1 program — a collaborative effort with local cardiologists, EMS agencies and area hospitals — St. Charles Health System launched a public education campaign in 2010 targeted at reducing the amount of time from the onset of heart attack symptoms to treatment. Thanks to the campaign and St. Charles Bend's already low door-to-balloon time, the Heart 1 program is in the top 10 percent in the nation.

Winnenberg credits the St. Charles staff, his physicians and the cardiac rehabilitation program for his successful recovery.

Bend

St. Charles Bend is the largest of the St. Charles Health System hospitals with 261 licensed beds and nearly 2,400 employees. The Bend facility has received national recognition for its high quality heart, stroke and cancer care. We provide the only Level II trauma center east of the Cascades in Oregon and are a tertiary referral center for the Central and Eastern Oregon regions.

KEY:
 2010
 2009
 2008
 2007

DISCHARGES



BIRTHS



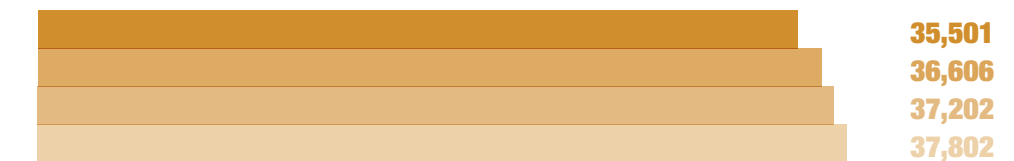
INPATIENT SURGERIES



OUTPATIENT SURGERIES



EMERGENCY VISITS





Caitlin Leunen and her husband Maarty use Skype to communicate every day.

He plays basketball for a team in Italy, while she spends most of the year at their home in Redmond. So, when it became obvious that Maarty wasn't going to be able to make it back in time for the birth of their second son, Caitlin asked her physicians if he could be in the operating room at St. Charles Redmond via Skype, the Internet video calling program.

"He wasn't there for our first baby," Caitlin said. "He was on a flight back from Houston and he missed it by an hour."

She didn't want that to happen a second time. With the permission of Dr. William Barstow, her OB/GYN, and the anesthesia provider, Caitlin connected with Maarty via Skype before going into the operating room for a C-section so Maarty could watch his son, Prestin, being born.

familycentered

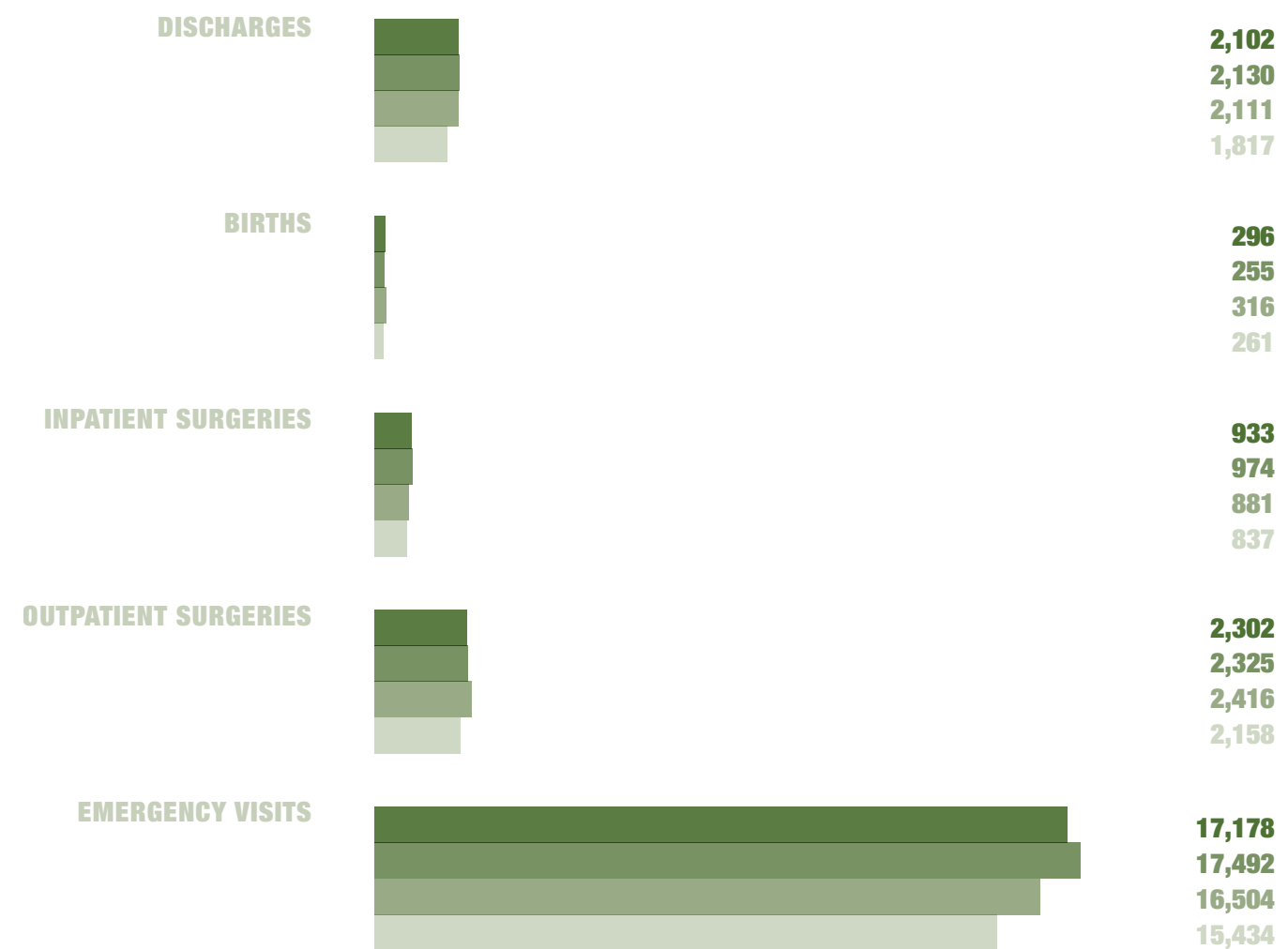
"When everything was in place, her mother brought in the laptop and stayed with her. The patient, who was previously quite anxious, seemed much calmer," Barstow said. "She was asking her husband if he was OK, and expressing concern about him. I'm certain that having him digitally present had a beneficial, therapeutic effect for the patient."

"It was a lovely birth," Barstow said.

Redmond

St. Charles Redmond is a fully accredited, 48-bed hospital with more than 430 employees. Services include a Level III trauma center, intensive care, Family Birthing Center and medical and surgical services, including state-of-the art surgical suites. An expansion of the facility was completed in 2006 creating private rooms for all patients and an updated, healing environment. The facility is currently undergoing an expansion of the Emergency Department and renovation of the birthing suites.

KEY:
 2010
 2009
 2008
 2007



Robin Welty has had a difficult few years.

The Prineville woman was diagnosed with thyroid cancer in the fall of 2009. A year later, her leg was crushed by a runaway pickup truck in what she described as a freak accident. And this past year, her cancer returned requiring additional radiation.

After all she's been through, Welty said she doesn't want to know what might happen next. But no matter what path her health takes, Welty said she knows she's in good hands in the Prineville medical community where she works and lives. She has worked as a scheduler for Pioneer Healthcare Associates for the past 10 years and understands how important it is to have access to primary care physicians close to home.

"We have elderly patients and sometimes it's hard for them to drive," Welty said.

To meet these needs, Pioneer Memorial Hospital CEO Bob Gomes has made it his mission to recruit more primary care providers to Crook County. The community now has eight primary care providers and two general surgeons along with visiting specialists.

patientcentered

As someone who has had too many medical appointments to count, Welty said she's thrilled with the increased accessibility.

"There are still a couple of appointments that I have to go to in Bend, but 85 percent of my visits are done here in our office," she said. "I'm very thankful that we have that ability."



Prineville

Pioneer Memorial Hospital is a critical access hospital with 25 licensed beds and about 180 employees in Prineville. The hospital provides surgical services, imaging, intensive care, medical and emergency care along with an outpatient laboratory and clinic that are located on site. PMH has been a valued member of the Prineville community since 1950.

KEY:
■ 2010
■ 2009
■ 2008

DISCHARGES



748
752
923

BIRTHS



0
118
138

INPATIENT SURGERIES



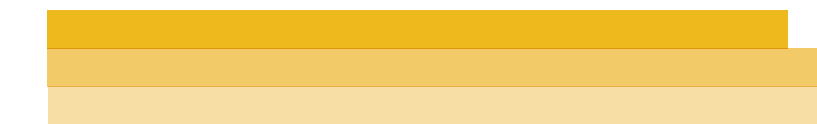
113
132
162

OUTPATIENT SURGERIES



637
658
782

EMERGENCY VISITS



8,636
9,203
9,246



When looking for a new primary care physician, Andrea Carr said she made a lot of phone calls. She knew she needed to be seen by a medical provider, but found it difficult to get an appointment as a new patient.

accesscentered

Yet when she called St. Charles Family Care in Redmond, she was told that not one but three different physicians could get her in.

"I have had a horrible time finding primary care and when you do find it, it's like rush them in, rush them out," Carr said. Her experience at St. Charles Family Care in Redmond, however, was calmer than she expected. "It wasn't crowded. It wasn't noisy. Things were running very smoothly."

One of the reasons that Dr. Dan Murphy and Dr. Sheryl Norris said Cascade Medical Clinic was interested in moving under the St. Charles umbrella was to be able to provide care to all. They also believe the health system is heading in the right direction in its efforts to make care more accessible and seamless for patients in the region.

The clinic officially became a part of St. Charles on Dec. 1, 2010. Since that time, a variety of enhancements have been made including embedding a psychologist into the family care team to provide more comprehensive health services.

For Carr, the experience of being a first-time patient at the clinic was simply a "good old time."

"It's nice to meet people who are awesome," she said.

We continue to
work with local
physicians to
align our common
visions to provide
the best possible
care for our
community.

ST. CHARLES MEDICAL GROUP

St. Charles Health System leaders know that in order to build a successful integrated health care delivery system, physicians must play an integral role. As such, St. Charles Medical Group has become a cornerstone in our development of a system that provides better health and better care at lower costs.

St. Charles Medical Group is essentially the physician arm of St. Charles Health System. Through the medical group we employ a number of physicians and medical providers including primary care, neonatology, pulmonology, oncology, general surgery, sleep medicine and more. We also align with area physicians to better coordinate care.

In 2010, St. Charles Medical Group began oversight of St. Charles Family Care clinics in Prineville and Redmond and has since opened clinics in Sisters and Bend. Through these family care clinics our physicians are dedicated to providing a medical home for patients regardless of their insurance coverage or ability to pay for services. We believe that building access to primary care will reduce unnecessary emergency room visits and ultimately reduce the costs of care.



Holly Bennington first went into labor with her triplets at only 22 weeks of gestation.

She spent five weeks on bedrest at St. Charles Bend before the babies were born. Audrey weighed 2 pounds 7 ounces, Oliver weighed 2 pounds 6 ounces and Grace weighed a mere 1 pound, 9 ounces.

Two years later, Bennington said that while Grace is still on the small side, they are all on track developmentally – something she knows thanks to their visits to the St. Charles NICU Follow-Up Clinic.

communitycentered

The purpose of the clinic, which provides free follow-up care to babies born before 32 weeks of gestation or who experience oxygen deprivation at birth, is twofold, said Dr. John Evered, a neonatologist at St. Charles. It provides an assessment of the babies' neurological development including motor and language skills and also allows the St. Charles staff to measure its outcomes compared with national standards. The clinic staff includes a NICU nurse coordinator, physical, occupational and speech therapists, a pediatric dietitian, along with Evered and Dr. Sondra Marshall, a licensed psychologist with specialized training in pediatric neuropsychology.

"The problem is, if you were to charge for the services of this group of people, it would be \$1,000 a patient easily," Evered said. "It would form a barrier."

For the Benningtons, the follow-up clinics have been reassuring.

"It feels like it has a special value to us because it's Dr. Evered who was with the kids from day one," Holly Bennington said. "Another doctor can look at them and say, 'Oh yeah, their hearing is fine or their cognitive development is fine,' but it seems like it means more coming from someone who has known them since day one."



We are proud of the contribution our community benefit program makes to support a healing environment and a healthier future for our friends and neighbors.



2010 COMMUNITY BENEFIT

As a nonprofit organization, St. Charles Health System, and the hospitals it operates including St. Charles Bend, St. Charles Redmond and Pioneer Memorial Hospital, has an obligation to give back to the Central Oregon community. It is our honor and privilege to fill this important role.

Through donations of time, services, supplies and dollars, St. Charles provides more than \$60 million in benefits annually to patients, families and other nonprofit organizations in our region.

Charity Care at Cost \$18,181,371

cost of care provided at no cost to those who qualify

Medicaid Shortfall \$20,793,041

cost of care not covered by Medicaid reimbursement

Medicare Shortfall \$22,947,024

cost of care not covered by Medicare reimbursement

Total Community Benefit \$2,558,092

contributions of time, services, dollars and supplies

TOTAL \$64,479,528

- We changed our name from Cascade Healthcare Community to St. Charles Health System to reflect a name our community links to quality care.
- We designed and unveiled a board-approved, new model for integrated health care delivery including the new Centers of Care concept.
- For the second year running St. Charles was named as one of Thomson Reuters' Top 50 health care systems in the nation in terms of quality and efficiency.
- St. Charles opened an Immediate Care Clinic on the Bend campus to help meet the needs of underserved patients in our community.
- We invested in a new linear accelerator in Bend to provide expanded cancer treatment services that were not previously available in Central Oregon.
- St. Charles Bend was one of four hospitals in Oregon selected to participate in Releasing Time to Care, a program of the National Health System Institute for Innovation and Improvement in Coventry, England. The pilot project launched in the Bend hospital's intermediate care unit and focuses on improving efficiencies to give nurses more time at the patient bedside.
- St. Charles Bend was recognized in USA Today as having the lowest acute myocardial infarction death rate in the state and the second lowest AMI readmission rate in the state.

achievementcentered

- Pioneer Memorial Hospital's clinic received a Rural Health Clinic designation, increasing access to physicians for Medicare and Medicaid patients.
- We welcomed Cascade Medical Clinic, now St. Charles Family Care in Redmond, to the St. Charles family.
- The Joint Commission named St. Charles' laboratory as a national best-practice site.
- St. Charles Redmond completed a successful fundraising effort to support the expansion of the Emergency Department and an upgrade of the Family Birthing Center.

“Great things are not done by impulse, but by a series of small things brought together.”

~Vincent Van Gogh



Todd Taylor
Board Chairman



Tom Sayeg
Vice Chairman



Knute Buehler, MD



Josh Cook, DO



Dennis Dempsey



Doug Downer



Robin Gould



Megan Haase, RN, FNP



Jill Hoggard-Green, RN, PhD



Lauri Miller



Dan Schuette



Carol Woodard-Kozimor



Bob Hakala, MD



Jim Diegel
President and CEO - St. Charles



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