

Community Report

August 2014

Mission: The Mission of Baptist Health is to exemplify our Christian heritage of providing quality healthcare services by enhancing the health of the people and communities we serve.

Vision: The Vision of Baptist Health is to be nationally recognized as the healthcare leader in Kentucky.

Values: Baptist Health will live out its Christ-centered mission and achieve its vision guided by: Integrity, Respect, Stewardship, Excellence and Collaboration.

Cover photo by Kentucky landscape photographer James Archambeault.



BAPTIST HEALTH[®]

Corbin | La Grange | Lexington | Louisville
Madisonville | Paducah | Richmond
Managed hospitals in Elizabethtown and Russell Springs

It's a new day in healthcare. Regulations are in flux. Federal reimbursements are being retooled to reward results, rather than volume. The public is being asked to take a more active role in its own well-being.

Combine that with Kentucky's abysmal rankings in rates of smoking, cancer, obesity and other health metrics, and it's clear that doing things the same old way won't cut it.

It's a given that Baptist Health will continue to treat our patients with skill and compassion. We will continue to be a pioneer and an innovator. We will remain one of the state's most important employers.

But that's not enough. We must work differently to improve the health of the commonwealth.

We must be bold. We must commit to a more satisfying patient experience, reduced per-capita costs and more integrated care delivery.

This report offers a quick glimpse into the early stages of the massive change within Baptist Health. Meet some of our leaders, see some of our numbers, and learn what we're trying to do. And work with us to change Kentucky for the better.

About our logo

Inspired by nature, our logo conveys that Baptist Health is growing and nurturing the vision of a healthier Kentucky. The four leaves form a cross in recognition of our spiritual roots. The veins of the leaves create a starburst representing innovation.



BAPTIST HEALTH®

Getting to know our leaders



JAMES D. RICKARD
CHAIRMAN OF THE BOARD

Title: Chairman of the Baptist Health Board of Directors.

Business: CEO of Community Bank Shares of Indiana in New Albany, parent of Your Community Bank – which has branches in both Kentucky and Southern Indiana – and Scottsburg, Ind.-based Scott County State Bank.

Years as Chairman: Elected as Chairman in December 2012 to serve a two-year term.



STEPHEN C. HANSON
CHIEF EXECUTIVE OFFICER

Title: CEO of Baptist Health since March 2013.

Education: Master of public health in health administration, University of Oklahoma; bachelor of science in urban

and regional planning, Iowa State University. Certified as a Fellow of the American College of Healthcare Executives.

Career highlights: Executive vice president and north zone operations leader, Texas Health Resources, Dallas; president and CEO, Appalachian Regional Healthcare, Lexington; executive vice president and chief operating officer, Catholic Health Partners, Chicago.

Industry affiliations: Chairman, American Hospital Association's Health Care Systems Governing Council.

Favorite Bible quote: Colossians 3:2: "Set your minds on things above, not on earthly things."

Guiding philosophy: Treat people the way you would want to be treated.

The Baptist Health family

We recently shortened our name to Baptist Health and brought together a collection of hospitals, care centers and physician practices to form a more cohesive whole. By uniting we're able to act more strategically and are better able to hold down costs.

Strategic task forces within the Baptist Health family are working to:

1. Achieve national recognition for quality and patient experience
2. Enhance the health of the communities we serve
3. Streamline partnerships with physicians and better coordinate patient care
4. Support growth opportunities for Baptist Health
5. Reduce expenses and develop new revenues
6. Implement electronic health records and other technology upgrades
7. Further enhance Baptist Health's organizational structure

Growing to better serve our communities

The Baptist Health family of hospitals, care centers, physician offices and health facilities has experienced tremendous growth in recent years. We recently welcomed Baptist Health Richmond (formerly Pattie A. Clay Regional Medical Center) and Baptist Health Madisonville (formerly Trover Health System) to the fold. We also manage Russell County Hospital in Russell Springs and Hardin Memorial Health in Elizabethtown. Our outpatient services, including Urgent Care, Express Care, Occupational Medicine, Physical Therapy, Home Health and Diagnostics, continue to expand, and we regularly welcome new physicians and specialists. Our subsidiary, Bluegrass Family Health, provides health insurance, managed care services, and administrative services to employers, employees and their dependents, totaling over 300,000 members in Kentucky and surrounding states.



3,000
Providers in Network

PHYSICIAN NETWORK: Our network of more than 3,000 employed and independent physicians continues to grow as Baptist Health strives to find the best ways to serve our communities.



120,000
Home Care Visits

HOME CARE: Thirty-six Kentucky counties, and six in Illinois, are currently served by Baptist Health Home Care. Expansion is on the horizon.



140,000
Urgent Care & Express Care Patients

MINOR INJURY CARE: We provide convenient, dependable care for treatment of minor injuries and illnesses at more than 25 Urgent Care centers and Express Care clinics (inside select Walmart stores) across Kentucky.

Leading-edge research

Baptist Health clinicians are engaged in more than 200 clinical studies throughout our network of hospitals, working to advance treatments in areas such as oncology, cardiology, orthopedics, neuroscience, epidemiology, diabetes, and more.



2,000
Patients Enrolled in Clinical Studies

Our new Statewide Oncology Research Council promises even greater strides by bringing together physician leaders and key research administrators. The council will select trials based on patient population and physician interest, develop a quality monitoring system to assure compliance with National Cancer Institute guidelines and ensure proper researcher training.

Harnessing new technology, coordinating care

Baptist Health patients now have a secure, convenient way to see details of their hospital visits, including discharge instructions, lab results and a summary of care document. My Baptist Health, a new online patient portal, will offer additional features over the next two years as the system transitions to a fully integrated electronic health record (EHR).



“As a physician, I know the importance of simplifying the user experience. As one physician told me, ‘I’m not a troglodyte. I’ll use any technology that helps me take better care of my patients - and works well.’ That is going to stay with me.”
-David Bensema, MD, Chief Information Officer

“We are preparing ourselves for the ever-changing landscape of healthcare as we consolidate our employed physicians across the state within Baptist Health Medical Group, becoming one high-performing, physician-led group.” -Isaac Myers, MD, Baptist Health Medical Group President



West Region

“We are market leaders and consumer favorites because we focus on safety, quality and service every time for everyone we are privileged to serve.”



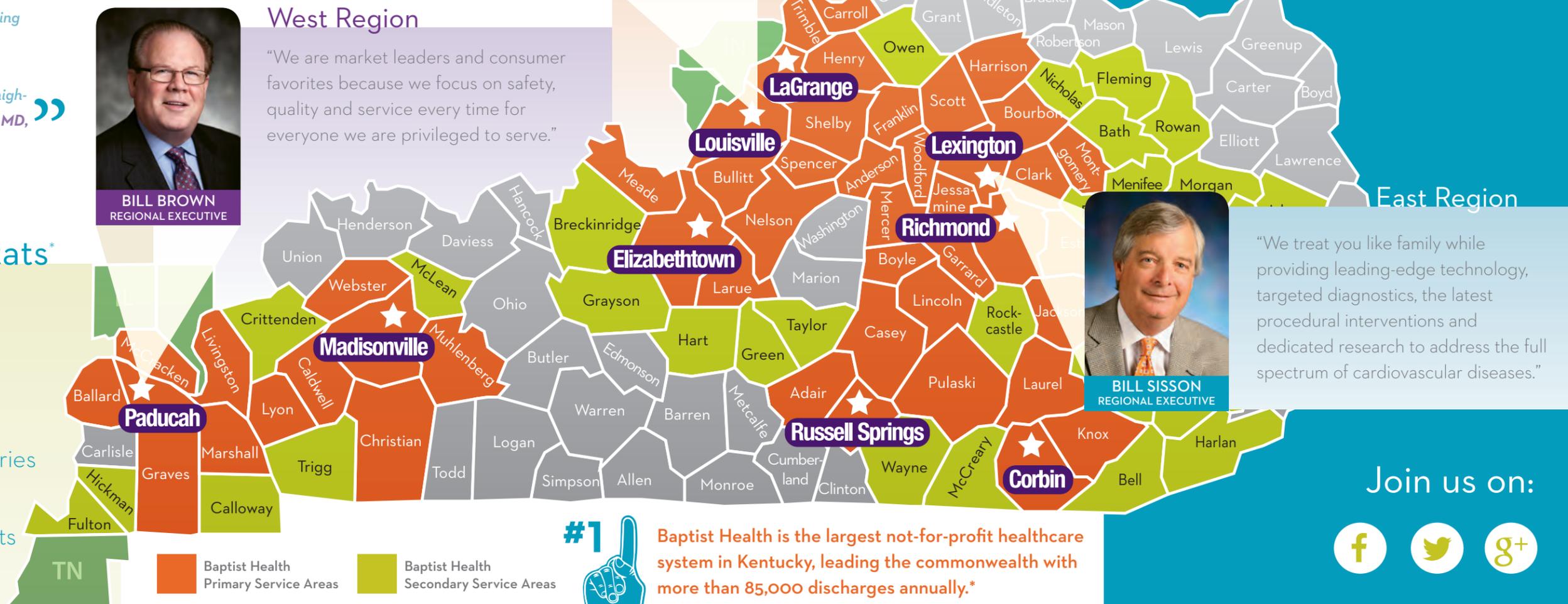
Kentuckiana Region

“People turn to us in sickness and in health - from maternity to cardiac and stroke care to joint replacement surgery.”

Statewide hospital stats*

-  2,429 Licensed Beds
-  1 in 4 Kentucky Births
-  1 in 5 Open Heart Surgeries
-  1 in 4 New Cancer Patients

(All data for 2013. *Includes owned and managed hospitals.)



“We treat you like family while providing leading-edge technology, targeted diagnostics, the latest procedural interventions and dedicated research to address the full spectrum of cardiovascular diseases.”



#1 Baptist Health is the largest not-for-profit healthcare system in Kentucky, leading the commonwealth with more than 85,000 discharges annually.*

Join us on:



The bottom line

As providers nationwide deal with changes and challenges in healthcare, Baptist Health maintains a strong and confident financial picture moving forward. System operating income for the quarter ended Feb. 28, 2014, was \$15.6 million, representing a 2.4 percent operating margin.

One way the system has remained strong is through operational efficiencies outlined in initiatives departments began to put in place last year. For three consecutive quarters, Baptist has saved money through operational performance improvements, including: increased productivity, implementation of best practices, reductions in overtime and enhanced processes. In addition, task forces have reduced expenses by becoming more efficient in facility operations, maximizing the benefits of being a large system.

Baptist Health also attributes its success to a 7.1 percent increase in net patient service revenue and increases in the number of surgical cases and infant deliveries.

Total annual revenue: \$1.9 billion

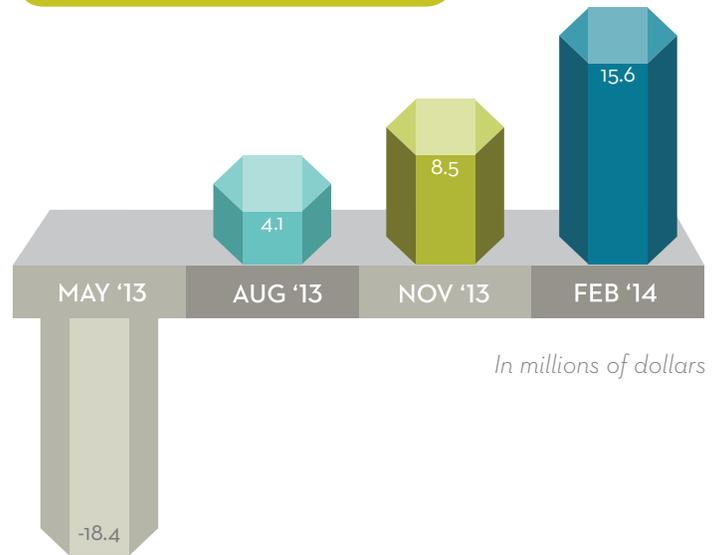
Financial impact on the community

Baptist Health is among the largest private employers in each of the communities we serve. As indicated below, these dollars have a ripple effect as they are spent with local and regional businesses, the arts and entertainment, retail establishments and essential services such as utilities.

-  **\$600M** Payroll of all wages and salaries.
-  **\$113M** Spent on capital projects, resulting not only in improved facilities to better serve our patients, but construction jobs as well.
-  **\$31M** Paid in provider taxes to underwrite the Kentucky Medicaid program.
-  **\$396M** Spent for supplies and services that supported other businesses.
-  **\$50M** Paid by Baptist Health employees in Kentucky sales and income taxes.
-  **\$278M** Spent on local goods and services.

Source: Kentucky Hospital Association

System operating income



In millions of dollars

“ We’ve been able to survive serious challenges, including sequestration cuts and reduced utilization caused in part by the Affordable Care Act. We’re on pace to achieve \$26 million in annualized savings. We feel good about where we are.

-Carl Herde, Chief Financial Officer

Employee giving campaign

“ The generosity of the Baptist Health family was on full display during the 2013-14 Unified Employee Giving Campaign. Employees and physicians dug deep to provide funding for everything from helping children with special needs, to community arts programs and education. At the heart of this annual grassroots campaign is our mission to enhance both the health and well-being of the communities we are so blessed to serve.

-Angie Mannino, Chief People and Culture Officer



Working toward a healthier Kentucky

Baptist Health began with the founding of Kentucky Baptist Hospital in Louisville. With 90 years of compassionate, skilled caregiving under our belts, we now turn our attention to the future, with the development of a 10-year vision plan that will lead to our centennial in 2024.

Baptist Second Century, or “B2C,” will determine how Baptist will respond to ongoing changes within the health-care industry, and will serve as a vision for how the system will evolve as a company. Made up of a series of smaller planning horizons covering all aspects of the company, the vision will plant the seeds for a stronger healthcare system that focuses less on treating sick people and more on keeping people well in the first place.



Striving to be among the top 10% in the nation for patient experience

We have set the bar high: to be among the best performing hospitals, physician practices and health plans in the country. A key component of being the best is providing the best patient experience, and Baptist Health is taking specific actions to help reach or surpass its system-wide goal to be in the top 10 percent.

To determine patient satisfaction, our hospitals review data from research analyst Press Ganey and HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) surveys, and use these results to drive improvement. According to Chief Clinical Officer Timothy Jahn, MD, this analysis has led Baptist to a renewed focus on hourly rounding and bedside shift change, which includes purposeful communication, bedside attention and responsiveness to patients’ needs.

Foundation support

Kentucky’s Baptist hospitals were founded by compassionate people seeking to improve their communities by keeping families healthier. Today, our Baptist Health foundations continue this heritage of service through partnerships that assist, advance and strengthen the exceptional medical care at our seven hospitals.

In 2013, Baptist Health foundations received more than \$5 million to improve care and enhance communities across the state. Donations helped provide:

- Advanced technology and equipment
- Specialized training
- New and improved facilities
- Innovative therapies and programs
- Patient support groups
- Community health screenings
- Extra services to make a patient’s hospital stay more comfortable



Education: training the next generation of physicians

Educational initiatives through Baptist Health are bringing access to quality clinicians across the state. For example, Baptist Health Madisonville’s family practice residency program has been recognized as a national leader in helping bring new physicians to rural communities. In a recent study presented at the National Rural Health Association annual meeting, the University of Louisville School of Medicine Trover Campus at Baptist Health Madisonville was ranked third in the nation for percentage of graduates entering rural practice.

