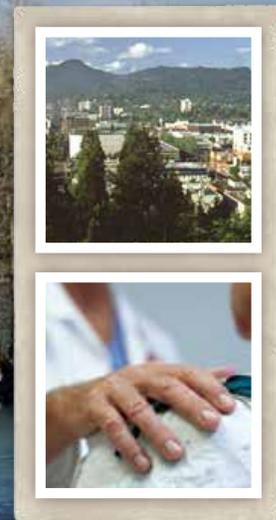




The *spirit* of healing 2013 COMMUNITY BENEFIT REPORT

PeaceHealth Oregon Region



Welcome

PeaceHealth publishes this annual report to the community because serving the community is literally part of our Mission: We carry on the healing mission of Jesus Christ by promoting personal and community health, relieving pain and suffering, and treating each person in a loving and caring way.

At PeaceHealth, we promote “personal and community health” through our connected systems of care. These include acute care that is provided in hospitals for serious illness or injury; post-acute care provided in various settings after patients leave the hospital; and community-based care provided in medical homes, clinics and related outpatient facilities. We are the region’s largest provider of health services, and by far the primary source of care for the most vulnerable populations in our community.

Today, health care reform is transforming our health care system from one that focuses on providing a high volume of treatment to one that delivers high value to the community through better patient outcomes and

more efficient care. Our success in this challenging new environment will depend on how well we meet the Triple Aim: 1) improving the safety, experience and access to care for all patients; 2) improving the overall health of the population; and 3) reducing the cost of care across the spectrum of services we provide.

Community health improvement is a work in progress. PeaceHealth is collaborating with community partners to address the objectives identified in the 2013 Community Health Needs Assessment: access to care, tobacco use, obesity, mental health and substance abuse, and health care disparities. It’s an ambitious list, but we can’t let that diminish our resolve.

Norms do change. We have changed them before — not by offering people fewer choices, but by offering them healthier choices. Together, we can make a difference.

If you have any comments or questions, please share them with us at publicaffairsphor@peacehealth.org.

PeaceHealth Oregon by the Numbers

PeaceHealth Sacred Heart Medical Center (RiverBend & University District)

PeaceHealth Cottage Grove Community Medical Center

CLINICAL NUMBERS	
Number of licensed beds	
PeaceHealth Cottage Grove	14
PeaceHealth Sacred Heart (RiverBend & University District)	451
Annual admissions	
PeaceHealth Cottage Grove	315
PeaceHealth Sacred Heart (RB & UD)	25,712
Days of inpatient service	
PeaceHealth Cottage Grove	895
PeaceHealth Sacred Heart (RB & UD)	117,057
Number of babies born annually	
PeaceHealth Sacred Heart (RB & UD)	3,359
Number of surgeries performed	
PeaceHealth Sacred Heart (RB & UD)	15,015

CLINICAL NUMBERS (Cont.)	
Number of emergency-room visits	
PeaceHealth Cottage Grove	10,839
PeaceHealth Sacred Heart (RB & UD)	80,974
Number of clinic visits	
PeaceHealth Cottage Grove	55,480
PeaceHealth Sacred Heart (RB & UD)	409,051

EMPLOYMENT NUMBERS (PHSH & PHCG)	
Number of PeaceHealth employees	4,700
Number of new hires in past year	472
Average annual turnover rate ¹	13.3%
Average annual salary ²	\$60,528
Average base rate	\$29.10

¹) Average annual turnover rate reported is voluntary turnover for period 7/1/2012 - 6/30/2013

²) Excluding executive and physician pay

What is PeaceHealth?

PeaceHealth is a family of hospitals, clinics, doctors, and laboratories based in the Pacific Northwest and dedicated to our mission of service to each community.

Since our founding in the late 1800s in northwest Washington by the Sisters of St. Joseph of Peace, our network of faith-based, mission-oriented PeaceHealth facilities has grown to include services throughout Oregon, Washington and Alaska.

In and around west central Oregon, PeaceHealth offers a broad spectrum of medical care, from urgent or emergency services, primary-care, inpatient stays and surgery, including:

- 3 medical centers in the Eugene-Springfield metropolitan area:
 - PeaceHealth Sacred Heart Medical Center – University District
 - PeaceHealth Sacred Heart Medical Center – RiverBend
 - PeaceHealth Cottage Grove Community Medical Center
- 12 primary and specialty care clinics

It also includes laboratory services as well as medical and surgical care in Florence. Visit www.peacehealth.org for more details.

Revenue and Expenses

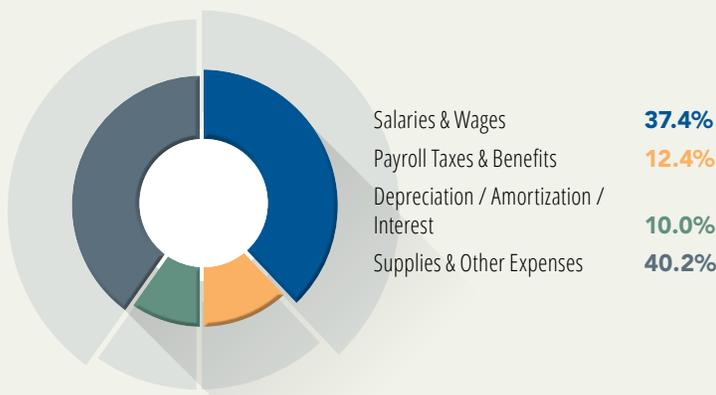
JULY 1, 2012 - JUNE 30, 2013

EXPENSES: At PeaceHealth, we call all of our employees caregivers. Together, we all support care and service to patients and families. We deliver the spirit of healing through our caregivers, so compensating them for their work is our single biggest expense. Salaries, wages and benefits account for 50 percent of our expenses, followed by supplies at 40 percent. With more than 5,600 caregivers in Oregon alone, PeaceHealth is one of the area’s largest employers.

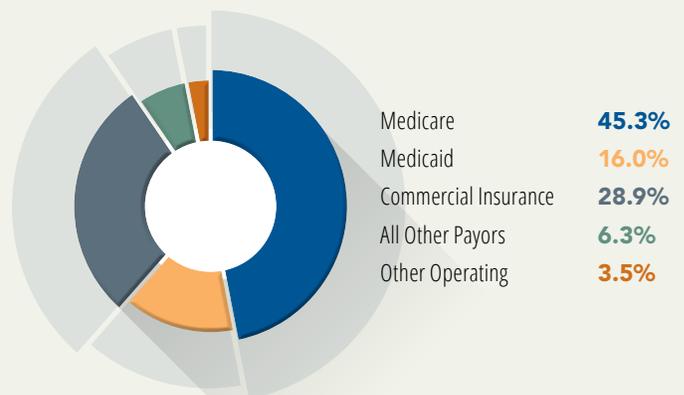
Though PeaceHealth is nonprofit, it supports public agencies through property taxes on some holdings. PeaceHealth paid \$1 million in taxes in 2013 on property that isn’t exempt from taxation.

REVENUE: Our revenue comes from the care we deliver in our hospitals, clinics and home care services. But the way we are reimbursed is undergoing significant changes. The number of PeaceHealth patients with commercial insurance (privately paid, primarily by employers) continues to decline, while the number of patients with Medicaid (public program for low-income people) is growing under the Affordable Care Act. The number of patients with Medicare (for older Americans), has remained relatively constant. Neither program, which constitute a combined 61 percent of our network’s business, completely covers the cost of providing care. Health systems like ours are challenged to reduce the cost to deliver care to patients on these programs.

Total Operating Expenses



Total Net Revenue



COMMUNITY BENEFIT CARE: PeaceHealth provides care for everyone, regardless of their ability to pay. When PeaceHealth is not paid for the services we provide, the financial losses are recorded in the two categories you see in the chart below: as Unreimbursed Medicaid and Charity Care. Unreimbursed Medicaid

includes shortfalls in payments under government programs, and Charity Care covers those who cannot afford to pay. In fiscal year 2013, PeaceHealth Sacred Heart Medical Center and PeaceHealth Cottage Grove Community Medical Center provided \$111.8 million in community benefit care.

Community Benefit	PeaceHealth Sacred Heart Medical Center	PeaceHealth Cottage Grove Community Medical Center	Total
Charity Care	46,689,000	1,567,000	48,256,000
Unreimbursed Medicaid	62,561,000	495,000	63,056,000
Health Professions Education	535,000	-	535,000
Cash and In-Kind Contributions	4,000	-	4,000
Total	109,789,000	2,062,000	111,851,000

“Bridge” Helps Family Survive Hard Time

In June 2013, Michael Crespino had a good job in Eugene and a baby on the way.

One month later, a sudden job loss left Michael and his wife, Michelle, without health insurance just three months before their baby was due. Michelle’s job paid just enough to keep them afloat.

As the bills mounted and the pressure increased, Michael began to struggle with depression and anxiety. In August 2013, he ended up in the emergency room at PeaceHealth Sacred Heart Medical Center, where he learned about the Bridge Assistance program.

Bridge Assistance is a PeaceHealth program that covers medically necessary services for patients at PeaceHealth facilities at a reduced cost, or without charge, when

payment cannot be obtained through any other available financial resources. “Bridge Assistance” refers to bridging the

gap of financial uncertainty for our patients in need.

Both Michael and Michelle applied for and received assistance – Michael for care related to his depression and Michelle for the birth of their son, Kezton.

“The program is amazing, and without it, I’m sure lots of folks around Oregon would be struggling,” Michael said. “We would never have been able to pay all those bills off.”

“The program is amazing, and without it, I’m sure lots of folks around Oregon would be struggling,”



Michael, Michelle and Kezton Crespino

Kezton was born Oct. 30, 2013, at PeaceHealth Sacred Heart at RiverBend. Soon afterward, Michael landed a new job in Florence. The family decided Michelle would stay home and care for the baby while Michael worked. They enrolled Kezton in the Oregon Health Plan.

“We’re very grateful for the help,” Michael said.

“Without Bridge Assistance, we would have been just short of the street.”

PEACEHEALTH MISSION

We carry on the healing mission of Jesus Christ by promoting personal and community health, relieving pain and suffering, and treating each person in a loving and caring way.