



The *spirit* of healing 2013 COMMUNITY BENEFIT REPORT

PeaceHealth Northwest Washington



Welcome



Promoting personal and community health is at the heart of the PeaceHealth mission, and it's with this in mind that I'm pleased to provide this Community Benefit Report for 2013. In our corner of the world, PeaceHealth is St. Joseph Medical Center, Peace Island Medical Center and PeaceHealth

Medical Group.* Each operates to serve its respective community with the PeaceHealth values of stewardship, respect, social justice and collaboration as guideposts.

This report is another chapter in the rich and ongoing story of a nonprofit health care organization, founded in 1890, that is an essential community partner—a partner that provides comprehensive health care as well as benefits that go beyond the walls of our hospitals and medical groups. Whether it's work with the Whatcom Alliance for Health Advancement to allow access to health care through the Affordable Care Act, partnering with the Interfaith Community Health Center to expand dental care for under-served families, or staffing a booth at the San Juan County Fair, PeaceHealth serves the community.

It tells the story of a faith-based organization committed to meet the health care needs of all in the community, regardless of their ability to pay. For Medicare and Medicaid patients, that means that PeaceHealth underwrites the difference between what these government-sponsored programs pay us to provide care and what the care actually costs.

It means that we deliver critically important services such as behavioral health care, based on personal and community need, not on profitability. And, for those more vulnerable among us, including those with no health insurance and few financial resources, it means that PeaceHealth absorbs the costs of providing needed care.

Finally, this report tells the story of a health care ministry that provides living-wage jobs to 2,700 caregivers who live, work and play in their respective communities—creating an economic ripple effect that broadens our mission even further.

Nancy Steiger
CEO, Northwest Network

*United General Medical Center in Sedro-Woolley joined the PeaceHealth family in April 2014, so it is not included in this 2013 report.

PeaceHealth Northwest Washington by the Numbers

PeaceHealth St. Joseph Medical Center

PeaceHealth Peace Island Medical Center

CLINICAL NUMBERS	
Number of licensed beds	263
Annual admissions	15,192
Days of inpatient service	59,462
Number of babies born annually	1,952
Number of surgeries performed	7,347
Number of emergency room visits	58,112
Number of clinic visits	254,257

EMPLOYMENT NUMBERS	
Number of PeaceHealth employees	2,721
Number of new hires in past year	368
Average annual turnover rate*	13.1%
Average annual salary	\$62,712
Average base rate	\$30.15

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

Children and Families

REACH OUT AND READ

Getting books from the doctor is now a routine part of regular pediatric checkups at PeaceHealth Medical Group Pediatrics with the Reach Out and Read™ program, which helps prepare our youngest patients to succeed in school.

During regular pediatric checkups, caregivers teach the importance of reading aloud and provide developmentally appropriate books to children from six months to age six. One goal is to get kids excited about reading; another is to enable them to enter kindergarten with larger vocabularies and stronger language skills.

The program, launched in partnership with the Whatcom County Library System, is funded in part by donations from PeaceHealth, Washington State Reach Out and Read, Target and the Lions Club.



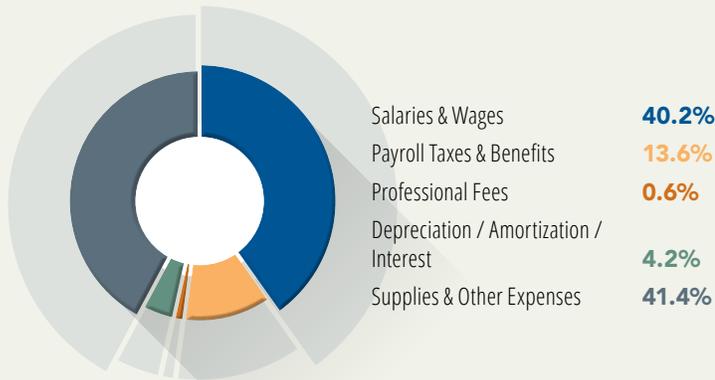
Young patients get excited about books in the waiting room at PeaceHealth Medical Group.

Revenue and Expenses JULY 1, 2012 - JUNE 30, 2013

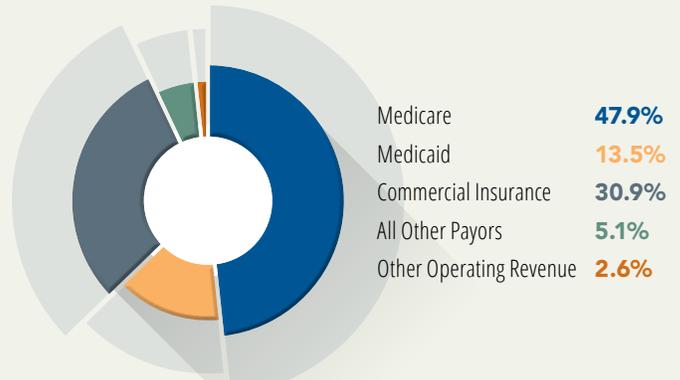
EXPENSES: Our caregivers are critical to our healing mission and compensating them for their outstanding work is our single biggest expense. Salaries, wages and benefits account for 53.8 percent of our expenses, followed by supplies and related expenses at 41 percent. With more than 2,700 caregivers, PeaceHealth is one of the area’s largest employers.

REVENUE: Under the Affordable Care Act, the percentage of revenue from commercial insurance has declined, while at the same time, we are experiencing growth in Medicaid, a public-funded insurance program for lower-income people. The number of patients with Medicare, insurance for older Americans, has remained stable. Neither Medicaid nor Medicare, which in total constitutes 61 percent of our business, covers the full cost of providing care. PeaceHealth is challenged to bridge the gap between the cost of care and declining payments, while maintaining our commitment to quality and access to care.

Total Operating Expenses



Total Net Revenue



UNCOMPENSATED CARE: PeaceHealth provides care to all in need, regardless of ability to pay. Serving those who earn a lower income or are uninsured is at the heart of PeaceHealth’s mission. In accordance with standard accounting principles and government regulations, when PeaceHealth is not

paid for services rendered, the losses are recorded as unreimbursed Medicaid and charity care. In fiscal year 2013, PeaceHealth St. Joseph Medical Center and PeaceHealth Peace Island Medical Center provided \$44.7 million in community benefit care.

Community Benefit	PeaceHealth St. Joseph Medical Center	PeaceHealth Peace Island Medical Center	Total
Charity Care	13,375,000	1,004,000	14,379,000
Unreimbursed Medicaid	29,904,000	379,000	30,283,000
Total	43,279,000	1,383,000	44,662,000

From One Pioneer to Another

HEART PROGRAM RECIPIENT GIVES BACK

Bellingham's Stephen Waschke is a typical Baby Boomer. He left the family farm to choose his own career—he worked hard, raised a family and enjoyed a good life; that is, until his health deteriorated and he had a heart attack. Mr. Waschke qualified to be the first person in our community to be implanted with a sophisticated mechanical device to help his weak heart pump blood the way it should. Problem was, his insurance wouldn't cover the new procedure. After a financial review, PeaceHealth St. Joseph Medical Center determined that Mr. Waschke was eligible for charity care and covered the entire cost. With his new lease on life, Mr. Waschke is doing what other Boomers do: giving back. He is a PeaceHealth St. Joseph Cardiovascular Center volunteer.



Stephen Waschke and Cardiothoracic Surgeon, Cristy Smith, MD

Jingle Bell Run for Arthritis



For years, the Arthritis Foundation has enjoyed space in PeaceHealth St. Joseph Medical Center's South Campus. With rent of just \$1 per year, the organization could direct more of its precious resources toward those it serves.

PeaceHealth caregivers embrace the cause as well. For years they have participated in December's Jingle Bell Run/Walk 5k. In 2013, more than 150 caregivers participated. Why? Shevaun Rudkin of PeaceHealth St. Joseph's Center for Joint Replacement explains.

"Arthritis is not just a disease of old age. Two-thirds of those with arthritis are under 65—including 300,000 children," said Rudkin. "More than 50 million Americans are living with arthritis."

That's more than a million reasons to partner with the Arthritis Foundation.

"More than 50 million Americans are living with arthritis."

Bridge Pilot Helps Patients in Need

The Bridge Project, a partnership between PeaceHealth St. Joseph Medical Center and Whatcom Alliance for Health Advancement (WAHA), provided intensive case management for patients who receive Bridge Assistance (charity care) and need help managing multiple health care needs. Over a two-year period, the project clearly showed that with individualized, intensive case management, the physical and mental health of the participating patients improved, as did their health literacy and overall patient experience. In addition, the use of the more expensive Emergency Department decreased, saving more than \$200,000. With results like these, we are pleased to provide financial support and technical assistance for the expansion of this vitally important community program.

