

# 2014 Community Benefit Report

*PeaceHealth Northwest Washington*

We are pleased to provide this Community Benefit Report for 2014. This year, on April 1, 2014, we welcomed United General Medical Center into the PeaceHealth ministry. A critical access hospital serving the Skagit Valley communities of Sedro-Woolley and Burlington, PeaceHealth United General's palette of services helps to ensure the continuation of high quality health care right at home.

Integrating with a community hospital that was challenged to remain independent is at the heart of PeaceHealth's mission. From our beginnings in Fairhaven, more than 120 years ago, to today, PeaceHealth serves to benefit people and communities. This benefit is achieved not only by providing direct health care, but by collaborating with community partners to leverage the talents and expertise of both. It is also achieved by providing care to those unable to pay and by underwriting the difference between the cost and reimbursement for services provided by the federal government.

This model holds true for the other PeaceHealth facilities in Northwest Washington—St. Joseph Medical Center in Bellingham, and Peace Island Medical Center in Friday Harbor. Taken together, these facilities provide a full range of services, from preventive and wellness care such as health education, screenings and immunizations, to acute care services such as the most technologically advanced cardiac procedures, to end-of-life services such as palliative and hospice care.

We also provide a number of critically important services such as behavioral health care that is based on personal and community need, not on profitability. As a faith-based not-for-profit organization, PeaceHealth balances the need for doing well and doing good. Increasingly, this balance can be better achieved by collaboration and partnership to extend the health care continuum beyond PeaceHealth.

As we look forward to the future in health care with its many expected changes, PeaceHealth need only look back to its roots for inspiration and courage. PeaceHealth was founded to benefit the miners, loggers and fishers in a rural community in Washington. The predominant careers may have changed with the times, but PeaceHealth's mission of community benefit has not.

# PeaceHealth Northwest Washington by the Numbers

- *PeaceHealth St. Joseph Medical Center*
- *PeaceHealth Peace Island Medical Center*
- *PeaceHealth United General Medical Center*

Clinical Numbers	Employment Numbers
<b>288</b> <i>Number of licensed beds</i>	<b>2,651</b> <i>Number of PeaceHealth employees</i>
<b>15,118</b> <i>Annual admissions</i>	<b>378</b> <i>Number of new hires in past year</i>
<b>60,920</b> <i>Days of inpatient service</i>	<b>14.26%</b> <i>Average annual turnover rate*</i>
<b>1,922</b> <i>Number of babies born annually</i>	<b>\$62,697</b> <i>Average annual salary</i>
<b>7,458</b> <i>Number of surgeries performed</i>	<b>\$34.52</b> <i>Average base rate</i>
<b>63,760</b> <i>Number of emergency room visits</i>	
<b>251,640</b> <i>Number of clinic visits</i>	

\* Average annual turnover rate reported is voluntary turnover for period 7/1/2013 - 6/30/2014

Total figures represent all three medical centers combined with United General data beginning April 1, 2014.

## What is PeaceHealth?



PeaceHealth is a family of 10 hospitals, dozens of clinics and laboratories, and hundreds of doctors based in the Pacific Northwest and dedicated to our mission of service to each community.

Since our founding in 1891 near Bellingham by the Sisters of St. Joseph of Peace, our network of faith-based, mission-oriented PeaceHealth facilities has grown to include services through Washington, Oregon and Alaska.

In Washington state, PeaceHealth provides a broad spectrum of health care such as primary care, urgent and emergency services, inpatient care and surgery. Care locations include:

Three medical centers in Northwest Washington:

**1** **PeaceHealth St. Joseph Medical Center** *Bellingham*



**2** **PeaceHealth United General Medical Center** *Sedro-Woolley*



**3** **PeaceHealth Peace Island Medical Center** *San Juan Island*



30 primary and specialty care clinics can also be found at those three locations.

# Revenue and Expenses

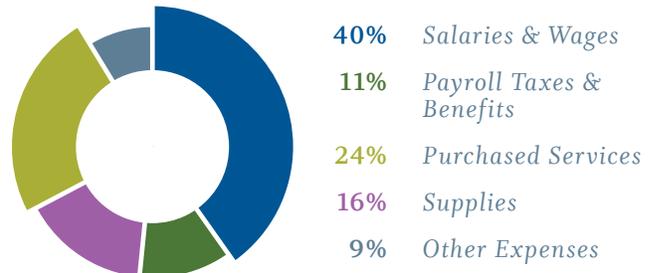
**JULY 1, 2013 - JUNE 30, 2014**

**Expenses:** Our caregivers are critical to our healing mission and compensating them for their outstanding work is our largest expense. Salaries, wages and benefits accounted for 51 percent of our expenses. With more than 2,600 caregivers, PeaceHealth is one of the area's largest employers.

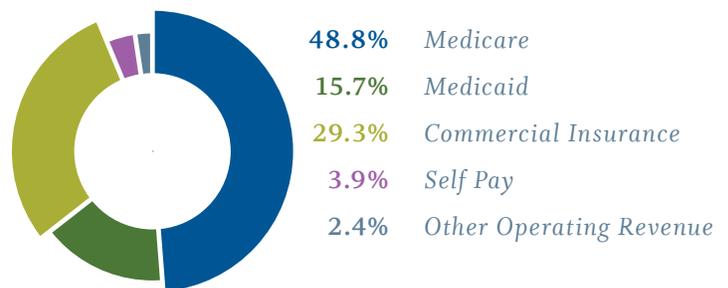
**Revenue:** Under the Affordable Care Act, the percentage of revenue from commercial insurance continues to decline, while at the same time, we continue to experience growth in Medicaid, a public-funded insurance program for lower-income people. The number of patients with Medicare, insurance for older Americans, has remained stable. Neither Medicaid nor Medicare, which in total constitutes close to 65 percent of our patient volume, 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.

**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

## Total Operating Expenses



## Total Net Revenue



paid for services rendered, the losses are recorded as unreimbursed Medicaid and charity care. In fiscal year 2014, PeaceHealth St. Joseph Medical Center, PeaceHealth Peace Island Medical Center and PeaceHealth United General Medical Center (partial year) provided \$41.7 million in community benefit care.

	PeaceHealth St. Joseph Medical Center	PeaceHealth Peace Island Medical Center	PeaceHealth United General Medical Center	Total
<b>Community Benefit</b>				
Charity Care	8,143,380	(1,178,982)	168,555	7,132,953
Unreimbursed Medicaid	31,878,407	923,346	-	32,801,753
Community Health Improvement Services & Community Benefit Operations	361,442	-	-	361,442
Health Professions Education	379,234	-	-	379,234
Research	142,755	-	-	142,755
Cash and In-Kind Contributions	972,425	-	-	972,425
<b>Total</b>	<b>41,877,643</b>	<b>(255,636)</b>	<b>168,555</b>	<b>41,790,562</b>

# Our Heart To Soles

Each year, orthopedic surgeons from PeaceHealth Medical Group (PHMG) provide free foot examinations, along with donated shoes, wool socks and more for underserved or homeless men, women and children in our community.

In 2014, Warren Taranow, DO, and Carter Kiesau, MD, of the PHMG Center for Orthopedics and Sports Medicine, as well as volunteer nurses, physician assistants, orthotics and prosthetics specialists will mark the seventh year of local participation in the national "Our Hearts to Your Soles" program.

*"I've had wet feet all week; these are going to be great."*

– Heart to Soles recipient

Originally, the day-long event covered exams and footwear for approximately 50 men. Each year since 2008 the event has gotten larger, as the needs have become increasingly apparent. PHMG's "Heart to Soles" now includes free flu vaccinations, orthotics to ensure proper shoe fit, and hooded sweatshirts as well as waterproof footwear and, finally, exams and footwear for women and children too.

While the national organization helps provide footwear for men, shoes for women and children are made possible through local donations and support from community partners like SuperFeet and Cornerstone Orthotics and Bank of the Pacific.

"Those we serve don't always have shelter, or different shoes or even dry socks to change into," said Dr. Taranow. "To most of us, shoes are an accessory. But for this population, waterproof, properly fitting shoes can mean the difference between being able to get a job or not, or being able to stay out of the Emergency Department."

Dr. Taranow said that for those with just one pair of shoes to last the year, ill-fitting or inappropriate footwear can cause infections, fractures or foot ulcers that require medical care.

The gift of care and shoes can make a difference to those trying to recover from, or step out of, homelessness. One recipient said, "These are just what I needed for my new job!"



*Volunteers from PeaceHealth help provide footwear at last year's Hearts to Soles event*