

2014 COMMUNITY REPORT



KootenaiHealth

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2014 MOVING TOWARD OUR VISION



**Jon Ness, CEO
Kootenai Health**

Care Network, to receiving verification as a Level III Trauma Center, to breaking ground on a needed expansion, Kootenai's vision became reality. Here are a few of the highlights from 2014, and a look at the good stewardship that's making it all possible for our community.

PATIENT-FOCUSED GROWTH

Heart Clinics Northwest in Post Falls (208) 625-5530

Kootenai's Heart Clinics Northwest cardiology practice opened a new location in Post Falls. The new location offers greater convenience for patients in Post Falls, that goes beyond just office visits. Because Heart Clinics Northwest offers the full spectrum of cardiac subspecialty care and has additional diagnostic and treatment options located nearby in Coeur d'Alene, patients can remain close to home for all their care.

Plastic and Reconstructive Surgery (208) 625-4333

Kootenai Clinic welcomed plastic surgeon Benjamin Mandel, M.D. and opened its first plastic and reconstructive surgery practice. Plastic and Reconstructive Surgery serves an important role in a patient's health by restoring form and function. Whether a patient is receiving reconstruction after cancer or a trauma, or is undergoing an elective procedure to enhance natural beauty, plastic surgery can help patients feel more confident about their appearance.

Family Medicine Residency (208) 625-6000

In 2014, the inaugural class of six family medicine residents began the first of their three years of training at Kootenai. While they are here, the residents will be working shoulder-to-shoulder with experienced physicians and specialists. Their ability to work and learn right here in northern Idaho also increases the chance that they will stay and practice medicine here even after they graduate.

In 2012 the Kootenai Health board completed a strategic planning process that included an updated vision for Kootenai Health to expand and enhance the health care services provided in northern Idaho. During 2014, Kootenai Health took several major steps toward that goal. From joining the Mayo Clinic

Pharmacy Practice Residency

In 2014 leaders from Kootenai Health's pharmacy departments came together to start the first pharmacy residency at Kootenai. The pharmacy practice residency gives experience in a broad area of pharmacy practice.

Vascular Surgery Clinic (208) 625-5222

In 2014 Kootenai Clinic opened a new clinic solely for vascular surgery patients. Philip Kladar, M.D., and new vascular surgeon Christopher Ward, M.D., make up the vascular surgery team. Kootenai Clinic Vascular Surgery specializes in the treatment of arteries and veins.



**Kootenai Clinic Vascular Surgeons (l-r)
Christopher Ward, M.D., and Philip Kladar, M.D.**

GROWTH AND SERVICE LINE

Kootenai Health Expansion

In August 2014 Kootenai Health broke ground on a \$57 million, three-story expansion. The first two floors will include a family birth center, neonatal intensive care unit (NICU), more patient rooms, a new hospital entrance and registration area, and expanded visitor waiting areas. The third floor will remain unfinished during the initial phase of the project. Once the first two floors are completed and open, the expansion will give Kootenai about a 10 percent increase in patient rooms. By the end of 2014, the foundation and steel framing was completed. The expansion is expected to open in spring 2016.

Patient Transfers Triple

In 2012 Kootenai Health opened the Patient Transfer Center to help facilitate transfers between local and regional hospitals. In 2014, the transfer center facilitated 3,971 patient transfers, 1,463 direct admissions and 5,822 provider consultations. This is just one of many ways Kootenai is working to keep patients closer to home for health care.

Rehabilitation Hospital of the Northwest

The Rehabilitation Hospital of the Northwest, a joint venture between Ernest Health Inc. and Kootenai Health, began treating patients in December 2013. The new rehabilitation hospital provides intensive physical rehabilitation services to patients including those recovering from strokes, head and spinal cord injuries. Providing this higher level of care in our community is helping patients stay closer to their families while receiving care.

SUPERIOR QUALITY AND SAFETY

Kootenai joins the Mayo Clinic Care Network

Kootenai Health is now a member of the Mayo Clinic Care Network, a national network of like-minded organizations that share a commitment to better serving patients and their families. As part of the Mayo Clinic Care Network, Kootenai Health physicians now have access to Mayo Clinic's knowledge and expertise when these additional resources can be helpful, allowing many patients to avoid unnecessary travel for answers to complex medical questions. Like all network members, Kootenai Health remains a locally owned and independent health care provider.



Michael May, M.D. is a board certified general surgeon with Kootenai Clinic General Surgery.

Heart Failure Clinic (208) 625-5230

The Heart Failure Clinic was developed by Heart Clinics Northwest in August 2014. The goal of the clinic is to improve education and follow-up for heart failure patients to prevent readmission to the hospital. Although this program is currently for Heart Clinics Northwest patients, plans to expand it are underway.



Trauma Verification

The American College of Surgeons Committee on Trauma verified Kootenai Health as a Level III Trauma Center. To receive verification, Kootenai had to prove it has the resources needed to provide the entire spectrum of trauma care. Every year, thousands of injured patients seek care at Kootenai Health's emergency department. Trauma center verification offers important reassurance that patients are receiving excellent care.

Level II Nursery

Kootenai Health's special care nursery received a Level II-b nursery designation in 2014. This designation means the nursery has the facilities and staff to care for babies born as early as 32 weeks gestation (eight weeks premature), and as small as 1,500 grams (3 pounds). Experienced, board-certified neonatologists care for these fragile newborns around the clock. Kootenai's eight-bed nursery is designed for babies requiring comprehensive care, monitoring and intensive medical attention.



Brett and Erica Lucas' daughter Elena was unexpectedly born at 33 weeks and 3 days, weighing 4 pounds 15 ounces.



FINANCE

Most district hospitals such as Kootenai Health receive financial support from local taxes. Because of its careful financial planning and management, Kootenai has not levied taxes since 1995.

2014 (unaudited) 2013 Statement of Operations (in \$millions)		
	2014	2013
Total Revenues Earned	\$ 393	\$ 348
Operating Expenses		
Employee Wages & Benefits	\$ 208	\$ 185
Supplies & Other Expenses	144	125
Capital Costs	19	16
Subtotal Operating Expenses	\$ 371	\$ 326
Total Operating Income	\$ 22	\$ 22

Key Indicators	2014	2013
Inpatient Discharges	12,996	12,906
Inpatient Days	62,293	58,226
Outpatient Visits	281,101	262,670
Physician Clinic Visits	160,533	144,586
Emergency Department Visits	48,555	47,254
Babies Born	1,693	1,615



\$34.4 million

Was invested in equipment, technology and facilities in 2014.

Standard & Poor's 'A' Rating

Standard & Poor's Ratings Services gave Kootenai Health an 'A' rating based on an evaluation of Kootenai's business plan, credit, cash on hand and decision to not use its ability to levy taxes for funding. The rating is a strong affirmation that Kootenai's business model is stable and seeing positive growth in patient trends.

2014 and 2013 Balance Sheet (in \$millions)*		
	2014	2013
Cash and Marketable Securities	\$ 199	\$ 158
Property and Equipment	161	143
Other Assets	138	95
Total Assets	\$ 498	\$ 396
Long Term Obligations	\$ 78	\$ 4
Other Liabilities	72	67
Net Assets	348	325
Total Liabilities and Net Assets	\$ 498	\$ 396

*Beginning 2013 consolidated Kootenai Outpatient Imaging and Kootenai Outpatient Surgery.

Community Benefit - \$95.9 million

Community benefit activities are programs and services hospitals provide to help improve health and increase access to health care in their communities. During 2014, Kootenai Health provided approximately \$95.9 million in qualified community benefits to people in our region.*

This amount includes the following:

\$51.3 million

Government Insurance Programs

Many people don't know that programs like Medicare, Medicaid and State or County insurance programs do not pay the full cost for the care their participants receive. In 2014, Kootenai Health absorbed \$51.3 million in costs that were not reimbursed by these payors. That included \$42.6 million for Medicare patients, \$5.6 million for Medicaid patients and \$3.1 million for state and county patients.

\$13.6 million

Free and Discounted Care

Kootenai Health wrote off \$6.1 million worth of charges for patients who could not pay for their care. Another \$7.5 million was written off as part of a new discount program that reduces charges for uninsured patients by 25 percent.

\$26.5 million

Uncompensated Care (Bad Debt)

\$26.5 million worth of charges to patients who were unwilling to pay the "patient responsibility" of their health care bills were also written off.

\$4.5 million

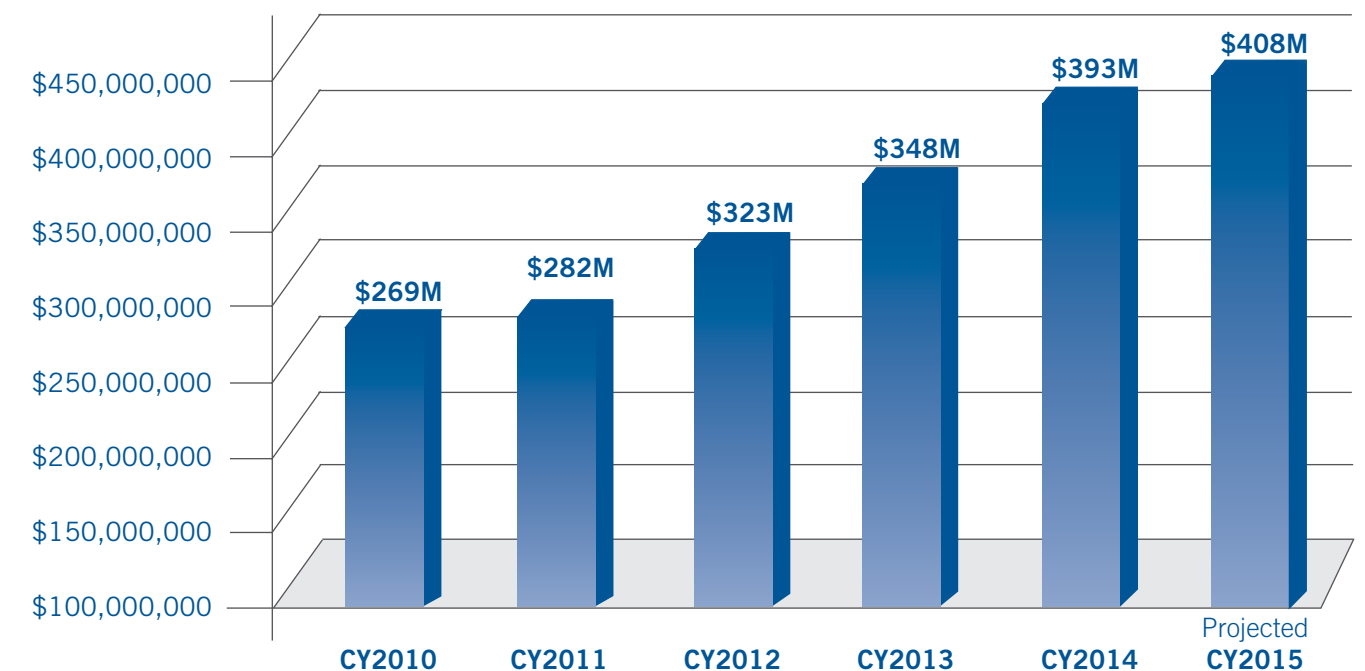
Donations, Free Services, and Programs

Each year Kootenai Health makes substantial financial and in-kind donations that benefit our community. This includes donations to groups such as Hospice of North Idaho, and Komen for the Cure. It also includes the expense of providing free and low-cost health screenings and support groups for patients. In-kind donations also include expenses and staff time related to providing training opportunities for physicians, nurses and other health care workers. Together, these donations, free services and programs are improving how people are cared for in our community.

*Calculations based on Kootenai Health's 2014 community benefit report filed with the Idaho Hospital Association.

Total Revenue Trend

Total Revenue has been steadily increasing over the past five years from \$269M in 2010 to an estimated \$408M in 2015.



IMAGINE

To form a concept of something, visualize, picture, conceive, believe, plan



\$32 million

Total lifetime gifts and income

\$12.2 million

Invested to update and expand facilities, services, equipment and technology

\$6.3 million

Gifted through philanthropic events



Can you imagine what it feels like to be away from everything and everyone you know and love at

a moment's notice? When life happens, often when least expected, access to superior health care is critical. With you in mind, Kootenai Health is imagining how to successfully care for families in our region today and well into the future.

In 2014, Kootenai Health leadership asked the Foundation to imagine how our partnerships and relationships could help meet the need. You have answered the call to imagine your

part with resounding support! You are helping to expand the types of care we can provide, while keeping patients and families close to home. Your investments reach beyond simply bricks and mortar, and most importantly impact the lives of patients and families of northern Idaho every day. Imagine the possibilities your gifts will make!

With gratitude and thanks,

Shawn Bassham, MEd., CFRE
President

Linda Fournier, Chair

ANNUAL GOLF TOURNAMENT

Driving Support for 25 Years

What began in 1990 as a small event to help raise funds for the Foundation has now become one of the premier golf tournaments in the region. With your support we have raised over \$579,000 to benefit the development and expansion of a variety of programs and services at Kootenai Health. We are thankful for you and grateful for the investments you make that allow us to provide superior health care for our patients close to home.

Presenting Sponsor Highlight

Dave Chapman understands the importance of private philanthropic support to help drive innovation and expand how we care for our patients. He has a longstanding commitment to the Foundation and has partnered with us in a variety of ways. From 1989-2000 through the Festival of Trees and from 1992-1998 as a director on the Foundation board. In 2001 Dave and his company, Chapman Financial Services, signed on as the title sponsor for our golf



(l-r) Dave Chapman, Bobby Drummond, Mike Chapman and Todd Chapman at the 2014 Kootenai Health Foundation Golf Tournament.

tournament. Leading by example, Dave has instilled in his sons Mike and Todd the importance of philanthropy and service to others. Today you will find Mike serving as a director and incoming Chairman of the Foundation, with Todd now at the helm of the family business. Congratulations on your retirement Dave, and thank you Chapman family for your friendships and dedication to Kootenai Health's mission.

Board Of Directors

- Linda Fournier, Chair
- Mike Chapman, Vice-Chair
- Steven Griffiths, Secretary
- Peter Wagstaff, Treasurer
- Georgianne Jessen
- Albert Martinez, MD
- Russ Porter
- John Young

Retiring in 2015

Denise Leonard

Joining in 2015

- Chris Meyer
- Eve Knudtsen



2014 Gift Highlights

Total gifted to Kootenai Health from the Foundation	\$355,268
Behavioral Health Remodel - Adult Acute Unit	\$ 85,512
Cancer Services and Patient Support Program	\$ 42,046
Cardiac Services - EKG Upgrade	\$ 36,000
Emergency Department	\$ 29,172
Provider Continuing Medical Education	\$ 28,490
Other Equipment and Services	\$ 2,782
Scholarships - Employees and Teen Volunteers	\$ 6,827
Special Care Nursery Remodel	\$ 53,142
Walden House	\$ 8,370
Youth Grants	
Behavioral Health - Education and Equipment	\$ 11,279
Pediatrics - Cribs and DVD players	\$ 8,758
Rehabilitation Services - Outpatient Physical Therapy	\$ 30,164
Safe Kids - Bicycle Helmets and Car Seats	\$ 3,434
Special Care Nursery - Equipment	\$ 9,292



(l-r) Judy and Jack Gustavel with Jill Hathaway, Jeff Larson, M.D., Lynn Taylor and Sean Adams at the 2014 Festival of Trees Gala.

FESTIVAL OF TREES

26 Years of Philanthropy

You are amazing! Through the Festival of Trees events you helped raise over \$402,000 in 2014 and a cumulative \$5.5 million to directly impact patient care at Kootenai Health. Simply remarkable! We are grateful for every decorator, volunteer, sponsor, donor and friend. On behalf of the Kootenai Health Foundation Board of Directors and staff, thank you for generously sharing your time, talent and treasure. We look forward to partnering with you again!

Kootenai Health 2014 Board Of Trustees



Paul Anderson
Chairman



Ernest Fokes, MD
Vice Chairman



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Secretary/Treasurer



Terence Neff, MD
Trustee



Neil Nemec, MD
Trustee



Katie Brodie
Trustee



James Eisses
Trustee

LOOKING TOWARD OUR FUTURE

Kootenai Health's Expansion

As Kootenai Health offers more services to care for the patients and families of northern Idaho, more people are coming to our hospital for care. More space is needed to take care for our patients and to make room for improvements in our existing facility. That's why we are building a new three-story addition.

Kootenai Health's \$57 million, three-story expansion is scheduled to open in the spring of 2016. The expansion will adjoin the east side of the existing hospital. Its first two floors will include a family birth center, neonatal intensive care unit (NICU), more patient rooms, a new hospital entrance and registration area, and expanded visitor waiting areas. The third floor will be staged for completion at a later date.

With thanks to our board, physicians, staff, and construction team, we are pleased to report that our expansion is on time and under budget. We would also like to thank **you** for your patience and understanding as we've modified our entrance, changed our parking areas and taken extra efforts to ensure all our patients receive the care they need. Together we are improving health care for our community now and for years to come.



Mission

We improve health one patient at a time in a friendly and professional culture committed to superior quality and safety.

Vision

By 2020
Kootenai Health
will be a comprehensive regional medical center delivering superior, patient-focused care and will be recognized among the premier health care organizations in the U.S.