

Community Report 2010



KOOTENAI HEALTH

2010

COMMUNITY REPORT



2010 was a year of transition at Kootenai Health. Early in the year, long-time CEO Joe Morris announced his retirement. In September, Kootenai's new CEO, Jon Ness, moved into the top position. Careful preparation, as well as stable, seasoned executive leadership helped make the transition one that has positioned Kootenai well to meet our community's needs in a changing healthcare environment.



Jon Ness, Kootenai Health CEO

Here is a look at some of the other transitions in 2010, as well as a few trends.

GROWTH

Kootenai Urgent Care

North Idaho Family Physicians and Kootenai Health announced a partnership to provide urgent care services to the residents of Kootenai County. The partnership brought the services of the After Hours Urgent Care Clinics and North Idaho Immediate Care Centers together under the new name, Kootenai Urgent Care. The partnership helped support the community's need for easy access to primary care providers.



Kootenai Physician Clinics

Kootenai Health has been working closely with area physicians to create business models that meet the needs of both the physicians and patients in our community. Two groups that joined Kootenai in 2010 were Kootenai Ear, Nose, Throat and Allergy, formerly Ear, Nose and Throat of Coeur d'Alene, and Kootenai Obstetrics and Gynecology, formerly the Women's Clinic of North Idaho.

COMMUNITY

Community Value Award

Kootenai Medical Center was named a Top 100 Hospital in a 2010 survey ranking 2,739 hospitals nationwide on quality of care and value to their communities. It was Kootenai's fifth year in a row to receive the award, which evaluates hospitals in four key areas: financial viability and capital reinvestment, cost structures, patient charge structures and quality of performance.

Community value results from costs and charges being low relative to other hospitals; being profitable and reinvesting those profits in new facilities, technology and new services. Kootenai was the sole hospital in Idaho to earn Top 100 status in 2010.



Anne Bear, RN, Critical Care Nurse
at Kootenai Medical Center

Kootenai was also designated as a Five Star hospital for the seventh consecutive year. Five Star ranking means Kootenai scored in the top 20 percent of large, non-teaching hospitals across the country. Both designations were given by Cleverley and Associates, an Ohio-based consulting firm, that annually publishes the study based on U.S. hospitals' performances.

Tobacco Free Campus

On November 18 – the day of the American Cancer Society's Great American Smoke Out – Kootenai Health officially became a tobacco-free campus. Although Kootenai's buildings have been tobacco-free for many years, the new policy extended that ban to all campus areas, both inside and out. To ease the transition, Kootenai offered (and continues to offer) tobacco-cessation classes throughout the year.

Kootenai Health
is a Tobacco-Free
Campus



 Kootenai Health

Need help quitting? Call (208) 666-2893

MEET OUR TRUSTEES



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Chairman



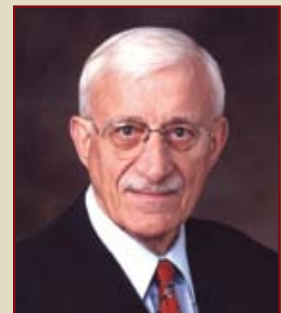
Ernest Fokes, M.D.
Vice Chairman



Liese Razzeto
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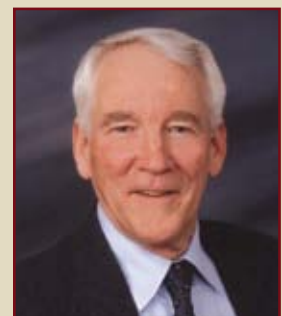
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Trustee



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Trustee



Terence Neff, M.D.
Trustee



James Curtis, M.D.
Trustee

PEOPLE

Best Places to Work in Healthcare

Modern Healthcare magazine once again designated Kootenai Health as one of the nation's Best Places to Work in Healthcare in 2010. Kootenai was among just 100 organizations in the nation to receive the honor, which looks at everything from pay averages, time off and benefits to newer employment practices such as wellness programs, environmental stewardship, and family-friendly policies.



Helping Globally

A team of physicians and nurses with ties to Kootenai Health traveled to Haiti just weeks after the January 12 earthquake. Along with many others, they provided desperately needed medical care to the Haitian people.

QUALITY

Linear Accelerator in Post Falls

In late 2009, Kootenai Cancer Center in Post Falls opened with a new state-of-the-art medical linear accelerator. During 2010, physicians and staff began using the accelerator to perform image-guided radiotherapy procedures.

Image-guided radiotherapy uses special imaging functions on the accelerator so doctors can see a tumor's exact size and location as the patient is being readied for treatment and while the treatment is occurring. This helps ensure the tumor is thoroughly treated while organs and tissue around the tumor are spared. Image-guided radiotherapy offers tremendous benefit for many patients. And having access to life-saving treatment close to home benefits us all.



The Varian Trilogy Systems linear accelerator at Kootenai Cancer Center in Post Falls

Most Wired Hospital

Kootenai Medical Center earned recognition as one of the "Most Wired" hospitals in the country in 2010. A total of 1,280 U.S. hospitals participated in the annual, voluntary review. It takes into consideration a hospital's information technology infrastructure and the extent to which a health-care facility uses technology to enhance clinical quality, patient safety, and business functions. Kootenai's continued investment in technology helps ensure quality patient care.

3T MRI

In 2010, Kootenai laid the groundwork for the installation of a new 3T MRI scanner. MRI image quality depends upon the strength of the magnet in the scanner. 3T MRI is the highest level of technology available. It also offers a more comfortable experience for patients.



Kootenai's 3T MRI provides the highest level of technology in the industry

SERVICE

Kootenai Outpatient Imaging

Kootenai Outpatient Imaging began offering CT scans at their Post Falls location. The scanner made it more convenient for patients at the Kootenai Cancer Center in Post Falls to receive needed tests.

Exceeding Patient Expectations

Avatar International, Inc., a leader in measuring healthcare customers' expectations, named Kootenai as an award recipient for "Exceeding Patient Expectations" in 2010. Kootenai has been a consistent award-winner since 2002, receiving positive scores for meeting and exceeding its patients' expectations. The award focus on how highly patients rate Kootenai in areas such as quality of care, reliability and individualization of treatment plans.

2010 FINANCIAL REPORT

| | Unaudited 2010 | Audited 2009 |
|--|----------------------|----------------------|
| DISCHARGES | | |
| Acute hospital | 12,214 | 12,337 |
| Rehabilitation unit | 211 | 226 |
| Psychiatric unit | 1,723 | 1,481 |
| TOTAL DISCHARGES | 14,148 | 14,044 |
| PATIENT DAYS | | |
| Acute hospital | 43,364 | 41,545 |
| Rehabilitation unit | 2,567 | 2,815 |
| Psychiatric unit | 17,099 | 15,571 |
| TOTAL PATIENT DAYS | 63,030 | 59,931 |
| MEDICARE DISCHARGES (included above) | 5,432 | 5,459 |
| MEDICARE PATIENT DAYS (included above) | 25,203 | 25,585 |
| MEDICAID DISCHARGES (included above) | 2,597 | 2,395 |
| MEDICAID PATIENT DAYS (included above) | 8,712 | 7,714 |
| OUTPATIENT VISITS | | |
| Emergency department | 49,576 | 49,926 |
| Kootenai Cancer Center | 46,279 | 50,991 |
| Joint ventures | 92,319 | 91,154 |
| Other visits | 64,695 | 60,483 |
| TOTAL OUTPATIENT VISITS | 252,869 | 252,554 |
| PAYER MIX | | |
| Medicare | 49.02% | 48.39% |
| Medicaid | 9.22% | 8.66% |
| Insurance | 29.30% | 31.12% |
| Self pay | 5.54% | 5.32% |
| Charity/other | 6.92% | 6.51% |
| TOTAL PAYER MIX | 100% | 100% |
| FINANCIAL REPORT | | |
| REVENUE | | |
| We charged our patients | | |
| For inpatient care | \$86,777,473 | \$69,527,158 |
| For surgery, emergency and other procedures | \$127,559,432 | \$143,069,930 |
| For lab, X-ray, pharmacy, rehabilitation and other services | \$287,792,948 | \$279,963,321 |
| TOTAL REVENUE | \$502,129,853 | \$492,560,409 |
| DEDUCTIONS FROM REVENUE | | |
| We charged but did not receive full payment | | |
| From those unable and/or unwilling to pay | \$35,387,763 | \$40,079,193 |
| From Medicare, Medicaid and other governmental programs | \$191,652,061 | \$164,259,926 |
| From insurance and managed care programs | \$40,794,586 | \$49,831,313 |
| TOTAL DEDUCTIONS FROM REVENUE | \$267,834,410 | \$254,170,432 |
| OTHER INCOME | | |
| From cafeteria and other sources | \$6,685,547 | \$5,713,170 |
| From joint ventures | \$4,140,532 | \$4,044,866 |
| TOTAL OTHER INCOME | \$10,826,079 | \$9,758,036 |
| TOTAL OPERATING REVENUE | \$245,121,522 | \$248,148,013 |
| EXPENSES | | |
| What it costs | | |
| To pay our employees (over 1,800) | \$87,925,349 | \$82,777,357 |
| To provide employee benefits | \$23,533,541 | \$24,395,327 |
| To purchase medical and physician services | \$22,402,781 | \$28,363,628 |
| To purchase supplies, insurance, utilities and other expenses | \$87,073,087 | \$85,688,584 |
| Depreciation, amortization and interest | \$12,942,773 | \$10,978,940 |
| TOTAL EXPENSES | \$233,877,531 | \$232,203,836 |
| NET OPERATING INCOME | \$11,243,991 | \$15,944,177 |
| INCOME FROM INVESTMENTS | \$1,301,772 | \$1,531,407 |
| DISTRICT INCOME | \$12,545,763 | \$17,475,584 |
| Facility improvements, expansion and equipment and principal payment on long-term debt | \$10,775,559 | \$23,225,462 |
| NET INCREASE/DECREASE IN FUNDS | \$1,770,204 | -\$5,749,878 |
| BALANCE SHEET | | |
| ASSETS | | |
| Current assets | \$45,062,195 | \$29,113,215 |
| Patient receivables | \$40,442,097 | \$51,234,539 |
| Board-designated funds | \$90,960,677 | \$89,592,302 |
| Property plant and equipment | \$117,812,986 | \$119,577,407 |
| Other assets | \$12,410,779 | \$8,015,944 |
| TOTAL ASSETS | \$306,688,734 | \$297,533,407 |
| LIABILITIES AND FUND BALANCE | | |
| Current liabilities | \$29,043,802 | \$32,542,199 |
| Long-term liabilities | \$9,012,076 | \$7,928,544 |
| Fund balance | \$268,632,856 | \$257,062,664 |
| TOTAL LIABILITIES AND FUND BALANCE | \$306,688,734 | \$297,533,407 |

14,148

**TOTAL NUMBER OF
PATIENTS ADMITTED
TO KOOTENAI
MEDICAL CENTER**

YEARLY TOTALS
2008: 14,789
2009: 14,044
2010: 14,148

\$0

TAXES LEVIED SINCE 1995

49,588

**TOTAL NUMBER OF
PATIENTS SEEN IN
THE EMERGENCY
DEPARTMENT**

YEARLY TOTALS
2008: 48,422
2009: 49,840
2010: 49,588

1,484

BABIES BORN

2008: 1,700
2009: 1,686
2010: 1,484



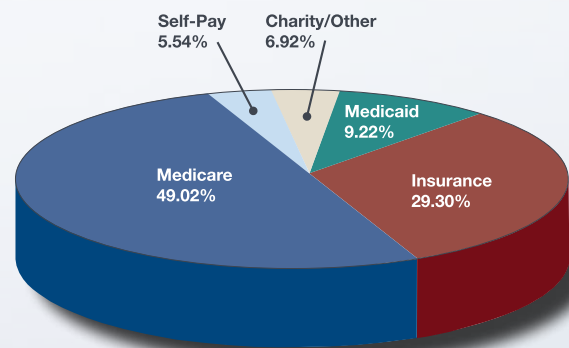
252,869

**TOTAL NUMBER OF
PATIENTS SEEN
FOR OUTPATIENT
PROCEDURES**

YEARLY TOTALS
2008: 249,572
2009: 252,554
2010: 252,869

PAYER MIX

PERCENTAGE FROM VARIOUS SOURCES



KOOTENAI HEALTH FOUNDATION

2010 Report of Giving

When future generations talk about 2010, it will be known as a year of financial challenges. Thankfully, in spite of the economic uncertainty, it was also a year of heart-felt giving for the Kootenai Health Foundation.

The Kootenai Health Foundation is a nonprofit organization that works year-round with generous donors in our community. Whether you made a donation to the Foundation, gave to the Children's Miracle Network, or attended the Festival of Trees, your gifts helped fund programs that enhanced the healing environment at Kootenai Health facilities.

Here is a look back at the Foundation's milestones for 2010.

2010 Festival of Trees

Once again, the Coeur d'Alene Resort was home to the Kootenai Health Foundation's Festival of Trees. The 22nd annual Festival of Trees, themed "Believe," featured some of the most beautiful and creative trees to date. The four-day event truly offered something for everyone – old favorites, new delights, inspiring stories, and a holiday magic that is unique to the Festival of Trees.

Over \$312,000 was raised during the Festival to benefit emergency services at Kootenai Health. Funds will be used to purchase specialized emergency/trauma equipment, which will help Kootenai Medical Center meet its commitment to provide the highest quality trauma services in northern Idaho.

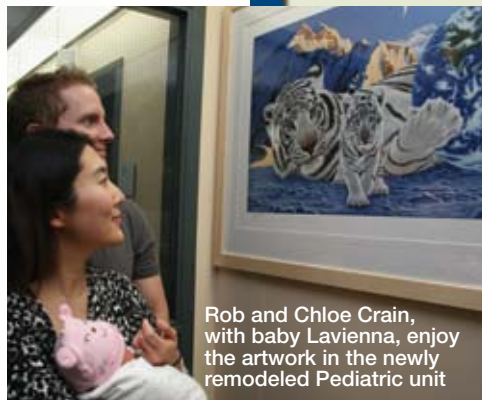


Foundation executive director Teri Farr with Dave and Brooke Miller, spokespersons for emergency services at the Festival of Trees Gala

Your Gifts Make a Difference

Programs and services funded by and through the Kootenai Health Foundation in 2010 included:

- ▶ **\$27,000** was given to the **Cancer Patient Support Fund**. This fund helps meet the personal needs of patients undergoing treatment at Kootenai Cancer Center by providing much needed items such as nutritional support, emergency prescriptions, gasoline and groceries that patients may not otherwise be able to afford.
- ▶ **Therapeutic heat and massage chairs** were provided for patients receiving chemotherapy at Kootenai Cancer Center.
- ▶ **Christmas gifts** were purchased for children receiving care at Kootenai Behavioral Health Center.
- ▶ Support was given to the **Walden House**, which provides lodging for patients and family members accompanying patients receiving medical care away from home.



Rob and Chloe Crain, with baby Lavienna, enjoy the artwork in the newly remodeled Pediatric unit

- ▶ **\$100,000** was provided to **remodel patient rooms in the Pediatric Unit** including the addition of specialized in-room pediatric equipment, as well as refrigerators and DVD players so families can be as comfortable as possible during their hospital stay.
- ▶ The Foundation in partnership with the Kootenai Health Auxiliary provided funding to **remodel patient waiting rooms** on the 2nd and 3rd floors.
- ▶ **Furnishings, educational materials, new art curriculum** and books were purchased for the children's program at Kootenai Behavioral Health.
- ▶ Seven Kootenai Health employees were awarded **Heart for Excellence Clinical Scholarships** to further their education in the clinical field.
- ▶ Three Kootenai Health teen volunteers were awarded **Kim Svee Teen Scholarships** to begin their college educations.
- ▶ **New cardiac rehabilitation equipment** was purchased for the Kootenai Heart Center to help patients on their road to recovery.
- ▶ **Car seats** were provided for low-income residents with small children to assure a safe ride home from the hospital.
- ▶ Specialized surgical equipment was purchased to make **pediatric surgery** a faster and quicker experience for our littlest patients.
- ▶ Sweatsuits, gift cards, a specialized camera and lamps were purchased to assist in **supporting assault victims receiving treatment** in the emergency department.
- ▶ **A new bench** now graces the therapeutic garden outside the inpatient Oncology unit.
- ▶ Funding was provided for **special software** that makes internet research easy for cancer patients to use at the Kootenai Cancer Centers.
- ▶ Support was also provided to enhance services at the **DeArmond Consumer Health Library**.

Children's Miracle Network

Bringing cheer to the dreary month of February, carnation "flower-grams" were in bloom around Kootenai Health. Staff members sent flower-grams along with notes of appreciation to their co-workers, with proceeds benefiting the Children's Miracle Network.

Summer brought more fun with the 2nd annual basket raffle. Employee groups donated (and tried to best each other's) fun gift baskets. Staff and visitors purchased tickets for a chance at winning one of the baskets. Again, it was all for the children.



CMN funds benefit children at Kootenai Behavioral Health Center

With both fundraisers and the matching funds from Children's Miracle Network, the Foundation raised over \$61,000. The funds will be used to benefit children's services at Kootenai Health, including programs for new parents, services and programs for the children at Kootenai Behavioral Health, equipment for pediatric physical rehabilitation, as well as new TV's for the Emergency Department.



Kootenai Health Foundation Golf Tournament

Winter, spring, summer and fall ... all four seasons made an appearance at the 21st annual Kootenai Health Golf Tournament sponsored by Chapman Financial Services. The event raised \$36,412 to benefit emergency services at Kootenai Medical Center.

Thank You!

Your gift to the Kootenai Health Foundation helps ensure quality healthcare for our community. To learn more about charitable giving, call **(208) 666-2345** or visit **KootenaiHealth.org/Foundation**.

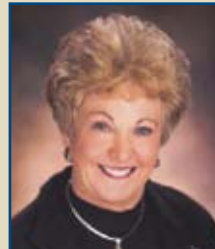
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Teri Farr
President

Kootenai Health's work goes far beyond providing programs and resources. It's about touching lives, meeting needs and giving from the heart. We are committed to working in ways that benefit our community by improving access to healthcare, enhancing the quality of care and expanding the health services available in our community.

Here are just a few of the ways Kootenai Health is making a difference:

Free and Discounted Care for Those in Need

As a community-owned district hospital, Kootenai Health is committed to providing care to people in need – regardless of their ability to pay. In 2010, Kootenai Health provided \$3,390,567 in care to individuals who were unable to pay for services.

Unfunded Portion of Government-Sponsored Medical Care

The difference between what was billed for care and what was paid by state and federal government programs was \$189,488,844.

Medical Transportation Services

Kootenai Health continued to provide free medical transportation services for the community in 2010. A Federal grant helped purchase three new handicapped-accessible busses which were used to provide 10,902 rides to medical appointments during the year. This became especially important after other community transportation services ended late last year.

Education

- ▶ Health Occupations Students of America (HOSA)
- ▶ North Idaho College Health Education Programs
- ▶ Lakes Magnet Middle School
- ▶ School Nurses in Coeur d'Alene and Post Falls School Districts
- ▶ TESH Project SEARCH

Community Health

- ▶ Dirne Community Health Center
- ▶ Hospice of North Idaho
- ▶ Medical Transportation Services
- ▶ SafeKids Kootenai County
- ▶ Salvation Army Kroc Center
- ▶ Screenings for Cancer and Heart Disease
- ▶ Support and Educational Groups
- ▶ Walden House

Community Support

- ▶ Boys and Girls Club
- ▶ CASA
- ▶ Cancer and Community Charities
- ▶ Centennial Trail
- ▶ Children's Miracle Network
- ▶ Drug-free activities at local high schools
- ▶ Hospice of North Idaho
- ▶ Idaho Meth Project
- ▶ Relay for Life
- ▶ Susan G. Komen for the Cure
- ▶ United Way

Community Leadership

Kootenai Health employees sit of the boards of 66 local, regional and national healthcare and community organizations.

2010 Community Benefit Overview (unaudited)

