

2016

COMMUNITY REPORT



KootenaiHealth

2016 IN REVIEW



Jon Ness, CEO, Kootenai Health

As we work toward our vision of being a nationally recognized regional medical center, we look to our community and patients to see where we should focus our growth. In 2016 Kootenai Health made great strides in expanding the main hospital to accommodate our growing patient population, their families and expanding service lines. In March we opened the east expansion, totaling 100,000 square feet.

The expansion not only provided more space to care for patients, but also freed up space in the existing facility to begin expanding and renovating our emergency department and operating rooms. This project will add 7,000 square feet of new space to the emergency department, increasing the capacity to 36 rooms. It will also add three additional operating rooms, bringing the surgical department up to a total of 11 operating suites. This extra space has been needed for years and we are excited to see it come together.

East Expansion Grand Opening



Grand opening ribbon cutting for the east expansion. Kootenai Health board members (l-r) James Eisses, Paul Anderson, Liese Razzeto, Katie Brodie, Terence Neff, MD, and Jon Ness, CEO, Kootenai Health.

Kootenai's largest facility expansion in over 30 years opened its doors to the public in March 2016. The \$57 million, three-story hospital expansion features a new main entrance and lobby and over 100,000 square feet of new space.

The east expansion includes:

- A new main north entrance and lobby
- A new Family Birth Center which includes:
 - 10 labor and delivery rooms
 - 18 postpartum rooms
 - 12 neonatal intensive care rooms
 - 2 cesarean operating rooms
- A 32-room neurosurgery and orthopedic surgery unit, complete with its own rehabilitation gym on the second floor.
- All new patient rooms are private and nearly double the size of the patient rooms in the existing facility.
- The third floor is currently available to accommodate future growth up to 32 additional patient rooms.



A welcome desk in Kootenai Health's new north entrance lobby makes it easy for patients and guests to find assistance when it's needed.

GROWTH

Kootenai Clinic Post Falls

To better meet the needs of a growing patient population in Post Falls, Kootenai Health completed a \$10.5 million, two-story, 22,000 square foot expansion on its campus in Post Falls. The expansion provides additional space to the existing building and new space for physician practices and ancillary services. In addition to the original plan, the Kootenai Health Board of Trustees approved an additional \$2 million budget to continue work into 2017. The additional space will house a Family Medicine practice, and a needed conference room. It will also be home for a new outpatient rehabilitation center, which will be conveniently close to Kootenai Clinic Orthopedics.



Kootenai Clinic has 180 providers across 22 specialties, including:

- Cancer Services
- Diabetes & Endocrinology
- Ear, Nose, Throat, & Audiology
- Family Medicine
- Gastroenterology & Endoscopy
- General Surgery
- Hand Surgery
- Hospital Medicine
- Internal Medicine
- Kootenai Heart Clinics Northwest - Cardiology
- Neonatology
- Neurology
- Neurosurgery
- Obstetrics & Gynecology
- Orthopedics
- Palliative Care
- Plastic & Reconstructive Surgery
- Psychiatry
- Rheumatology
- Sleep Medicine
- Vascular Surgery
- Wound Care



Emergency Department and Operating Room Expansion Progress

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. To help meet this need, Kootenai is investing \$45.2 million to expand our emergency department and main operating rooms.

Details about the project:

- The project will add 7,000 square feet of new space to the emergency department and will increase total capacity to 36 rooms.
- The new entrance will include a new ambulance drop off area and waiting room.
- Three additional operating rooms will be added to the surgical department for a total of 11 operating suites. All operating rooms will increase in square footage.

EXCELLENCE IN PATIENT CARE

Magnet Re-Designation

The American Nurses Credentialing Center (ANCC) granted Kootenai Health Magnet recognition for the third time; Kootenai has held Magnet status since 2006 and is one of only two Magnet hospitals in the state of Idaho. Magnet designation is the highest and most prestigious international distinction a health care organization can receive for nursing excellence.

The Magnet Recognition Program® recognizes health care organizations for quality patient care, nursing excellence and innovations in professional nursing practice. To be recognized as a Magnet hospital, health care organizations must pass a rigorous and lengthy review process demanding widespread participation from leadership and staff.

Magnet recognition has been shown to provide specific benefits to hospitals and their communities, such as higher patient satisfaction with nurse communication, availability of help, and receipt of discharge information. Magnet hospitals also benefit from higher job satisfaction among nurses.



Mayo Clinic Care Network

Kootenai Health is proud to be **the only member of the Mayo Clinic Care Network in Inland Northwest**. As part of the Mayo Clinic Care Network, Kootenai Health's physicians have access to the Mayo Clinic's latest research and treatment recommendations. They can also work with Mayo Clinic specialists to review complex diagnosis. This collaboration allows patients to receive the benefit of enhanced care without the need to travel or additional expense.



Level II Trauma Designation

Kootenai Health is now designated as a **Level II Trauma Center** by the State of Idaho Time Sensitive Emergency System. This is in addition to designation as a **Level III Trauma Center** by the American College of Surgeons Committee on Trauma. To receive designation, Kootenai Health had to verify that it has the hospital resources needed for trauma care and prove that it is able to provide the entire spectrum of care to meet all of an injured patient's needs.

"A" Rating for Patient Safety

Leapfrog is a nationally recognized organization that evaluates hospitals for patient safety. In 2016, **Kootenai Health was one of only 844 hospitals nationally to earn an "A", ranking it among the safest hospitals in the United States.**



Pictured (l-r) Pulmonologist Todd Hoopman, MD, Trevor Tweedy, GI Assistant and Leanne Tweedy, RN

Electromagnetic Navigational Bronchoscopy

Kootenai Health is now able to provide Electromagnetic Navigational Bronchoscopy (ENB). The advanced procedure is used to locate and biopsy (remove and test) abnormal masses in difficult-to-reach areas of the lungs, which can aid in the diagnosis and treatment of lung cancer. Navigational bronchoscopy is a minimally invasive procedure that reaches difficult areas of the lung with great precision and accuracy.

More about this procedure:

- ENB can be used to evaluate a variety of lung diseases and is especially valuable in the accurate diagnosis of lung cancer
- The technique allows providers to access and biopsy nodules in regions of the lung that cannot be safely reached with other methods
- This technology gives physicians the ability to more precisely and accurately diagnose smaller cancer nodules at an earlier stage, which can help generate personalized treatment options and improve survival rates

For more information, call: (208) 765-1252

Level III Neonatal Intensive Care Unit

Kootenai's Family Birth Center met a major milestone by earning the designation of a Level III NICU. All nursing and respiratory therapy staff have undergone the education and training necessary to provide Level III intensive care to our littlest patients. Neonatology is available 24/7 with neonatologists and neonatal nurse practitioners. Our NICU can care for babies born as early as 28 weeks gestation, and those as small as 2.2 pounds.

What this means for our patients:

- Patients can receive care closer to home.
- Private, spacious rooms allow families to stay together in a quiet and calm environment.
- Two of the 12 NICU rooms are designed to accommodate twins.



Mara Thorhaug gave birth to her daughter, Helen, on March 13, 2016. Helen was the first infant to be cared for in Kootenai Health's new NICU.

Lung Cancer Screening Program



Kootenai Health launched a new lung cancer screening program. The screening is performed with a low-dose CT (or CAT) scan of the chest. The CT imaging offers a clearer view of the lung tissue and provides the detailed images needed to examine suspicious or worrisome nodules or other abnormalities.

The program targets heavy smokers who are more likely to be at risk of developing lung cancer. Through this program physicians can catch cancer earlier and begin treatment earlier, which gives patients a better chance for a successful outcome.

For more information, call:
(208) 625-6767

Kootenai Clinic Neurosurgery



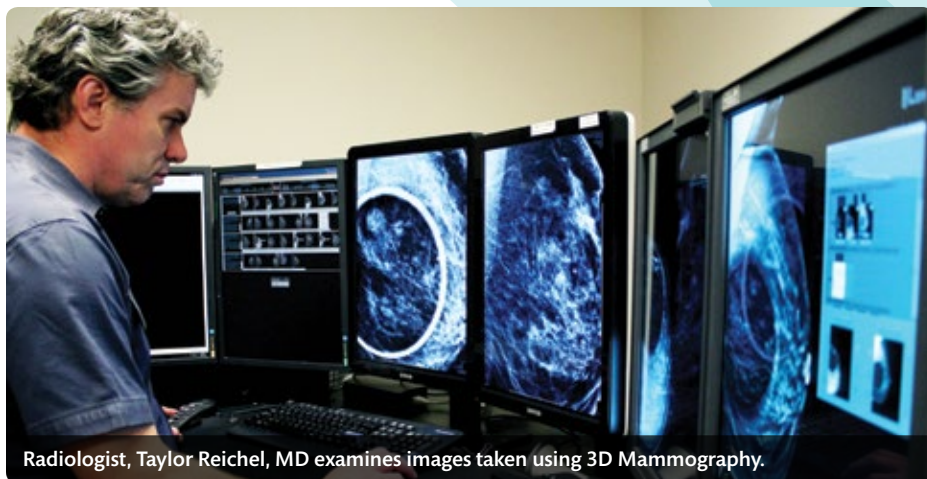
Tara Flores, APRN, and Katie Huynh, DO

Kootenai Clinic Neurosurgery provides comprehensive evaluation and treatment for patients with spine and nervous system injuries and diseases. Depending on your condition, our providers help facilitate any necessary therapies, injections or minimally invasive procedures to shorten recovery times and improve outcomes.

Services provided at Kootenai Clinic Neurosurgery include:

- Treatment of brain and spine tumors
- Open and minimally invasive spine surgery
- Improved approaches to pituitary tumors
- Cerebrovascular and skull-base surgery
- Microvascular decompression surgery
- Vagal nerve stimulator
- Spinal injuries (fractures, dislocations)
- Degenerative spine disease, herniated discs

For more information, call:
(208) 625-6799



Radiologist, Taylor Reichel, MD examines images taken using 3D Mammography.

3D Mammography

Kootenai Health is now offering the latest in breast imaging technology with the addition of 3D mammography. Statistics show that three-dimensional mammography can detect up to 41 percent more invasive breast cancers and can reduce false positives, by up to 40 percent.

What this means for patients:

The detailed three-dimensional images of the breast offers radiologists a clearer view of some cancers that would otherwise go undetected. Mammography (3D or traditional) is still considered the most effective method for finding breast cancers. 3D mammograms can help find difficult-to-detect cancers sooner, leading to more treatment options and better outcomes for patients.

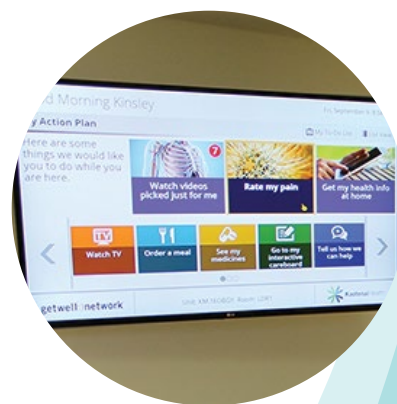
For more information, call: (208) 625-6300

GetWell Network

When Kootenai Health opened the east expansion last year, every patient room included an interactive patient care system, powered by the GetWell Network. This system serves as a central communication and information hub for patients, families and care team members. It provides up-to-date, personalized information that is easy to navigate and understand. The system has now been expanded beyond the east wing of the hospital to all patient rooms in the hospital.

Patients have access to special requests, entertainment and information, including:

- Room service
- Chaplain services
- Pharmacy
- Nutritional counseling
- Lactation consultation
- Music, TV, movies and games
- Educational videos about procedures
- Discharge instructions and home care
- Messages from providers



FINANCIAL STEWARDSHIP



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.

2016 (unaudited) 2015 Statement of Operations (in \$millions)

	2016	2015
Total Revenues Earned	\$ 469	\$ 424
Operating Expenses		
Employee Wages & Benefits	\$ 253	\$ 226
Supplies & Other Expenses	171	153
Capital Costs	23	20
Subtotal Operating Expenses	\$ 447	\$ 399
Total Operating Income	\$ 22	\$ 25

Key Indicators

	2016	2015
Inpatient Discharges	13,722	13,322
Inpatient Days	66,780	63,648
Outpatient Visits	309,319	295,999
Kootenai Clinic Visits	233,195	233,957
Emergency Department Visits	52,567	51,291
Babies Born	1,704	1,766

**\$48.3
MILLION**



Was invested in
equipment, technology
and facilities
in 2016.

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.

2016 (unaudited) and 2015 Balance Sheet (in \$millions)*

	2016	2015
Cash and Marketable Securities	\$ 179	\$ 194
Property and Equipment	225	203
Other Assets	111	104
Total Assets	\$ 515	\$ 502
Long Term Obligations	\$ 81	\$ 80
Other Liabilities	52	56
Net Assets	382	366
Total Liabilities and Net Assets	\$ 515	\$ 502

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



COMMUNITY BENEFIT - \$128.7 MILLION

Community benefit activities are programs and services hospitals provide to help improve health and increase access to health care in their communities.

During 2016, Kootenai Health provided approximately \$128.7 million in qualified community benefits to people in our region.*

This amount includes the following:

\$77.4 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 2016, Kootenai Health absorbed \$77.4 million in costs that were not reimbursed by these payors. That included \$67.6 million for Medicare patients, \$7.2 million for Medicaid patients and \$2.6 million for state and county patients.

\$18 MILLION

Free and Discounted Care

Kootenai Health wrote off \$9.6 million worth of charges for patients who could not pay for their care. Another \$8.4 million was written off as part of a new discount program that reduces charges for uninsured patients by 25 percent.

\$24.7 MILLION

Uncompensated Care (Bad Debt)

\$24.7 million worth of charges to patients who were unwilling to pay the "patient responsibility" of their health care bills were also written off.

\$8.4 MILLION

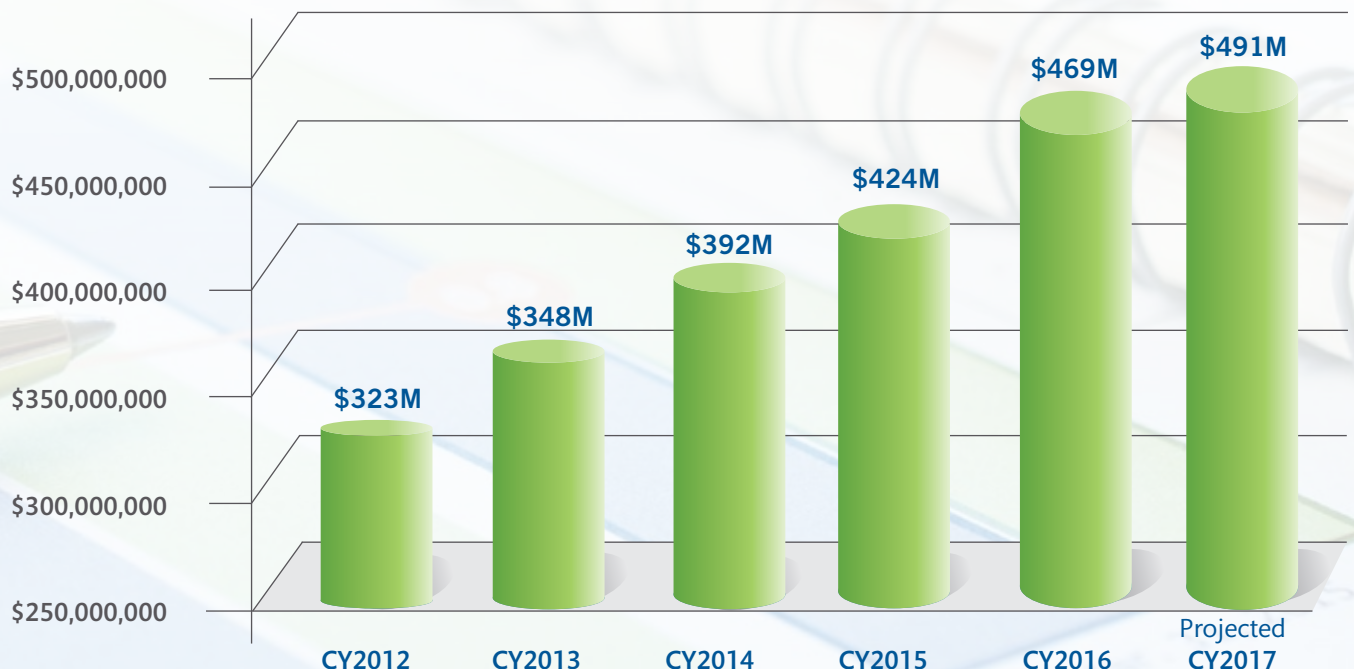
Donations, Free Services, & Programs

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 2016 community benefit report filed with the Idaho Hospital Association.

Continued Growth in Services

With Kootenai Health's growth in services, total revenue has been steadily increasing over the past five years from \$323M in 2012 to an estimated \$491M in 2017.



Foundation 2016 Community Report



KootenaiHealth
Foundation, Inc.

BUILDING THE FUTURE OF HEALTH CARE

It is with great pride that we share the exciting story of how your gifts to the Foundation have advanced the mission of Kootenai Health. Since 1983 over \$15.5 million has been invested to directly benefit patient care, including \$2.5 million in 2015 to support the hospital's expanded Family Birth Center, neonatal intensive care unit, orthopedics and neurosurgery patient care units.

The growth and expansion of care are a direct result of the changing needs of our patients. With higher levels of care available closer to home, Kootenai Health is serving more patients with greater needs. This requires a higher intensity of physician and nursing care, combined with cutting edge equipment, technology and facilities to care for these patients.

Kootenai Health operates successfully in the current environment of increasing regulation and decreasing reimbursements, but not without a great deal of collaboration, quality partnerships and the willingness to adapt and change.

Did you know, there are only 88 independent, community hospitals of our size remaining in the United States?

Many hospitals have had to merge into for-profit and nationwide health care systems in order to continue operating. Yet Kootenai Health has remained steadfast in its mission of becoming a comprehensive, regional medical center serving the patients of our region with superior quality and safety, close to home.

Our Foundation Board also remains steadfast in our work to inspire philanthropy to impact the health care of our region. We are passionate that our community deserves superior care right here at home. The success of this vision requires leadership and financial support. We invite you to join us in our ongoing efforts to build the future of health care for our region; your partnerships are vital. Please consider leaving a legacy of health and wellness for your family, friends and neighbors through a gift to Kootenai Health. On behalf of the Foundation Board, thank you for your continuing generosity.

Sincerely,

Peter Wagstaff, Chair

Foundation Board of Directors

Peter Wagstaff, Chair

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Chris Meyer, Secretary

Mike Chapman, Past Chair

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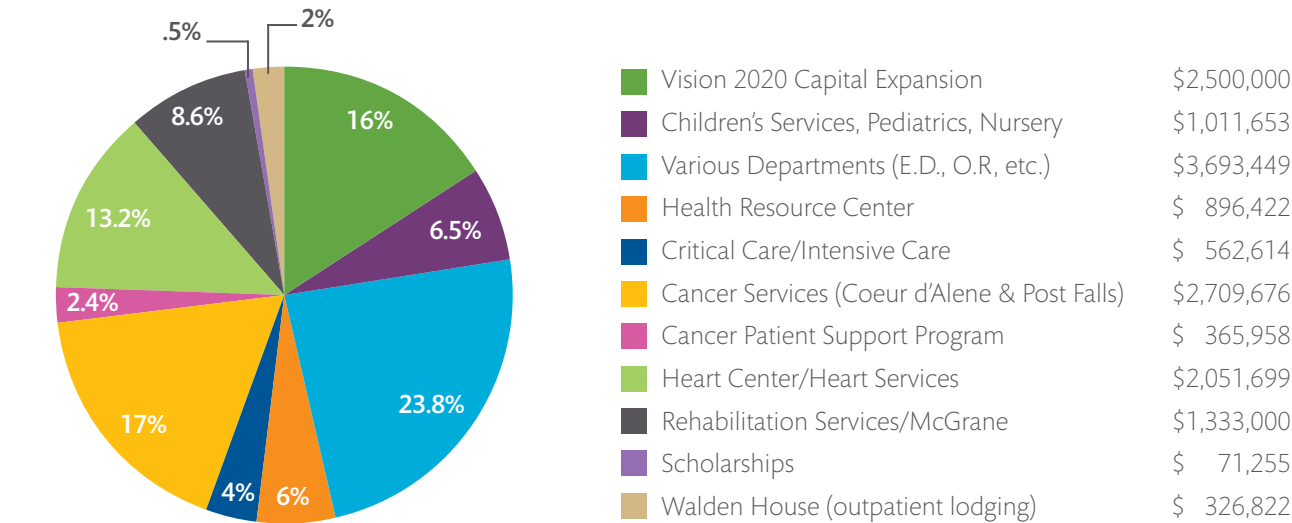
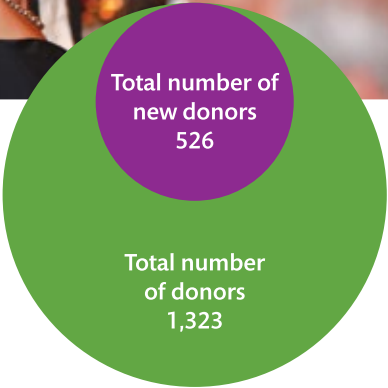
28th Annual Festival of Trees was a HUGE Success!

When a community of people believe in a mission and rally around a cause, amazing things happen! The 2016 Festival of Trees was a raving success due to community members like you who helped make it happen. Through your partnerships, a fundraising record was achieved with net proceeds of \$439,518, beating the prior highest net revenue of \$422,962 set in 2007!

The funds raised each year through the Festival of Trees expand access to health care throughout our region. We are grateful for the outpouring of generosity to directly support the expansion of the emergency department, trauma program and operating rooms.

Your Gifts Have Great Impact

Since 1983, over \$15.5 million of donors' gifts have been invested to improve our region's health through life-saving medical equipment, technology, education and state-of-the-art facilities.

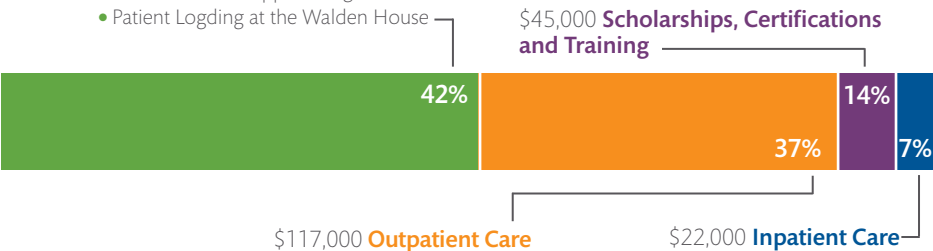


2016 Gifts to Support Kootenai Health

In 2016, over \$315,000 directly benefitted patients and staff in **four key areas**:

\$131,000 Patient and Community Benefit Programs:

- Cancer Patient Support Program
- Patient Lodging at the Walden House



Kootenai Health Awards and Recognitions



Mayo Clinic Care Network Member

The network includes organizations across the nation that work closely with Mayo Clinic to provide patients a higher level of care close to home.



The "Hospital Safety Grade" scores hospitals on how safe they keep their patients from errors, injuries, accidents, and infections.



AMERICAN COLLEGE OF SURGEONS Verified Trauma Center

The American College of Surgeons has verified Kootenai Health as a Level III Trauma Center. Kootenai is also designated as a Level II Trauma Center by the state of Idaho.



DNV has certified Kootenai Health as a knee and hip replacement center of excellence.



The Gallup Great Workplace Award recognizes companies for their extraordinary ability to create an engaged workplace culture.



Magnet means nursing excellence, earned by only 7% of hospitals nationwide.



STANDARD & POOR'S RATINGS SERVICES

McGraw Hill Financial

Kootenai Health received an "A" Rating for outstanding financial stewardship.

TRUVEN HEALTH ANALYTICS
an IBM Company



Kootenai Health was named one of the top 50 cardiovascular hospitals in the nation.



Top 100 ranking means Kootenai Health is among the best in the nation when it comes to providing quality, affordable health care to our community.



U.S. News & World Report ranked Kootenai Health as the number one hospital in Idaho.

OUR MISSION

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

OUR 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 United States.

Kootenai Health Board of Trustees

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Paul Anderson, Trustee
Ernest Fokes, MD, Trustee
Katie Brodie, Trustee
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