



2009 Annual Review

Dear Patients and Friends:

At Community Medical Centers, our long tradition of service to all people of the central San Joaquin Valley is a source of great pride. In these trying economic times it has been more difficult for service organizations to provide all they aspire to do. In the past couple of years many health-care organizations have had to eliminate or reduce services even as the demand for care increased. Fortunately, Community Medical Centers is not among these.

Despite considerable financial challenges and uncertainty, Community in fiscal-year 2009 continued to grow its services and maintain access to comprehensive acute-hospital care. In fact, we have much good news to report.

Our immediate, driving priorities are these:

- **Capacity:** Ensuring adequate inpatient beds for our rapidly growing region, knowing that capacity is already an issue for local hospitals on many days of the year.
- **Quality:** Continuing to improve acute services so that those in need are not compelled to leave the region for the latest medical care.
- **Stability:** Working aggressively to ensure our financial health so we may maintain a stable workforce and invest in these and other long-term commitments.

I am immensely proud to share how we have moved forward on these priorities, while I am also aware that big challenges remain for our private, nonprofit hospital network – and aware that we must still accomplish so much more.

Sincerely,

Tim A. Joslin

Chief Executive Officer

Expanding Clovis Community

Locally owned Community is committed to providing the finest in medical technology and services. A major investment toward that aim has been the expanded Community Regional Medical Center campus, the largest redevelopment project in downtown Fresno history.

Yet access to such advanced hospital services will become increasingly difficult in the near future without the construction of more inpatient bed capacity in the San Joaquin Valley. The need is especially critical in fast-growing Clovis, where already physicians and patients are sometimes frustrated by the time required to schedule a surgery or move through the emergency department to an inpatient bed at Clovis Community Medical Center.

This summer we took advantage of a small window of opportunity in the financial marketplace – a window that allowed us to finance a major expansion of Clovis Community. Not only will the long-planned expansion make our Clovis facility one of the most technologically advanced suburban hospitals in the state, but in the short term the construction will also provide a spark to the local economy.

The four-year, \$285 million expansion and renovation will begin this winter. It will nearly double the hospital's size and convert the facility to entirely private patient rooms. Specifically, the project will:

- Increase our 109 inpatient beds to 205 private beds
- Increase intensive-care beds from 7 to 24
- Increase emergency-department stations from 13 to 38
- Expand inpatient operating rooms from 4 to 11

This massive project comes on the heels of our Clovis outpatient care center expansion that was completed in October 2009. The expanded outpatient facility contains four new state-of-the-art operating rooms, an expanded Marjorie E. Radin Breast Care Center, and a four-suite dedicated endoscopy center.

Indicative of the fast-growing demand for medical services in Clovis Community:

- More than 3,600 babies were delivered last year in which monthly records were broken twice, with 372 deliveries in July 2009 and 369 deliveries in August 2009, compared to an average of 300 deliveries per month.
- Nearly 11,000 surgeries were performed last year – a figure that will continue to grow with the recent opening of new outpatient operating rooms.

Improving Clinical Quality

One way to measure clinical quality is by a number of “core measures” indicators, benchmarking how well a hospital system like Community compares with other hospitals around the nation. Among other things, this tracks our clinical performance against national excellence standards in pneumonia, acute myocardial infarction, heart failure, inpatient surgical care, outpatient surgery and chest-pain care. Right now our composite score is 91% attainment of nationally recommended practices and timelines, well above the 81% target we believed was reasonable for 2009.

Further indicating our clinical-quality improvements in 2009 are the following:

- Lifewings, an advanced team-resource management program used at University of California facilities to improve patient safety, has been implemented in all procedural/surgical areas and in Labor and Delivery at Community Regional. Lifewings draws upon lessons from the airline industry to hard-wire the best-known safety practices into standard operating procedure.
- We will receive eight awards from VHA, a national hospital alliance, for quality of care and performance improvement.
- Quality scores for pneumonia, acute myocardial infarction, congestive heart failure and surgical care continue to exceed targets and exceed U.S. averages for several indicators.
- We held our second annual “best practices summit” showcasing 60 improvement projects at Community focusing primarily on quality and efficiency.
- Clovis Community’s bariatric program received Center of Excellence designations from several payors including Blue Cross and OptumHealth and is accredited by the American College of Surgeons.
- Fresno Heart & Surgical Hospital has been designated a Center of Excellence in Bariatric Surgery from the American Society of Bariatric and Metabolic Surgery.
- Fresno Heart & Surgical also received an “Outstanding Patient Experience” Award from HealthGrades® for high marks in patient satisfaction for the second year in a row.

Stabilizing Financial Performance

Community is proud to be locally owned and not-for-profit. Any money we earn above our operating costs is reinvested in our people and facilities – it stays local. This in turn helps fuel the local economy in many ways. For example, our annual budget is nearly \$1 billion, including a 2010 payroll of more than \$435 million. We pay Fresno and Clovis vendors \$122 million annually for supplies and services. So many people – beyond our patients – depend on Community remaining financially healthy.

Financial performance is measured by nationally recognized auditing standards. Our audited numbers indicate:

- Net income from operations, available to re-invest in our mission, is \$61 million this year.
- The operating “margin” therefore is 5.69%, a relatively healthy percentage in these tough times, and just above the 5% target that’s necessary long-term to ensure funding for facility growth and new technology.
- Our days cash on hand was 74 as of August 31. Again, a relatively healthy number. But Moody’s Baa median is now 100 days and A median is 157 days. Our rating is still Baa2.
- It costs about \$2.6 million per day to keep all Community facilities operating.
- Conservatively calculated, our actual cost to provide care to Fresno County’s medically indigent services program (MISP) patients was more than \$54 million – for which we were paid less than \$20 million.
- Community provided \$149 million in “community benefits” in fiscal year 08-09, or about 15% of total corporate expenses. This is nearly double the amount provided by all other Fresno-Madera hospitals combined. “Community benefits” are costs, including losses on MISP, Medi-Cal, Medicare, medical education and traditional charity care. The total does not include bad debt. An example of our community benefits: Neither government nor private insurers pays for providing translation services to our multi-lingual patient population. Last year, the corporate-wide cost to Community for those uncompensated services was nearly \$900,000.

Assessing Cultural Competency

Community is the region’s main safety-net health provider, serving a culturally and linguistically diverse community in which more than 100 languages are spoken. For instance, Community Regional in downtown Fresno, where 30% of our emergency department patients don’t speak English, has need for hundreds of interpreter interactions daily with patients and their families. As mentioned previously, Community is not reimbursed for providing these services.

Patients’ language needs are identified during pre-operative appointments and phone calls, when they register at a facility or are admitted to the hospital. Additionally, referring primary care physicians are asked to provide information on language needs of patients. Non-English speaking hospital patients wear a wristband listing their primary language.

Interpreter services are provided at Community facilities 24 hours a day, 7 days a week. Community relies on certified in-house interpreters, local interpreters trained in medical interpretation (Panational Inc.), a telephone and American Sign Language video-conferencing interpretation service (Language Service Line with 3,000 interpreters and 170 available languages) and videoconferencing interpretation through a cooperative with 10 California public hospitals.

Additionally, employees called “Language Ambassadors” volunteer to help patients and families with non-medical-related questions in their native language. Bilingual employees wear a special employee badge to indicate to patients and visitors that they speak another language and can assist with interpreting. Languages spoken by these employees are Spanish, Hindi, Hmong, Punjabi, Farsi, Vietnamese and Filipino.

Doctors and nurses at Community Regional can adapt to 170 languages within minutes thanks to a \$170,000 grant from the California HealthCare Foundation. The grant helps pay for Community Regional’s participation in the Health Care Interpreter Network (HCIN). HCIN is a system of shared remote interpreter services currently operated by public hospitals in Northern California. Community Regional provides five interpreters full time for HCIN, in-person interpretation by appointment and end-of-life family meetings.

Providing culturally appropriate care is a continuing priority. In July 2009, with the assistance of a \$178,000 grant from the California Endowment, Community engaged the Center for Multicultural Competence in Healthcare Organizations, an independent assessment group, to conduct an extensive cultural competency review at Community Regional. The review measured the hospital’s clinical and operational performance against the culturally and linguistically appropriate standards issued in 2000 by the U.S. Department of Health and Human Services’ Office of Minority Health.

The survey identified these strengths, among others, at Community Regional: dedicated leadership and management; the Health Care Interpreter Network; the Target 100 patient, physician and employee satisfaction programs; community collaboration; a knowledgeable physician community; and employee involvement.

Among other things, surveyors recommended that Community Regional enhance cultural competency training and further incorporate cultural-competency standards into existing programs and policies. Community Regional has appointed a leadership team to follow up on these recommendations.

Tracking Patient Satisfaction

Community continually measures patient satisfaction through an outside research organization, NRC/Picker. The data shows patients’ opinions of their overall hospital experience and how those opinions compare with hospitals nationwide. Our results naturally vary somewhat depending on the facility and care unit, but our overall goal is to

score in the 80th percentile of hospitals nationwide – a level that’s already been surpassed at the Fresno Heart & Surgical. That hospital also has received the Outstanding Patient Satisfaction award for the past two years from HealthGrades® based on required patient survey data collected by the federal government as part of the HCAHPS (*Hospital Consumer Assessment of Healthcare Providers and Systems.*)

Community Regional has an employee committee focused on patient satisfaction and customer service and has used public awareness posters and noise meters to decrease noise around patient rooms. A serenity channel with soothing nature scenes and calming music is now included on all Community Regional TVs in patient rooms to help in healing.

Boosting Employee Satisfaction

Good health care depends on a supportive internal culture and work environment. Community gauges its internal culture at least annually with an employee satisfaction survey conducted by an independent organization. Here again, scores are influenced by the differing nature of our hospital facilities. But overall we want all our facilities to rank in the 80th percentile of hospital organizations, or better.

Community’s satisfied-employee score rose to 85 last year, compared to 83 in 2007-08 and 78 in 2006-07. Community as a whole now surpasses the national average for health-care employee satisfaction, according to researchers. In fact, among a comparison group of 500 health care organizations around the country, we’re now in the 86th percentile, compared with being in the 69th percentile in 2008 and the 23rd percentile in 2007. Employee satisfaction results for Fresno Heart & Surgical continue to be in the nation’s best, scoring in the 99th percentile.

Morehead Associates, which conducted the survey, said: “Items related to communication, teamwork, manager/employee relationships and employee support of the organization’s mission and core values all scored higher than Morehead’s National Healthcare Average.”

Serving High Numbers and Great Diversity

Community is the largest provider of health services in the San Joaquin Valley and serves as the region’s safety net, providing care to those who have some of the most severe health care challenges in the nation and who otherwise might go untreated. Some of our numbers:

- ✓ Total patients in fiscal-year 2008-09: More than 600,000
- ✓ Inpatient admissions: 49,111 (compared with 45,426 the prior year)
- ✓ ED visits: 134,764 (vs. 127,649)
- ✓ Outpatient visits: 260,871 (vs. 261,992)
- ✓ Trauma patients: 2,700 (vs. 2,462)
- ✓ Burn patients: 897 (vs. 820)

- ✓ Babies born: 10,171 (vs. 10,381)
- ✓ Fresno County medically indigent patients and inmates: 11,911 (vs.10,553)

In late 2008, Fresno County's Department of Behavioral Health announced plans to close its Crisis Intervention Services unit as a cost-reduction effort. Community staff immediately began working with the county through the well-established mental health (so-called "5150 patients") task force, facilitated by the Hospital Council of Northern and Central California.

Through this process, concerns were raised at all levels, including the Board of Supervisors, that the plan would have a negative impact on emergency departments throughout the county because of increased visits by patients who do not actually require medical care. Much work was done both internally and through a myriad of meetings with the multi-agency task force to prepare for this change.

The following impacts have been seen:

- Increased volume of 5150/mental health patients in the Community Regional ED, from 8 per day to 18-19 per day. (Clovis Community's ED has experienced similar volume increases, though on a smaller scale – from 10-15 visits per month to more than 30 visits per month). The majority of the increased volumes are patients who do not truly have a medical need for emergency-room services.
- Increased length of stay in the emergency room to about 16 hours for the average 5150/mental health patient. This is roughly three times the length of stay of the average emergency-room patient, which is 5.5 hours.
- Resulting increase of about 10 patients per day has decreased the patient capacity of the emergency department by almost 860 visits per month.
- Community Regional's ED has had to increase its budget by adding staff in nursing, case management and security.
- The Community Behavioral Health Center, the Community Regional ED and county staff are meeting regularly to problem-solve.

Advancing Medical Technology & Services

In addition to the earlier-referenced advances being made at Clovis Community, here are highlights from Community's other acute-care facilities.

- We opened a new 65-bed neonatal intensive care unit in December 2008, a Level III facility providing care for critically ill babies.
- We opened a new short-stay surgery service in July 2009. This area expands the number of pre- and post-surgery recovery beds from 23 to 38.
- We expanded sub-acute beds from 32 to 48 and skilled nursing beds from 25 to 56 with the August 2009 relocation of the remaining inpatient acute care services

from the former University Medical Center campus. We closed the Dewitt Subacute Center and the UMC Skilled Nursing Unit, both licensed under Community Regional, relocating them to the former Community Living Center – Fresno facility under the new name of Community Subacute and Transitional Care Center.

- We continued to see more patients in our emergency department. We have seen a 14% increase in patient visits with FY 2008 ending at 91,850 visits and FY 2009 ending at 104,700 visits. We have responded in a number of ways. In addition to creating a fast-track triage process, we opened an area for less-urgent patient visits with a provider quickly evaluating patients.
- We launched Community Connections, a hospital-based community case management program, to coordinate care needs for patients who frequently use the emergency department for primary care and other chronic health or social issues. The program goal is to positively impact resource utilization of our emergency department by assisting the frequent ED patients to better manage their health issues and connect them to available community resources.
- We completed design for the new Medical Office Building on the campus to house the Central California Neuroscience Institute. The institute is a novel initiative integrating neurology and neurosurgery specialists, as well as allied health personnel. The Institute combines the resources of Community Regional with the UCSF Fresno, University Centers of Excellence.
- We opened a new 1,500-stall parking structure in May 2009.
- We added two additional operating rooms at Fresno Heart & Surgical to accommodate increasing patient volumes.

Developing Our Staff

Community is committed to attracting and retaining the best in clinical and support staff. Some highlights of our 2008-09 efforts:

- Last fiscal year, 337 new nurses were hired, compared to 411 the previous year.
- Overall 1,248 new employees were hired for regular full- and part-time positions.
- Overall employee turnover was just 5% in 2008-09 compared with 10% the previous year.
- Some 60 registered nurses were promoted through Community's career-ladder program, bringing the total to 227 since the program began two years ago. Also, 108 newly graduated RNs completed our residency program, which has proved an effective way to increase staff retention.
- Also, 187 employees have participated in the Paradigm nursing program at Fresno City College during the last 10 years; 70% of them graduated, and 66% still work

at Community. The Paradigm nursing program allows Community employees to attend nursing school while receiving financial assistance from the hospital.

- More than 2,300 employees actively participate in Community's *C-fit* employee wellness program, which is also being expanded into corporate- and consumer-based wellness programs.

Enhancing the Medical Staff

Community maintains the region's largest medical staff, made up of private and academic physicians. It is closely affiliated with Santé Community Physicians, central California's largest independent physicians' organization. Physicians are involved in decision-making at every level, including as members of our governing Board of Trustees.

Community promotes medical education through its collaboration with University of California, San Francisco, Fresno, and the Central California Faculty Medical Group.

Highlights from the UCSF Fresno partnership:

- A nationally recognized physician faculty annually trains about 250 residents and fellows, as well as third- and fourth-year medical students.
- The program has educated about one-third of Valley physicians currently practicing in emergency medicine, family practice, general surgery, internal medicine, obstetrics/gynecology, pediatrics, psychiatry and surgical critical care.
- A new fellowship opened last year in psychosomatic medicine, raising the total number of fellowships to nine. Existing fellowships are in cardiology, gastroenterology, hospitalist, infectious diseases, minimally invasive surgery, pulmonary critical care, surgical critical care, and wilderness medicine.
- About 30% of graduating residents in 2009 indicated they planned to practice medicine in the Valley.
- The push to open a Valley medical school continues with Community providing financial aid and public advocacy.
- Two-hundred and forty-three clinical trials and research endeavors studies are under way, involving UCSF Fresno faculty, fellows and residents.

UCSF Fresno faculty are conducting several funded studies in neurology, gastroenterology, emergency medicine, pulmonary care, and cancer epidemiology as well as training residents in behavioral intervention and psychosocial wellbeing.

The American Cancer Society has funded a study on the incidence of prostate cancer in the farmworker population, and the Komen Foundation has funded a study on the incidence of breast cancer in Hispanic farmworker women.

There are three federally funded studies in neurology; two of them focus on stroke victims and the third on drug therapy for ALS (Lou Gehrig's disease) patients.

There are three funded studies in emergency medicine: one on the cause and diagnosis of methicillin-resistant *Staphylococcus aureus*; another on the use of X-ray for chest blunt trauma; and a project that placed a patient education computer/ interactive kiosk in the emergency department providing information about urinary tract infections, Chlamydia and family planning.

Internal medicine faculty are continuing their studies in pulmonary diseases such as chronic obstructive pulmonary disease, acute respiratory distress syndrome and asthma. Other clinical trials for kidney disease and hepatitis are ongoing, using medications that are awaiting U.S. Food and Drug Administration approval.

Family medicine and pediatric faculty are training residents in behavior and development for children up to age 5, through funded programs from First Five. Family Medicine also has a federally funded grant to teach residents to screen and refer patients, particularly from multicultural populations, for substance abuse, domestic violence, depression and chronic pain.

Specific to Fresno Heart & Surgical, coronary artery stent studies are under way. At Clovis Community, a study is examining the role of bariatric surgery in eliminating such co-morbidities as diabetes. At Community Regional, CyberKnife technology is being used to treat prostate and medically inoperable lung cancer. At the California Cancer Center, chemotherapy and/or radiation are being tested in specific treatments for breast, lung, prostate and colorectal cancer.

Among awards and honors received during the last year:

- Brian Morgan, MD, Mark Shalit, MD, and Serena Yang, MD: Excellence in Teaching Award by the Academy of Medical Educators
- Jennifer Burnett, MD: Chancellor's Award for Gay, Lesbian, Bisexual and/or Transgender Leadership
- Katherine Flores, MD: UCSF Martin Luther King, Jr. Award, and Maybelline New York Beauty of Education Award
- Alex Sherriffs, MD, Joan Rubenstein, MD, Brian Morgan, MD, Mark Shalit, MD, and Serena Yang, MD : Excellence in Teaching Award from the Haile T. Debas Academy of Medical Educators
- Craig Campbell, MD: George Sarlo Prize for Excellence in Teaching
- Ivy Darden, MD: Kaiser Award for Excellence in Teaching, UCSF
- Robert Tevendale, MD: Kaiser Award for Excellence in Teaching, UCSF
- Dominic Dizon, MD: Volunteerism & Community Service Award from the American College of Physicians
- Steve Parks, MD: Lifetime Achievement Award, Business Street "Heroes in Healthcare"

- Robert Kezirian, MD, and Steven Foster, MD: Board of Trustees Meritorious Service Award for Education; Dr. Kezirian, EPMG Physician of the Year
- Susan Hughes, 2009 Faculty Research Award, UCSF Fresno
- Herb Bivins, MD: CAL/ACEP Education Award
- Gene Kallsen, MD: Community Medical Foundation, Ultimate People Award , and nominated for UCSF Holly Smith Award
- Kenny Banh, MD: CORD Faculty Development Scholarship
- Mike Burg, MD: Heroes in Emergency Medicine Award
- Manon Kwon, MD: Outstanding Faculty Teaching Award
- Sukhjit Takhar, MD: Outstanding Faculty Teaching Award

Last year, 34 new physicians were recruited and relocated to the Valley (in collaboration with the Central California Faculty Medical Group and Santé Community Physicians). These included specialties much needed in the Valley such as neurology, neurosurgery and dermatology.

Investing Heavily in Information Systems

Community's Corporate Information Systems remains on the forefront of providing patients and medical practitioners with the latest technological innovations. Among department highlights:

- The first phase of Community's \$75 million, 7-year rollout of state-of-the-art clinical (Epic) and business (Lawson) systems went live on Oct. 1, 2009. When completed, these systems will provide clinicians anywhere, anytime access to patient information, reduce the potential for errors by having accurate information as well as alerts, integrate information into physician offices, as well as improve efficiencies in non-clinical business activities.
- Implemented tools to provide patient information to electronic medical record systems in physician offices providing near "real time" viewing of patient tests and results. This sharing of information is being piloted at three physician office locations.
- Implemented a neonatal education program that focuses on post-resuscitation and stabilization of sick infants.
- Implemented a data-mining tool to reduce and track possible hospital acquired infections and to allow Community to respond appropriately and quickly.
- Installed an upgraded Home Health application and new laptops to improve Community's ability to serve those who need care at home.
- Expanded the use of wireless technology throughout the three hospitals.

Earning Public Support

In fiscal year 2008-2009, despite an uncertain economy, Community Medical Foundation's donor-investors once again responded generously on behalf of Community programs and services. Here are a few examples:

- Clark Construction, \$250,000 to the Clovis expansion
- First 5 Fresno County, \$200,000 to the early childhood asthma program
- Central California Faculty Medical Group, \$500,000 to the Deran Koligian Ambulatory Care Center
- Walt Reinhardt, \$150,000 to the Clovis Community Emergency Department VIP lounge
- River Park Properties II, \$400,000 toward building Terry's House, a Community subsidized hotel-like residence for families of long-term patients being treated for burn and trauma injuries at Community Regional
- First 5 Fresno County, \$92,591 to the neonatal intensive care unit for purchase of a neonatal portable ultrasound
- California Endowment, \$178,399 grant award for a one-year, system-wide assessment of factors that impact the cultural competency of care at Community Regional
- California Health Care Foundation, \$170,000 grant award for Health Care Interpreter Network, a language-interpretation service which enables doctors and staff to connect non-English speaking patients with interpreters in 170 languages via live video conference.

Community staff and physicians also contribute thousands of hours as volunteers for civic, cultural, social justice and health groups, often serving in leadership positions.

Leading in Public Education

Community continued to bring medical education directly to Valley residents through our news website, www.medwatchtoday.com and through Community "MedWatch." "MedWatch" was a half-hour weekly medical magazine television show broadcast on KSEE 24, an NBC affiliate. It continues to rebroadcast twice weekly on KNXT, the local Roman Catholic station.

In 2009, Community was awarded three more international Telly Awards for outstanding television programming, bringing its six-year total to 26. Three bronze Tellys were awarded for segments on cervical disc treatment, a trauma patient's amazing rehabilitation and brain surgery.

Additionally, Community was chosen to be the focus of all filming for "Healthcare Heroes," a new, nationally syndicated reality TV show. The dramatic and educational show is syndicated in about 80% of TV markets nationally – including nine of the 10

largest markets in the United States – with the potential to reach nearly 90 million households. In the Fresno area, the show began airing in September 2009 on ABC 30. Each half-hour episode will feature Community’s physicians, staff and services.

Facing Big Goals and Challenges

New and longstanding challenges confront Community. There continues to be uncertainty about the impact of national health care reform. Government reimbursement continues to decline even as the Valley’s population and numbers of uninsured and jobless increase. The Valley needs additional inpatient hospital beds and more skilled medical practitioners to address ongoing shortages as well as to replace retiring Baby Boomers. And raising more donations for worthwhile projects is particularly daunting in the face of a global recession.

That being said, Community is determined to establish a vision for the region.

Our goals include:

- Reaching new donors for millions in funding support
- Expanding at Clovis Community
- Adding more high-tech services
- Earning additional “centers of excellence” recognition
- Establishing a research center, attracting endowed fellowships
- Leading advocacy for a Valley medical school

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