who cares?
Who cares for those who need medical services in the comfort of their homes? Who cares for those who need an independent, yet supportive living environment? Who cares for those who need long-term care around the clock?
CATHOLIC HEALTH INITIATIVES™

A spirit of innovation, a legacy of care.
Dear Catholic Health Initiatives
Family, Partners and Friends:

A passage from the Book of Job, "You have granted me life and loving kindness; and Your care has preserved my spirit," captures the spirit of caring found within the Catholic Health Initiatives market-based organizations that provide skilled nursing care, home care and housing with services.

Through this annual report, we would like to show you some glimpses of life within these facilities. There is the incredible dedication of those who care for the residents of our skilled nursing facilities. There is the patience of home care providers whose clients often improve slowly, if at all. And there is the commitment of assisted living providers who make the twilight years of life special for so many seniors.

As our country’s population ages and as acute care stays become shorter, these segments of the health care continuum are growing ever more important in the communities we serve. Catholic Health Initiatives takes great pride in our market-based organizations that provide skilled nursing care, home care and housing with services, which often continue or complement healing processes that begin within our fine acute care hospitals.

So while some may ask who cares for those who have medical needs that fall outside acute care settings; for those who have been appropriately discharged from a hospital, but need time and assistance to complete their recoveries; or for those who have long-term special needs, including a secure place to live—we have one answer, Catholic Health Initiatives.

We would like to express our gratitude to all those associated with Catholic Health Initiatives who contributed to the successful financial performance of the past year, which is essential to extending our mission and ministry. Be assured that your hard work and the spirit with which you carry out your daily tasks truly does make a difference in our world. If you need evidence of that, just look at the faces on the following pages.

Maryanna Coyle, SC
M A R Y A N N A C O Y L E , S C
Chair, Board of
Stewardship Trustees

Patricia A. Cahill, JD
P A T R I C I A A . C A H I L L , J D
President and
Chief Executive Officer
"You have granted me life and loving kindness; and Your care has preserved my spirit."

Job 10:12
Margaret Poindexter applauds Riverview Place neighbors as they celebrate their birthdays.

Del Rey Rudnick, PBVM, serves coffee to Dorothy Berglund.

LifeLong LEARNING
Residents of Riverview Place continue to expand their horizons through Community University, a collaboration between three local colleges to provide university-level courses to people in the community. "I think the visiting professors learn a lot from our seniors," said Jeff Pederson, president and chief executive officer of Villa Nazareth.

Left to right, Eleanor Williams, Dorothy Shaw, Francis Olson and Maxine Riedman are students in a course titled "The Life of Jimmy Stewart," taught by James Reid, once the pastor to Stewart's family.

Jean Schulte enjoys life at Riverview Place.

Josephine Brennan, PBVM, right, helps Friendship resident Sherry Arneson set a table.
VILLA NAZARETH
Fargo, North Dakota

Retirees and people with developmental disabilities feel comfortable and secure without losing their independence.

Giving and receiving warm birthday greetings. Enjoying a continuing education course. Laying a perfect place setting. The ability to do these things is taken for granted by many people, but to the residents served by the two entities that comprise Villa Nazareth — Friendship, Inc. and Riverview Place — they are precious gifts.

Each day at Friendship, several residents — individuals with developmental disabilities — travel from their group homes to Riverview Place. They work in the spacious dining room, learning to set tables. Through Friendship's vocational services program, other residents go out to work at area businesses or perform contract work that Friendship brings in, such as rolling silverware for local restaurants. Job coaches supervise and celebrate every achievement until the residents are able to work on their own.

At Riverview Place, residents fill their days at this comfortable retirement community in a variety of enjoyable ways. They raise flowers in garden plots or in the greenhouse. They browse the well-stocked library, visit the chapel, listen to concerts or sing with the choir. They swim laps in the indoor pool, learn crafts, meet with the creative writing group or attend the monthly celebration of residents' birthdays. Or, they simply enjoy the blessed leisure that comes after a lifetime of work. All the while, their health and well being are watched over by the dedicated staff of Riverview Place.

A UNIQUE PARTNERSHIP

Unique among Catholic Health Initiatives' market-based organizations, Villa Nazareth encompasses two residential service entities — Riverview Place and Friendship, Inc. — that share a management structure and fundraising activities.

Riverview Place includes 150 independent living and assisted living apartments. Three members of the Sisters of the Presentation of the Blessed Virgin Mary live and work there, and other sisters from the congregation's motherhouse often help with spiritual and nutrition services. A wellness program monitors the health of every resident, and an "a la carte" program enables them to purchase the additional services they need, such as medication administration or blood sugar monitoring, to live independently.

Friendship serves 220 residents in group homes and apartments. Almost half of its residents participate in Friendship's vocational services program, performing meaningful work in the community. Friendship is one of only two service entities within Catholic Health Initiatives that is dedicated to people with developmental disabilities.
24-HOUR CARE
WITHIN THE VAST URBAN CAMPUS

OF MT. ST. JOSEPH RESIDES A SPECIAL

PROGRAM THAT WRAPS THE FRAIL

ELDERLY IN THE SECURITY OF

COMPREHENSIVE, 24-HOUR CARE.
Bertha Thompson, left, looks forward to weekly manicures from Laurie Velasquez, an activity coordinator at Mt. St. Joseph.
Within the vast urban campus of Mt. St. Joseph resides a special program that wraps the frail elderly in the security of comprehensive, 24-hour care. Providence ElderPlace at Mt. St. Joseph provides 44 beds located in a cluster of cozy studio apartments that offer privacy to the residents. The program emphasizes a team approach to care, with a physician, nurses, a social worker, a chaplain and an array of restorative therapies available through an on-site clinic, in addition to nutrition and personal care services.

Providence ElderPlace is a partnership with Providence Health System, a Catholic health care system sponsored by the Sisters of Providence, Seattle, and is a site for the Health Care Financing Administration’s Program of All Inclusive Care for the Elderly (PACE). PACE is a capitated benefit, authorized by the Balanced Budget Act of 1997, that provides total care to the elderly regardless of whether specific services are reimbursable under Medicare or Medicaid.

Mt. St. Joseph's multiple levels of care for the elderly evolved from Portland's first home for the aged, opened by the Sisters of Mercy in 1897. Today the campus includes facilities for assisted living, skilled nursing beds, a unit for Alzheimer’s care, a rehabilitation clinic, a pharmacy and a staffing service for health care workers.

Now in its second century, Mt. St. Joseph is a stalwart presence in its Portland neighborhood. “We are in the process of developing a comprehensive master plan for our site so that our facilities can evolve in a way that will meet the needs of our community as well as our residents,” said Bill Sherer, president and chief executive officer of Mt. St. Joseph. “One tool we are using to find out what our community needs is a survey that we have sent to 4,000 households in our neighborhood. The responses will help us serve our neighbors, staff and residents.”
Corinne Sydenham, left, returns to the past in song, accompanied by her daughter, Vanda Skadden.
"Namasté is an East Indian greeting meaning 'I bow to you and my spirit greets your spirit.' We bow to those we care for, acknowledging the spirit within them, which is unaffected by any disease process."

DAVID STRAIN
Administrator, Namasté Alzheimer Center
Colorado Springs, Colorado
The residents of Namasté Alzheimer Center, part of Centura Health, once worked as bankers, engineers, lawyers, teachers and in many other professions. Now, Alzheimer's disease is slowly erasing their memories and taking away their ability to care for themselves. Some days, residents in the later stages of the disease cannot even recognize their own beloved spouses and children.

The 64-bed Namasté Alzheimer Center, which opened 10 years ago, was designed specifically for the comfort and security of Alzheimer's patients. No one can get lost or confused wandering down a long hallway, because there aren't any. Patient rooms are arranged in "pods" clustered around common living and dining areas.

Some experts estimate that nearly half of Americans over the age of 85 have Alzheimer's disease. While troublesome statistics and well-known victims such as Ronald Reagan have helped fuel extensive research, there is no cure at the present time. The residents of Namasté Alzheimer Center will not recover, but they have natural beauty all around them, the comfort of well-planned surroundings and the kindness of their caregivers to sustain them.

A FULL RANGE OF CARE

Centura Health, a joint operating agreement between Catholic Health Initiatives and PorterCare Adventist Health Care, is the largest health care provider in Colorado. In addition to its acute care hospitals, Centura Health offers a wide array of facilities and services that provide skilled nursing care, housing with services, adult day care, home care and hospice. In addition to Namasté Alzheimer Center, Centura's long-term care facilities include:

- Centura Senior Life Center, Denver
- Gardens at St. Elizabeth, Denver
- Medallion East, Colorado Springs
- Medallion West, Colorado Springs
- Progressive Care Center, Cañon City
- St. Joseph Manor, Florence
- The Villas at Sunny Acres, Denver
- Villa Pueblo Towers, Pueblo
Although most Alzheimer's patients are vague about the present, many have cherished memories of the past. Encouraging interaction is a vital part of dealing with the disease. Residents of Namasté Alzheimer Center are given the chance to share their stories — during a quiet chat on a bench, while walking alongside the small lake on the grounds or through interpretive painting.

"My first experience with Namasté was when my father was a resident here. Unfortunately, he was not here very long, but I remember that the care he received was delivered with sensitivity and compassion. Our family has never forgotten this."

BRUCE SHEPARD
Member, Foundation Board, Namasté Alzheimer Center

Ed Nipper and Robert MacLennan, activity coordinator, along with Betty Aragon, restorative certified nursing assistant, and Corinne Sydenham visit Namasté's beautiful grounds.
SIMPLE BLESSINGS

Caring for a child with cerebral palsy is no easy task. However, as Loretta Shofner, RN, will attest, Cynthia Willett finds a way to bring joy into the lives of those around her.
CARITAS Home Health, part of CARITAS Health Services, evolved from a small home health agency started by three Sisters of Charity of Nazareth in 1971. To pursue a ministry of service to the elderly poor in rural areas around the congregation’s motherhouse in Nazareth, Ky., the sisters drove a van they had outfitted with health care supplies, searching for people who needed them.

Almost 30 years later, CARITAS Home Health still serves the elderly, as well as people of any age who need nursing, restorative therapy, wound care, medication administration, personal care, pulmonary or cardiac care and a host of other services at home. CARITAS Home Health also developed a unique in-home mental health service for those suffering from conditions such as clinical depression and bipolar disorders.

"We call ourselves 'expert generalists' because of the variety of patients we serve," said Mardi Jones, executive director of CARITAS Home Health. "Our home care providers are very special. They are wonderful at adapting their care to patients’ home environments, which can be very hard when conditions are poor."

Preparing for the Prospective Payment System

As of October 1, 2000, Medicare home health reimbursement underwent a revolutionary change. The reimbursement system changed from a cost-reimbursed approach to a prospective payment system that pays home health agencies a flat amount every 60 days.

"To ensure that we continue to provide top-quality care to our patients under the new system, we had to make some significant changes," said Mardi Jones, executive director of CARITAS Home Health. "Our providers now make fewer visits each day so they can make each visit longer. Longer visits give them more time to show family members how they can help care for their loved ones between our visits. In this way, we can continue to carry out our mission."

CARITAS Home Health providers like Karen Callett, center, often spend some time on the phone before going out to make an average of 4.5 home care visits each day.
"Seniors and children are an enjoyable and comfortable match—each benefiting the other."

ROGER DEMARK
President and Chief Executive Officer, Franciscan Villa
South Milwaukee, Wisconsin
Though they are from different generations, Branna Dowhle, left, and Sophie Erdman enjoy the same books.
The generations come together as Lindsay Rakovich, left, and Dorothy Walters read a story.

More than 80 percent of the residents of Franciscan Villa were aware of the facility before they chose it as their long-term care provider, which is one indication of the organization's strong reputation in the community. "We are known for a tradition of quality Catholic care, and people choose Franciscan Villa for that reason," said Roger DeMark, president and chief executive officer. "The Franciscan Sisters of Little Falls purchased Franciscan Villa in 1966 and set the foundation for the care that we provide today. It is comforting to many of our residents to know that the sisters are still affiliated with Franciscan Villa through Catholic Health Initiatives."

Franciscan Villa has established its reputation for high-quality care, which helps to keep its occupancy high and to maintain positive financial performance. That, in turn, enables the continuation of this Catholic health ministry in the South Milwaukee community.

Cathy Wendt, director of mission development, left, and Lucille Persons share a light moment during a visit to the chapel.
Long before "intergenerational" was a commonly used word in day care settings, Sister Thomas Weyandt, OSF, the former administrator of Franciscan Villa, put her belief into action that the elderly and the young belong together. In 1981, Franciscan Villa opened its day care centers for children and older adults. Since then, young and old have enriched each other's lives with shared crafts, stories, pet visits, holiday parties and mutual affection. The adults also enjoy visits from local school-children, including one special fifth-grade class from a nearby Catholic school that has "adopted" them as "grandparents" for the school year.

However, the day care centers are just one aspect of the care provided by Franciscan Villa. There are also 150 skilled nursing beds and a 64-bed assisted living facility designed specifically for residents with Alzheimer's disease. Pediatric, adult and geriatric patients benefit from Franciscan Villa's full array of inpatient, outpatient and short-stay rehabilitation services. Franciscan Villa also offers a variety of services to the community, including support groups and reassurance via telephone for the home-bound elderly.
2000 Accomplishments

Core Strategy I: Extend the creative expression of Catholic Health Initiatives’ ministry.

Mission and Ministry Fund Begins New Track
By presenting 31 grants totaling more than $2.5 million, Catholic Health Initiatives’ Mission and Ministry Fund continued to support projects that build healthy communities. The fund is one of the most visible ways that Catholic Health Initiatives lives out its mission and vision. Thirteen grants were awarded through a new track of the fund that supports long-term approaches to building and sustaining a healthy community, while 18 went to specific programs designed to address focused community needs. The funded programs include a rent subsidy program for single mothers, an information and referral service for frail seniors, a program for the reduction of violence within rural families, several end-of-life care programs and initiatives to begin, rebuild or expand collaborative healthy community initiatives.

Direct Community Investment Program Moves Closer to Goal
Catholic Health Initiatives moved closer to its goal of lending $32 million, or two percent of its operating investment program assets, to organizations that give low income and minority populations better access to jobs, housing, food, education and health care. The Direct Community Investment Program has now provided nearly $15 million in low-interest loans, with investments made in the following organizations during 2000:
- Catholic Medical Mission Board, providing health care to victims of poverty in developing and transitional countries.
- Chicago Community Loan Fund, providing low-cost, flexible financing and technical assistance to organizations engaged in the revitalization of low-income neighborhoods in Chicago.
- Fonkoze, providing loans to the poorest citizens of Haiti as well as literacy and business skills training.
- Mercy Loan Fund, providing support to affordable housing projects in 13 states.
- Mercy Loan Fund – Valley Crisis Center, providing shelter and transitional housing to victims of domestic violence in southwestern Idaho.
- National Community Capital, providing capital and expertise to community development financial institutions in communities served by Catholic Health Initiatives.
- New Mexico Community Development Loan Fund, providing loans to non-profit organizations and serving low-income communities throughout New Mexico.
- SosteNica, providing loan programs designed to strengthen communities in Nicaragua while ensuring that the culture and way of life are preserved.

Board Members Complete Orientations
More than 100 board members from market-based organizations participated in a new orientation program. Catholic Health Initiatives executives presented information on topics such as the founding of Catholic Health Initiatives and the heritage of the sponsoring congregations; board member roles, responsibilities and accountabilities; and the organization's core strategies. The program is also available to market-based organizations on videotape.

Retreat Prepares Leaders to Shape the Future
More than 125 senior leaders from throughout Catholic Health Initiatives attended one of several week-long retreats to gain a deeper understanding of the leadership competencies that are central to advancing the organization's culture and core strategies. "Leadership That Shapes the Future" helped attendees develop the 10 elements of Catholic Health Initiatives' leadership competency model, which include integrity and character; developing personal and organizational competence; and spirituality.
Leaders Convene at National Conference
More than 750 leaders from throughout the organization attended Catholic Health Initiatives’ second National Leadership Conference, held in Denver in September. With inspiring keynote sessions; breakout sessions specifically designed for governing board members, physicians and administrators; and daily opportunities for networking, the attendees took new ideas back to the market-based organizations and national offices.

Leaders Advocate for Balanced Budget Act Relief
Market-based and national leaders continued to contact congressional representatives to support legislation that would provide relief from the effects of the Balanced Budget Act. Catholic Health Initiatives’ Balanced Budget Act Work Group also provided recommendations to market-based organizations to help provide persuasive information to policymakers.

Leaders Attend Advocacy Days on Capitol Hill
Fifteen representatives of Catholic Health Initiatives and its market-based organizations took their advocacy efforts right to Capitol Hill during the Catholic Health Systems Legislative Conference and Advocacy Days in Washington, D.C., July 17 and 18. In addition to networking with peers from other Catholic health systems, participants held more than 30 meetings with their congressional leaders to discuss local and national health care issues.

C O R E S T R A T E G Y II:
Improve clinical, operational and financial performance.

Financial Results Improve From Prior Year
Catholic Health Initiatives’ financial results for the 2000 fiscal year showed significant improvement, with a positive financial tuition of more than $150 million from the prior fiscal year. The results were supported by dramatic financial turnarounds at several market-based organizations and the improvement of individual balance sheets at many more. Some market-based organizations achieved good results through participation in Catholic Health Initiatives’ performance management program, which provides interim consulting and support for improvement in operating performance and customer service. Some market-based organizations also realized cost savings through an expense management initiative implemented by the Supply Chain Resource Group.

HIPAA Preparation Underway
To ensure the most efficient and effective use of resources, Catholic Health Initiatives began developing a national approach to compliance with the data interchange portion of the Health Insurance Portability and Accountability Act of 1996, which is intended to simplify the administration of health care. A national HIPAA Task Force will lead the effort, supported by a national program office.

Task Force Focuses on Patient Safety
To help minimize the potential for errors and improve the quality of patient care, Catholic Health Initiatives formed a national Patient Safety Task Force. The multidisciplinary task force focuses on ensuring that existing patient safety resources are as useful as possible; helping market-based and national leaders understand all of the opportunities that exist to improve patient safety; evaluating new and technology that can reduce medical errors; and partnering with other organizations that can help Catholic Health Initiatives continuously improve patient safety.

(continued on page 22)
Clinical Pharmacy Initiative Addresses Medication Safety

Catholic Health Initiatives' National Pharmacy Council held quarterly meetings at which market-based pharmacy directors shared best practices related to medication safety and cost containment. The council created a series of 40 initiatives designed to address the appropriate utilization of pharmaceuticals as well as proper outcomes.

Tools Developed for Nurse Shortage

To help address the current and continuing shortage of nurses, Catholic Health Initiatives began to compile a nurse recruiting and retention manual, which includes successful policies and procedures used by market-based organizations. Methods for combating the nurse shortage were also discussed at quarterly meetings for nurse executives from throughout the organization.

Second Phase of JCAHO System Survey Complete

Catholic Health Initiatives is now two-thirds of the way through the three-year cycle of its first multi-hospital system survey by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO). Because Catholic Health Initiatives is surveyed as a multi-hospital system, JCAHO survey teams retain the same leaders during each set of market-based organization surveys, resulting in more consistent surveys. The third and final phase of the multi-hospital system survey is expected to begin in July 2001 and will continue to focus on patient safety.

New Employee Benefits Program Rolls Out

After listening to more than 250 employees from across the organization, Catholic Health Initiatives introduced a new employee benefits program. The program, which went into effect January 1, 2001 for all national employees and employees of several market-based organizations, includes a new self-insured medical benefits plan. Work is underway to have additional market-based organizations enroll in the new medical plan in 2001 and 2002, until all market-based employees are in the plan.

National Offices Consolidate

In an effort to streamline the national organization and save $2.5 million or more per year in overhead costs, Catholic Health Initiatives closed two of its national office sites and will consolidate two others in early 2001. The national offices in Omaha, Neb., and Tacoma, Wash., closed in December. The Cincinnati, Ohio, and Louisville, Ky., offices merged into the new Northern Kentucky office during early 2001.

CORE STRATEGY III: Build a commitment to service excellence.

Phone Forums Promote Service Excellence

To share service best practices among market-based organizations, the Customer and Market Strategy Team developed a series of Service Excellence Best Practice Phone Forums. The forums featured nationally-recognized experts on customer satisfaction and success stories from market-based organizations such as Franciscan Health System of Tacoma, Wash., where the “Spirit at Work” program helped place two of its hospitals in Catholic Health Initiatives’ top ten for patient satisfaction.

National Office Mission Assessments Begin (Also relates to Core Strategy I)

After making substantial progress in mission assessments at market-based organizations, Catholic Health Initiatives began the process of evaluating mission integration in its national offices. The assessments, which will be conducted once every three years for all national staff, are intended to keep the mission of Catholic Health Initiatives vibrant, meaningful and central in the daily activities of the organization.
Market-based Organizations Appear on Lists of Top Hospitals
(Also relates to Core Strategy II)

Several Catholic Health Initiatives hospitals appeared on regional and national lists of the top hospitals in the country compiled by HCIA and The Health Network. Hospitals on the list of 100 top hospitals in the country included:

- Our Lady of the Way Hospital, Martin, Ky.
- St. Clare Hospital, Lakewood, Wash.
- St. Francis Hospital, Federal Way, Wash.
- St. Joseph Medical Center, Tacoma, Wash.

Hospitals on the list of top hospitals in their regions included:

- Carrington Health Center, Carrington, N.D.
- Good Samaritan Hospital and Health Center, Dayton, Ohio
- St. Anthony North Hospital/ Centura Health, Denver, Colo.

Hospitals on the list of 100 top hospitals for orthopedics included:

- St. Anthony Central Hospital/ Centura Health, Denver, Colo.
- Good Samaritan Hospital, Cincinnati, Ohio
- Memorial Hospital, Chattanooga, Tenn.
- St. Joseph Medical Center, Tacoma, Wash.
- St. Vincent Infirmary Medical Center, Little Rock, Ark.

Hospitals on the list of 100 top hospitals for cardiovascular services included:

- Good Samaritan Hospital, Cincinnati, Ohio
- Good Samaritan Hospital and Health Center, Dayton, Ohio
- Memorial Hospital, Chattanooga, Tenn.
- Mercy Hospital Medical Center, Des Moines, Iowa
- St. John's Regional Medical Center, Joplin, Mo.
- St. Joseph Medical Center, Towson, Md.

Core Strategy IV:
Promote development/growth in areas of highest strategic activity.

Strategic Plan Evolves from Environmental Assessment
Catholic Health Initiatives devised a strategic plan for 2000 through 2002 that constructs a framework for the organization's future while remaining firmly anchored to its mission and vision. The plan, which evolved from the Health Care Environmental Assessment that Catholic Health Initiatives created in 1999, includes specific objectives for each of the organization's four core strategies. The plan articulates Catholic Health Initiatives' national priorities while providing support and direction for the market-based organizations' own strategic plans.

Catholic Health Ministry Continues in Lancaster
The creation of St. Joseph Health Ministries enabled the Catholic mission to continue in Lancaster, Pa., after the sale of St. Joseph Hospital on June 30, 2000. St. Joseph Health Ministries, Catholic Health Initiatives' first non-institutional market-based organization, provides community-based education and services, spiritual care and advocacy.

Statistical Highlights
As of June 30, 2000

- 69 Hospitals
- 48 Long-term care, assisted living facilities and residential units
- 22 States: Arkansas, California, Colorado, Delaware, Idaho, Iowa, Kansas, Kentucky, Maryland, Minnesota, Missouri, Nebraska, New Jersey, New Mexico, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Tennessee, Washington and Wisconsin
- 72 Rural and urban communities
- $6.4 Billion in assets
- $5.5 Billion in annual operating revenues

Charity care as a percentage of net patient service revenues: 3%

Operations:
Acute inpatient days: 2,120,415
Acute care admissions: 449,863
Average acute care length of stay in days: 4.7
Residential and assisted care days: 700,211
Long-term care days: 1,288,114
Acute inpatient revenues as a percentage of total patient revenues: 51.9%

Approximately 72,000 full- and part-time employees
Back Row (from left):
Esther Anderson, OSF
John F. Anderson
Karin J. Dufault, SP
Patricia J. McDermott, RSM
Donald A. Brennan
Robert B. Johnson
Kevin M. Fickenscher
Marjorie Beyers
Howard S. Zuckerman
Elizabeth Wendeln, SCN
Kathryn M. Mershon
Fred Kammer, SJ

Seated (from left):
Amata Miller, IHM
Maryanna Coyle, SC
Patricia A. Cahill

Esther Anderson, OSF, PhD
Assistant Congregational Minister
Sisters of St. Francis of Philadelphia
Aston, Pennsylvania

John F. Anderson, MD
Senior Vice President
Clinical Integration
Baylor Health Care System
Dallas, Texas

Marjorie Beyers, RN, PhD, FAAN
Consultant
Patient Care Services
Barrington, Illinois

Donald A. Brennan
President and Chief Executive Officer
Ascension Health
St. Louis, Missouri

Patricia A. Cahill, JD (ex-officio)
President and Chief Executive Officer
Catholic Health Initiatives
Denver, Colorado

Maryanna Coyle, SC, Chair
President
SC Ministry Foundation
Cincinnati, Ohio

Karin J. Dufault, SP, PhD
Chair of the Board
Sisters of Providence Health System
Seattle, Washington

Kevin M. Fickenscher, MD
Senior Vice President
CareInsite, Inc.
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Robert B. Johnson
Farmington Hills, Michigan

Fred Kammer, SJ, JD
President and Chief Executive Officer
Catholic Charities USA
Alexandria, Virginia

Patricia J. McDermott, RSM, PhD
Leadership Team
Institute of the Sisters of Mercy of the Americas
Silver Spring, Maryland

Kathryn M. Mershon, Vice Chair
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The Mershon Company
Louisville, Kentucky

Amata Miller, IHM, PhD
Visiting Professor of Economics
The College of St. Catherine
St. Paul, Minnesota

Elizabeth Wendeln, SCN
Director of Parish Leadership
Diocese of Lexington
Lexington, Kentucky

Howard S. Zuckerman, PhD
Director, Center for Health Management Research
Professor, Department of Health Services
School of Public Health and Community Medicine
University of Washington
Seattle, Washington
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Fargo, North Dakota
Maureen Walker, PBVM

Sisters of St. Francis of Colorado Springs
Colorado Springs, Colorado
Clarice Gentrup, OSF

Sisters of St. Francis of the Immaculate Heart of Mary
Hankinson, North Dakota
Rebecca Metzger, OSF

Sisters of St. Francis of Philadelphia
Philadelphia, Pennsylvania
Madonna Marie Cunningham, OSF

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President and Chief Executive Officer

Kevin E. Lofton
Executive Vice President and Chief Operating Officer

Diana C. Bader, OP, PhD
Senior Vice President Mission

Robert J. Barrett
Interim Senior Vice President Information Technology

Ruth W. Brinkley
Senior Vice President Performance Management

Timothy P. Coughlin
Interim Senior Vice President East Service Center Operations Vice President Financial Services

John F. DiCola
Senior Vice President Strategy and Business Development

Michael L. Fordyce
Chief Administrative Officer and Senior Vice President Human Resources

David J. Goode
Senior Vice President Operations

Geraldine M. Hoyler, CSC
Senior Vice President Finance and Treasury

James R. Kaskie
Senior Vice President Operations

Deborah M. Lee-Eddie
Senior Vice President Operations

Christopher J. Macmanus
Chief Information Officer

Peggy Ann Martin, OP, JCL
Senior Vice President Sponsorship and Governance

Phillip W. Mears
Vice President Supply Chain Management

Mitch H. Melfi, Esq.
Senior Vice President Chief Risk Officer

Paul G. Neumann, Esq.
Senior Vice President Legal Services and General Counsel

Blaine O. Petersen
Vice President West Service Center Operations and Financial Services

Harold E. Ray, MD
Senior Vice President Chief Medical Officer

Joyce M. Ross
Senior Vice President Communications

M. Colleen Scanlon, RN, JD
Senior Vice President Advocacy

Larry A. Schulz
Senior Vice President Operations

Daniel J. Sirmott
Senior Vice President Operations

David D. Zwickel
Senior Vice President Continuum of Care
ARKANSAS
St. Vincent Health System
Little Rock
Stephen L. Mansfield, President and CEO
St. Vincent Doctors Hospital
Little Rock
Larry Harr, Senior Vice President/Administrator
St. Vincent Infirmary Medical Center
Little Rock
Stephen L. Mansfield, President and CEO
St. Vincent Medical Center Sherwood
Sherwood
Doug Parker, Administrator
St. Vincent Rehabilitation Hospital Sherwood
Little Rock
Managed and operated through St. Vincent Health System
St. Anthony Health Care Center Morilton
Johnson L. Smith, CEO and Administrator

CALIFORNIA
Our Lady of Fatima Villa Saratoga
Presidio H. Wisner, CEO

COLORADO
Centers Health Englewood
Joseph S. Swedish, President and CEO
Centers Health is a joint operating agreement between Catholic Health Initiatives and PartnerCare/Adventist Health Care in Colorado, to manage facilities, including those listed below:
Centers Special Care Hospital/Senior Life Centers Denver
Bruce Russell, Administrator
Cardens at St. Elizabeth Denver
Beth Breene, Administrator
Penrose-St. Francis Health Services Colorado Springs
Rick O'Connell, Administrator
Medallion West Colorado Springs
Bert Vander Schaeff, Administrator
Medallion East Colorado Springs
Bert Vander Schaeff, Administrator

DELAWARE
St. Francis Healthcare Services
Wilmington
M. Ellen Schmitt, MD, President and CEO
St. Francis Care Center at Brandywine
Hockessin James S. Oida, Administrator
Penrose Community Hospital
Wilmington
M. Ellen Schmitt, MD, President and CEO

IDAHO
Mercy Medical Center Nampa
Joseph Messmer, President and CEO

IOWA
Mercy Health Network
West Des Moines
David Veiling, Chair, Management Committee
Mercy Health Network is a joint operating organization created by Catholic Health Initiatives and Trinity Health to manage facilities in Iowa, including those listed below:
Bishop Drumm Peralta Center
Johanson, Brian E. Farrell, President and CEO
St. Mary-Corwin Medical Center Pueblo
Tom Anderson, Administrator
St. Thomas More Hospital
Pueblo
C. Ray Honaker, Administrator
Villa Pueblo Towers
George J. Hill, Executive Director
The Villas at Sunny Acres Denver
Steve Rigsby, Administrator
Mercy Medical Center Durango
J. D. DINNAM, PhD, Administrator
Mercy Hospital Corning
James C. Ruppert, Administrator
St. Joseph Hospital East Lexington
William W. Hendrickson, President and CEO

KANSAS
Central Kansas Medical Center
Great Bend
Thomas W. Sommers, President and CEO
Central Kansas Medical Center
Wichita
Thomas W. Sommers, President and CEO
Maude Norton Memorial Hospital Columbus (part of St. John's Regional Medical Center, Joplin, Missouri)
St. Catherine Hospital Garden City
Mark B. Steedham, President and CEO

KENTUCKY
CARITAS Health Services
Louisville
Bruce Hopkins, Interim President and CEO
CARITAS Home Care Services
Louisville
Bernadette E. Jones, Executive Director
CARITAS Medical Center Louisville
Bruce Hopkins, Interim President and CEO
CARITAS Peace Center Louisville
John D. Manning, Vice President, Psychiatric Operations
Flaget Memorial Hospital Bardstown
Bruce A. Hackers, President and CEO
Marymont Medical Center London
Lowell Jones, President and CEO
Our Lady of the Way Hospital Martin
Lowell Jones, President and CEO
Sain: Joseph Hospital Lexington
William W. Hendrickson, President and CEO

MARYLAND
St. Joseph Medical Center Towson
John K. Tolmie, President and CEO

MINNESOTA
LakeWood Health Center Baudette
Sharri Paton, President and CEO
St. Francis Medical Center Breckenridge
David A. Nelson, President and CEO
St. Francis Home
Breckenridge
David A. Nelson, Administrator
St. Joseph's Area Health Services Park Rapids
Peter Jacobson, President and CEO
Unity Family Healthcare St. Gabriel's Hospital Little Falls
Carl Veagenes, President and CEO
Albany Area Hospital and Medical Center Little Falls
Albyn Beene Koppelman, Administrator
Alverna Apartments Little Falls
Bob Davis, P.O.S. Manager
St. Camillus Place Little Falls
St. Otto's Care Center Little Falls
Gary Oster, Administrator

MISSOURI
St. John's Regional Medical Center Joplin
Gary L. Rowe, President and CEO
Maude Norton Memorial Hospital Columbus, Kansas
St. John's Rehabilitation Center Joplin
Gary L. Rowe, President and CEO
NEBRASKA  
Alegent Health  
Omaha  
Charles J. Marr, Chief Executive Officer  
Alegent Health is a joint operating agreement between Catholic Health Initiatives and Immanuel Healthcare System, which is affiliated with the Nebraska Synod of the Evangelical Lutheran Church. Alegent Health manages facilities including those listed below.  
Alegent Health-Berne  
Mercy Medical Center  
Omaha  
Charles J. Marr, Chief Executive Officer  
Mercy Care Center  
Omaha  
Barbara Goodrich, Service Line Leader  
Mercy Hospital  
Corning, Iowa  
Mercy Hospital  
Council Bluffs, Iowa  
Good Samaritan Health Systems  
 Kearney  
Kenneth Tomlin, President and CEO  
Richard H. Young  
Hospital Kearney  
William Crepecchi, Administrator  
Saint Elizabeth Health Systems  
Lincoln  
Robert J. Lanik, President and CEO  
Saint Elizabeth Regional Medical Center  
Lincoln  
Robert J. Lanik, President and CEO  
Saint Francis Medical Center  
Grand Island  
Michael J. Grover, President and CEO  
St. Mary's Hospital  
Nebraska City  
Daniel J. Kelly, President and CEO  
NEW JERSEY  
St. Francis Medical Center  
Trenton  
Juliet H. Persichillo, President and CEO  
NEW MEXICO  
St. Joseph Healthcare System  
Albuquerque  
Arthur Dunn, Interim President and CEO  
St. Francis Gardens  
Albuquerque  
St. Joseph Medical Center  
Albuquerque  
Arthur Dunn, Interim President and CEO  
St. Joseph Northeast Heights Hospital  
Albuquerque  
Arthur Dunn, Interim President and CEO  
St. Joseph Rehabilitation Hospital  
Albuquerque  
St. Joseph West Mesa Hospital  
Albuquerque  
Arthur Dunn, Interim President and CEO  
NORTH DAKOTA  
Carrington Health Center  
Carrington  
Brian J. McDermott, President and CEO  
Mercy Hospital  
Duluth Lakes  
Marlene J. Lincoln, President and CEO  
Mercy Hospital  
Valley City  
Jane Bisek, President and CEO  
Mercy Medical Center  
Williston  
M. Thomas Mitchell, President and CEO  
Dunes Community Hospital  
Oakes  
Bradley D. Burrus, President and CEO  
St. Andrews Health Center  
Park River  
Michael D. Mahure, President  
St. Joseph’s Hospital and Health Center  
Dickinson  
Greg V. Hanson, President and CEO  
Villa Nazareth Corporation  
Fargo  
Jeff L. Peterson, President and CEO  
Riverwalk Place  
Fargo  
Jerry Lingen, President and CEO  
Ohio  
Premier Health Partners  
Dayton  
Thomas Breitenbach, President and CEO  
Premier Health Partners is a joint operating agreement between Catholic Health Initiative, Third Avenue & Medical Systems. To manage facilities including those listed below:  
Good Samaritan Hospital  
Dayton  
K. Douglas Deck, President and CEO  
The Marjorie Joseph Center  
Dayton  
Bonnie S. Langdon, President and CEO  
TriHealth  
Cincinnati  
John S. Prout, President and CEO  
TriHealth is a joint operating agreement between Catholic Health Initiative, Third Avenue & Medical Systems. To manage facilities including those listed below:  
Good Samaritan Hospital  
Cincinnati  
John S. Prout, President and CEO  
OREGON  
Holy Rosary Medical Center  
Ontario  
Bruce C. Jensen, President and CEO  
Mercy Healthcare, Inc.  
Roseburg  
Victor J. Flesseone, President and CEO  
Linus Stokes Retirement Center  
Roseburg  
Antia Allen, Administrator  
Mercy Medical Center  
Roseburg  
Victor J. Flesseone, President and CEO  
SOUTH DAKOTA  
St. Mary’s Healthcare Center  
Pierre  
James D. Russell, President and CEO  
Gettysburg Medical Center  
Gettysburg  
Mark Schmidt, President and CEO  
St. Anthony Hospital  
Pendleton  
Jeffrey S. Drop, President and CEO  
OHIO  
Premier Health Partners  
Dayton  
Thomas Breitenbach, President and CEO  
Premier Health Partners is a joint operating agreement between Catholic Health Initiative, Third Avenue & Medical Systems. To manage facilities including those listed below:  
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Bonnie S. Langdon, President and CEO  
TriHealth  
Cincinnati  
John S. Prout, President and CEO  
TriHealth is a joint operating agreement between Catholic Health Initiative, Third Avenue & Medical Systems. To manage facilities including those listed below:  
Good Samaritan Hospital  
Cincinnati  
John S. Prout, President and CEO  
Pennsylvania  
Nazareth Hospital  
Philadelphia  
Pat Brown, President and CEO  
St. Agnes Medical Center  
Philadelphia  
Marge Sullivan, OSF, President and CEO  
St. Joseph Health Ministries  
Lancaster  
Jennifer Thompson, Executive Director  
St. Joseph Regional Health Network  
Reading  
John R. Morahan, President and CEO  
St. Joseph Living Care Center  
Reading  
Blair Black, Administrator  
St. Joseph Medical Center  
Reading  
John R. Morahan, President and CEO  
St. Mary Medical Center  
Langhorne  
Gregory T. Wozniak, President and CEO  
WASHINGTON  
Franciscan Health System  
Tacoma  
Joseph W. Wiel/zek, President and CEO  
Care Center at Bothell  
Bothell  
Kenneth Bloomstine, Administrator  
Care Center at Tacoma  
Tacoma  
Linda Larson, Administrator  
St. Clare Hospital  
Lakewood  
Syd Eversole, Chief Operating Officer  
St. Francis Hospital  
Federal Way  
Cheryl Payno, Chief Operating Officer  
St. Joseph Medical Center  
Tacoma  
June Bowman, Chief Operating Officer  
WISCONSIN  
Franciscan Villa  
South Milwaukee  
Roger L. Dehler, President and CEO  
Good Samaritan Health Center of Merrill  
Merrill  
Michael Hammer, President and CEO
**OUR MISSION**

The mission of Catholic Health Initiatives is to nurture the healing ministry of the Church by bringing it new life, energy and viability in the 21st century. Fidelity to the Gospel urges us to emphasize human dignity and social justice as we move toward the creation of healthier communities.

**OUR VISION**

Catholic Health Initiatives’ vision is to create a national Catholic ministry which will live out its mission by transforming traditional health care delivery into integrated networks and creating new ministries that promote healthy communities.

**OUR CORE VALUES**

Catholic Health Initiatives’ core values define the organization and serve as its guiding principles. They are the roots or anchors from which all activities, decisions and behaviors flow.

*Reverence*

*Profound respect and awe for all of creation, the foundation that shapes spirituality, our relationships with others and our journey to God.*

*Integrity*

*Moral wholeness, soundness, fidelity, trust, truthfulness in all we do.*

*Compassion*

*Solidarity with one another, capacity to enter into another’s joy and sorrow.*

*Excellence*

*Preeminent performance, becoming the benchmark, putting forth our personal and professional best.*
2000 Financial Report

CATHOLIC HEALTH INITIATIVES
INTRODUCTION

The audited consolidated financial statements of Catholic Health Initiatives for the year ended June 30, 2000 demonstrated significant financial improvement when compared to the prior fiscal year. Operating controls, prudent fiscal policies and liquidity management helped strengthen the balance sheet. Improved operations, generation of additional revenues, more determined cost management and enhanced strategic focus helped strengthen the statement of operations. In addition, utilization of services was favorable.
BALANCE SHEET

The Catholic Health Initiatives balance sheet reflected improvement in several key indicators compared to the prior year. Consolidated assets at June 30, 2000 were $6.4 billion, an increase of 6.5 percent above the prior year. The largest increase was unrestricted cash and investments, $293 million. The number of days of total cash was 142, an improvement of 22 days from the prior year. The cash position was improved by a tax-exempt bond issue in March 2000, a reduction in the number of days of net revenues in net patient accounts receivable, strong performance of the investment portfolio and proceeds from sale of the facility at Lancaster, Pa., on the last day of the fiscal year.

The March bond issue of $360 million financed past and future capitalized asset additions at market-based organizations in nine states. Unrestricted cash increased by $211 million, which represented 16 days of cash. The Catholic Health Initiatives operating portfolio had a total return of 7.5 percent in fiscal year 2000, achieved despite a volatile market, particularly during the last six months of the fiscal year. During the past three fiscal years, the annualized return of the Catholic Health Initiatives portfolio was 10.3 percent, contributing significantly to balance sheet strength during a difficult operating period.

Net patient accounts receivable increased 1.6 percent to $892 million in fiscal year 2000, a modest increase compared to a 5.5 percent growth in net patient services revenues. There were 65 days of net patient revenues in net patient accounts receivable, an improvement of 2.3 days from the prior year, which compared favorably to industry averages for large healthcare systems.

Capital spending was constrained throughout the fiscal year, as consolidated results fell short of expectations. Capitalized asset additions were only $315 million, well below the $483 million of the prior year.

At June 30, 2000, 94 percent of long-term debt had been issued under the Catholic Health Initiatives Capital Obligation Document (COD), two-thirds of which bore interest at fixed rates. Net outstanding long-term COD debt increased by $290 million due to the March issuance, as the new debt was offset by $70 million in principal payments. Other long-term debt of $110 million consisted primarily of capital leases. Due to the debt issue, the debt-to-capitalization ratio deteriorated to 35.7 percent at year-end but remained within an acceptable strategic range.

STATEMENT OF OPERATIONS

The excess of revenues over expenses for fiscal year 2000 was $96.5 million, a significant improvement in comparison to the prior-year net loss of $53.8 million. This was a positive financial turn of more than $150 million between fiscal years. A large number of unusual transactions occurred during fiscal year 2000, causing reclassifications of certain items in the 1999 statement of operations. Excluding investment income and charges for restructuring, the excess was $10.4 million in fiscal year 2000, an improvement of $97.3 million from the prior year. This amount included the gain on sale of $22 million at Lancaster.

Total net patient services revenues surpassed $5 billion. Acute inpatient revenues increased 1.6 percent and outpatient revenues increased 15.6 percent. Combined net acute inpatient and outpatient revenues were 87 percent of total net patient revenues, an increase from 86 percent in the prior year. Physician revenues decreased 2.5 percent as market-based organizations restructured practices to improve economic outcomes while remaining mindful of community needs for services. Other increases occurred in long-term care revenues, 2.4 percent; home-based revenues, 11.8 percent; and
residential revenues, 29.4 percent. Premium revenues decreased to $106 million, a significant drop from $145 million in the prior year, due to termination of unfavorable capitation contracts. Realized investment income of $179 million was 30.3 percent above the prior year. Revenues from non-patient services increased by 30.8 percent, primarily due to improved performance of market-based organizations’ investments in unconsolidated organizations.

Total operating expenses before restructuring charges were $5.4 billion, an increase of 4.8 percent. Notably, this increase was smaller than both the 5.5 percent increase in total net patient services revenues and the 7.5 percent increase in total revenues. Most categories of expenses increased. Compensation and benefits increased 3.7 percent above the prior year. Expressed as a percentage of net patient services revenues, compensation and benefits decreased, however, to 53.6 percent from 54.5 percent in the prior year.

Bad debts experienced the greatest increase among expense categories, reaching $295 million, a 41 percent increase compared to $209 million in the prior year. Of the increase, $38 million related to one-time adjustments by market-based organizations in response to the modification of the Catholic Health Initiatives policy for recording of bad debts and contractual allowances. The remainder of the year-to-year increase was primarily related to continuing deterioration in credit-worthiness of self-pay patients, an industry trend.

Expenses for supplies increased 4.2 percent, reaching $925 million. Expressed as a percentage, supplies expenses were 17.4 percent of total patient services revenues and other revenues, lower than the 17.7 percent of the prior year.

Operating expenses related to restructuring charges were $93 million in fiscal year 2000. This compared favorably to the $105 million experienced in the prior year. These included severance costs of $12 million for service realignments caused by changing delivery needs and depressed operating performance, impired assets of $63 million from closures and other changes, especially in an Albuquerque, N.M., market-based organization, and discontinued operations of $18 million.

**Conclusion**

The excess of revenues over expenses for fiscal year 2000 was 1.7 percent of total net revenues. After disappointing financial performance in fiscal year 1999, the turnaround experienced in fiscal year 2000 bodes well for Catholic Health Initiatives. While additional improvement remains to be achieved, the gathering of resources dedicated to performance improvement direction and support should enable additional recovery in fiscal year 2001. The Catholic Health Initiatives balance sheet was well positioned, with increased cash and moderate leverage positions. Because capital spending was constrained, there will be a future need to invest in capital assets to serve community needs and provide desired financial returns.

Fiscal year 2001 will hold many challenges, including implementation of a number of Medicare prospective payment methodologies for outpatient, home health and long-term care services. It is anticipated that Medicare will have difficulties implementing these changes.

The locations in which Catholic Health Initiatives offers services and the nature of those services continue to undergo review to assure the balance needed between community service and financial viability. The past two years have been difficult, as both the delivery and financing of medical services have changed significantly throughout the country. It is clear that change will continue but, as Catholic Health Initiatives enters its fifth year, systems and processes will be more fully implemented to assure the success of the organization.
### Balance Sheet
(dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, patient accounts receivable and other current assets</td>
<td>$1,410,039</td>
<td>$1,325,727</td>
</tr>
<tr>
<td>Investments limited as to use</td>
<td>2,140,540</td>
<td>1,795,547</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>2,529,426</td>
<td>2,590,717</td>
</tr>
<tr>
<td>Other</td>
<td>326,998</td>
<td>375,172</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$6,407,003</strong></td>
<td><strong>$6,017,163</strong></td>
</tr>
<tr>
<td>Accounts payable and other current liabilities</td>
<td>$865,565</td>
<td>$860,422</td>
</tr>
<tr>
<td>Self-insured reserves and other liabilities</td>
<td>308,053</td>
<td>308,391</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>1,921,694</td>
<td>1,623,010</td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>3,205,506</td>
<td>3,107,003</td>
</tr>
<tr>
<td>Restricted</td>
<td>106,185</td>
<td>118,337</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$6,407,003</strong></td>
<td><strong>$6,017,163</strong></td>
</tr>
</tbody>
</table>

### Statement of Operations
(dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from patient services</td>
<td>$5,016,215</td>
<td>$4,756,089</td>
</tr>
<tr>
<td>Investment income</td>
<td>179,423</td>
<td>137,675</td>
</tr>
<tr>
<td>Revenues from non-patient sources</td>
<td>335,799</td>
<td>272,000</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$5,551,437</strong></td>
<td><strong>$5,165,764</strong></td>
</tr>
<tr>
<td>Employee compensation and benefits</td>
<td>$2,688,111</td>
<td>$2,592,874</td>
</tr>
<tr>
<td>Supplies and other</td>
<td>1,936,957</td>
<td>1,911,154</td>
</tr>
<tr>
<td>Building and equipment depreciation</td>
<td>326,517</td>
<td>318,363</td>
</tr>
<tr>
<td>Patient bad debts</td>
<td>295,884</td>
<td>209,149</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>94,122</td>
<td>83,432</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$5,361,591</strong></td>
<td><strong>$5,114,972</strong></td>
</tr>
<tr>
<td>Income Before Restructuring and Impairment Charges</td>
<td>$189,846</td>
<td>$50,792</td>
</tr>
<tr>
<td>Restructuring and impairment charges</td>
<td>93,327</td>
<td>104,562</td>
</tr>
<tr>
<td><strong>Excess (Deficit) of Revenues Over Expenses</strong></td>
<td><strong>$96,519</strong></td>
<td><strong>($53,770)</strong></td>
</tr>
</tbody>
</table>
Benefits for the Poor
and the Broader Community
(dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional charity care costs</td>
<td>$81,921</td>
<td>$74,483</td>
</tr>
<tr>
<td>Unpaid costs of Medicaid and other indigent care programs</td>
<td>$86,485</td>
<td>$77,124</td>
</tr>
<tr>
<td>Non-billed services for the poor</td>
<td>$6,115</td>
<td>$3,474</td>
</tr>
<tr>
<td>Cash and in-kind donations</td>
<td>$3,387</td>
<td>$4,483</td>
</tr>
<tr>
<td>Other benefits to the poor</td>
<td>$8,278</td>
<td>$9,572</td>
</tr>
<tr>
<td><strong>Measureable Benefits for the Poor</strong></td>
<td>$186,186</td>
<td>$169,136</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpaid costs of Medicare and other senior programs</td>
<td>$301,623</td>
<td>$243,588</td>
</tr>
<tr>
<td>Non-billed services for the community</td>
<td>$21,716</td>
<td>$19,974</td>
</tr>
<tr>
<td>Education and research</td>
<td>$21,501</td>
<td>$18,070</td>
</tr>
<tr>
<td>Other community benefits</td>
<td>$17,898</td>
<td>$19,253</td>
</tr>
<tr>
<td><strong>Measureable Benefits for the Broader Community</strong></td>
<td>$362,738</td>
<td>$300,885</td>
</tr>
<tr>
<td>Total Measurable Benefits for the Poor and the Broader Community</td>
<td>$548,924</td>
<td>$470,021</td>
</tr>
</tbody>
</table>

(Total measurable benefits for the poor and the broader community were 9.9 percent and 9.1 percent of total revenues for the fiscal years ended June 30, 2000 and 1999 respectively.)

Statistical Highlights
(dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acute inpatient days</td>
<td>2,120,415</td>
<td>2,141,264</td>
</tr>
<tr>
<td>Acute care admissions</td>
<td>449,863</td>
<td>443,576</td>
</tr>
<tr>
<td>Average acute care length of stay in days</td>
<td>4.7</td>
<td>4.8</td>
</tr>
<tr>
<td>Residential and assisted care days*</td>
<td>700,211</td>
<td>648,639</td>
</tr>
<tr>
<td>Long-term care days</td>
<td>1,288,114</td>
<td>1,259,543</td>
</tr>
<tr>
<td>Acute inpatient revenues as a percentage of total patient revenues</td>
<td>51.9</td>
<td>53.9</td>
</tr>
<tr>
<td>Number of full-time employee equivalents</td>
<td>56,145</td>
<td>58,327</td>
</tr>
</tbody>
</table>

*Statistics for 1999 have been restated to conform with the information reported for 2000.