Catholic Health Initiatives

Community Benefit

2008 Annual Report
Catholic Health Initiatives is more than a provider of health care. Catholic Health Initiatives is an active partner in the well-being of the communities we serve, collaborating and advocating for improved health for all. In isolated rural communities, small cities, sprawling suburbs and urban centers, Catholic Health Initiatives is also a provider of community benefit.

This annual report examines community benefit and what it means to Catholic Health Initiatives and the communities we serve. Community benefit is defined as programs and services that improve health in communities and increase access to health care. As a nonprofit, faith-based health system, Catholic Health Initiatives is committed to community benefit as an integral part of our mission. Catholic Health Initiatives also takes community benefit a step beyond the definition by serving as a strong voice for everyone’s right to safe, high-quality health care.

Everything indeed is for you, so that the grace bestowed in abundance on more and more people may cause thanksgiving to overflow for the glory of God.

New American Bible, 2 Corinthians 5:15
Dear Catholic Health Initiatives Family and Friends,

Community benefit is integral to Catholic Health Initiatives. In accordance with our mission and philosophy, Catholic Health Initiatives commits substantial resources to the sponsorship and delivery of a broad range of medical and other health-related services to the poor and the broader community.

Community benefit takes many forms. It takes place inside our facilities, where we provide care to people who cannot afford to pay or whose insurance does not cover the full cost of care. It takes place outside our facilities, where we provide health services to people who are poor, to populations with special needs and to the entire community. It takes place in developing nations through our global health ministries. Directly and indirectly, Catholic Health Initiatives’ community benefit activities raise the quality of life for individuals, neighborhoods and entire communities, at home and around the world.

Many wonderful programs that improve the health of communities are underway within Catholic Health Initiatives. Selecting a few programs to feature in this report was not easy. The compelling stories on the following pages are brief “snapshots” of programs and initiatives that are part of a much larger collage. We are pleased to provide you with this look into our community benefit activities, as well as our continuing commitment to quality within the Catholic health ministry.

Phyllis Hughes, RSM
Chair, Board of Stewardship Trustees
Catholic Health Initiatives

Kevin E. Lofton, FACHE
President and Chief Executive Officer
Catholic Health Initiatives
Quality across the Ministry

Catholic Health Initiatives is committed to continually improving patient safety and clinical outcomes by providing each patient with the right care, of the highest quality, at the right time. Catholic Health Initiatives achieves continual improvement through care that is evidence-based and STEEEP (Safe, Timely, Effective, Efficient, Equitable and Person-Centered). During fiscal year 2008, Catholic Health Initiatives achieved statistically significant improvement in several quality measures, representing lasting improvement in care processes.

Advancement Toward “Perfect Care”

In fiscal year 2006, Catholic Health Initiatives began an initiative to achieve “perfect care” in the treatment of patients diagnosed with acute myocardial infarction, heart failure or pneumonia. These are diagnoses in which the delivery of evidence-based care has been shown to improve clinical outcomes. Perfect care means every patient receives every appropriate test and treatment for their diagnosis, efficiently and at the right time. During fiscal year 2008, Catholic Health Initiatives continued to make significant progress toward the achievement of perfect care. Catholic Health Initiatives’ rate of perfect care compares favorably to the aggregate rate of the more than 500 hospitals in the Thomson Reuters* database of hospitals.

![Core Measure Perfect Care Scores](image)

*Thomson Reuters is a provider of decision support systems for health care organizations.
High Ratings from Patients

The Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey from the Centers for Medicare and Medicaid Services asks patients to rate their hospital experiences in a variety of dimensions of care found to be important to patients and their families. While Catholic Health Initiatives has always measured patient satisfaction, fiscal year 2008 was the first full year in which Catholic Health Initiatives hospitals participated in the new HCAHPS process. The collection of feedback from patients, as well as the public reporting of this data, is consistent with Catholic Health Initiatives’ commitment to accountability, transparency and fulfillment of the public’s trust. Catholic Health Initiatives’ HCAHPS performance for fiscal year 2008 shows that patients rate each dimension of care at a level above that of HealthStream’s* national database, which aggregates data from 1,400 hospitals.

CHI hospital patients surveyed answered “Always” 83 percent of the time for Physician Communication and 79 percent of the time for Nurse Communication on the HCAHPS survey. Questions included in the survey are:

- During this hospital stay, how often did doctors/nurses treat you with courtesy and respect?
- During this hospital stay, how often did doctors/nurses listen carefully to you?
- During this hospital stay, how often did doctors/nurses explain things in a way you could understand?

### HCAHPS Dimensions of Care
FY08 (July 2007 – June 2008)

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<thead>
<tr>
<th>Dimension</th>
<th>HSTM Database</th>
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<tr>
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<td>Doctor Communication</td>
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<td>Quietness of Hospital Environment</td>
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<td>67%</td>
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<td>Responsiveness Hospital Staff</td>
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<td>65%</td>
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<tr>
<td>Medications Communication</td>
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<td>65%</td>
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</tr>
<tr>
<td>Overall Rating</td>
<td>63%</td>
<td>69%</td>
</tr>
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</table>

*HealthStream Research (HSTM) is a provider of patient, physician, employee and community research.
St. Catherine Hospital, Garden City, Kansas, is one of many Catholic Health Initiatives hospitals involved in a Perinatal Care Collaborative. These hospitals are implementing the Institute for Healthcare Improvement’s “bundle” of care processes for the elimination of preventable birth injuries. Since the bundle was fully implemented at St. Catherine in February 2008, admissions to the hospital’s neonatal intensive care unit decreased by 25 percent. In addition, there have been no unavoidable birth injuries at the hospital for more than a year. St. Catherine, like other hospitals in the collaborative, found that a multidisciplinary, integrated approach to implementing a new standard for perinatal care is essential to a successful outcome.

Improving Perinatal Care

Nicki Hopkin, RN, (right) helps Dora Mendoza care for her healthy newborn in the Maternal Child Unit at St. Catherine Hospital.
STATE-OF-THE-ART CANCER CARE

The Catholic Health Oncology Network (CHON), Catholic Health Initiatives’ clinical research initiative, is making clinical trials of new cancer treatments available to patients in several communities. CHON focuses on seeking out clinical trial opportunities that match the cancer care needs of the communities served. During fiscal year 2008, CHON coordinated the launch of three research studies within its network of 13 community hospitals and their cancer centers.

The studies include:

**ELI LILLY OBSERVATIONAL STUDY for Lung Cancer**
This study will provide data about the impact of race and ethnic origin on outcomes and resource utilization during the second-line chemotherapy treatment of non-small cell lung cancer in a routine medical care setting.

**GTX CACHEXIA TRIAL for Cancer Therapy Side Effects**
This phase IIb clinical study will evaluate a therapeutic agent with the ability to increase lean body mass and improve functional performance as a treatment for cancer cachexia, or muscle wasting.

**OSI RADIANT TRIAL for Lung Cancer**
This study will assess the benefits of using Tarceva® as an adjuvant therapy in patients who have undergone surgery for non-small cell lung cancer with EGFR-positive tumors.

Five hospitals in the CHON network are also participating in the National Cancer Institute’s National Community Cancer Centers Program (NCCCP). This pilot program is testing the concept of using a national network of community cancer centers to expand research and deliver the latest care to people in the communities where they live. Participation in NCCCP has helped CHON cancer centers in Towson, Maryland; Colorado Springs, Colorado; and in the Nebraska communities of Lincoln, Kearney and Grand Island to increase the number of patients involved in cancer studies from 162 in 2005 to 293 as of the end of fiscal year 2008.

ROBOTS Improve Rural Care Delivery

After extensive evaluation, Saint Joseph Health System of Kentucky installed robots in all of its seven hospitals during fiscal year 2008. The robots make it possible to provide remote consultation in real time, connecting a patient in an isolated, rural area with a physician or specialist who is miles away. The physician controls the robot, moving it around the patient’s bed, tilting and pivoting the video-screen head, viewing vital signs on monitors and listening to heart and lung sounds. The robots provide improvement in rural health care delivery, combined with the compassion and human touch provided by Saint Joseph’s on-site caregivers.
Community Benefit across the Ministry

Charity care is an important part of Catholic Health Initiatives’ community benefit program. Every day, people who need care, but have no health insurance and limited or no ability to pay, turn to us and our community partners in care. They are not turned away.

In addition to providing care to individuals regardless of ability to pay, community benefit at Catholic Health Initiatives addresses the health needs of disadvantaged populations and entire communities. These activities help us deliver improved quality of life for everyone who lives in the communities we serve.

Charity Care $188 Million

Catholic Health Initiatives provided $188,428,000 in charity care during fiscal year 2008, an increase of nearly $35 million over 2007. Charity care, which is one element of Catholic Health Initiatives’ comprehensive community benefit effort, is defined as free or reduced-cost health services for people who cannot afford to pay.
Expanding Access to Mammography Services

Together, St. Elizabeth Health Services, Baker City, Oregon, and the Billie Ruth Bootsma Fund provide access to mammography services for low-income, uninsured and underinsured women of all ages. The Bootsma Fund, established by the family of a young woman who died of bone cancer, is a charitable endowment dedicated to cancer screening. Though the fund is 20 years old, it was underutilized, with just one or two women qualifying for assistance each year. Recently, St. Elizabeth broadened the income criteria for assistance from the fund and increased awareness by inviting local women to an educational session about breast health. As a result, seven women benefitted from the Bootsma Fund during fiscal year 2008. Women who do not meet income guidelines for the Bootsma Fund’s sliding scale of financial assistance can also receive services through St. Elizabeth’s charity care program.

Margaret Bootsma honors the memory of her daughter, Billie Ruth, by making it possible for more women to access mammography services at St. Elizabeth Health Services.
A New Hip or Knee, for Free

D. Gordon Newbern, MD, replaces hips and knees for patients of St. Vincent Health System, Little Rock, Arkansas. Every month or two, he performs such an operation at no charge. He works with St. Vincent’s outreach programs to select patients who are suffering and who don’t have insurance coverage or the means to pay. “It seems right to give something back to the community in this way,” said Newbern. “I’m fortunate to work in an area that can bring about dramatic improvement in patients’ mobility and well-being. They are appreciative.”

Care for the Whole Person

Every day, employees throughout Catholic Health Initiatives practice person-centered care — care that considers the needs, values and preferences of each individual patient — whether or not the patient can afford to pay. Here is one example:

Nurses tending to a heart surgery patient at Alegent Health, Omaha, Nebraska, learned that the patient had no insurance, a broken car and a house without heat. While helping the patient to recover physically, spiritually and emotionally, the nurses also entered him in a drawing for a new car. Not only did the patient win the car, but through that experience found someone to fix the heat in his house. Alegent Health paid his medical bill. Today, the patient is working, doing well and grateful for the compassionate care of Alegent Health.

Top to Bottom:
At the Nelson County Community Clinic, Steve Auslander, DDS, dental director, checks a patient’s teeth; volunteer Candice Downs works side-by-side with Jonas Hurley, DO; Julie Potts (right), pharmacy coordinator for the clinic, and volunteer Traci Worthington help patients who need medications.
Bobbi Harned, RN (left), is director of the Nelson County Community Clinic, which serves people who have jobs but no insurance. She keeps the clinic running smoothly with the help of volunteers like Rochelle Mason.

Free Care for Working People with No Insurance

Nelson County has one of the highest mortality rates in Kentucky, and nearly 5,000 residents have no health insurance. To help meet their needs, Flaget Memorial Hospital, Bardstown, helped establish the Nelson County Community Clinic. The clinic is open two evenings a week to provide free basic medical and laboratory services to county residents who are employed, but have no insurance. The clinic is staffed by medical volunteers, including Flaget Memorial employees. They handled 716 patient visits last year, a number that grows annually. The clinic is also the site of Flaget Memorial Hospital’s pharmaceutical assistance program and a weekly dental clinic. The clinic is an outgrowth of the Nelson County Healthy Community Initiative, which began in 2003 with a planning grant from Catholic Health Initiatives’ Mission and Ministry Fund. The clinic itself received a Mission and Ministry Fund grant in 2006.
A Medical Home for a Growing Community

Jose V.G. Angel, MD, believes in delivering health care with dignity to all who come to his Clinica Medica Latina in Des Moines, Iowa. Angel is an internist and immediate past chair of the medical staff at Mercy Medical Center of Des Moines, which provides space for Clinica Medica Latina. The clinic provides free care to those who can’t afford to pay, but also treats patients who have insurance or other means of payment. Certain services, including prenatal care and childhood vaccinations, are always free of charge. “This clinic belongs to the Latino community of Des Moines,” said Angel. “It is their medical home.”

Drive Through Shots for the Flu

On October 30, 2007, more than 900 people in Joplin, Missouri, rolled down their car windows, rolled up their sleeves and received “drive through” flu shots at St. John’s Regional Medical Center. Local police officers kept traffic behind the hospital, to stay in their vehicles charged less than the people to get flu shots. shots were delivered

Community Benefit for the Poor and Indigent involves more than charity care. It also includes:

- **Unpaid cost of public programs, Medicaid and other indigent care programs, $219,783,000**
  (Cost of services in excess of government reimbursement)

- **Non-billed services for the poor, $9,416,000**
  (Clinics, meal programs, etc., provided free or at a low cost)

- **Cash and in-kind donations for the poor, $3,041,000**
  (Donations of food, equipment, supplies, etc., to address the needs of people who are poor or underserved)

- **Other benefit provided to the poor, $23,475,000**
Care Regardless of Ability to Pay

St. Joseph Medical Center, Towson, Maryland, helps meet the health needs of thousands of immigrants, most of whom are ineligible for public health insurance during their first five years in the U.S. Two days a week, St. Joseph’s outreach program, St. Clare Medical Outreach, operates a primary adult health care clinic in the Esperanza Center, Catholic Charities’ Hispanic Apostolate in Baltimore. The clinic expands the care that has historically been provided to disadvantaged populations by the St. Clare Medical Outreach coach, a mobile health clinic. Patients are asked to make a $10 donation if they can; if not, their care is free. The clinic, staffed by eight medical professionals, sees an average of 130 patients a month. The staff also travels on the St. Clare coach one day a week to take compassionate care to other Baltimore neighborhoods in need.

Mary Jo Huber, RN, nurse manager for St. Clare Medical Outreach at St. Joseph Medical Center, helps provide care to Baltimore’s immigrant population at the adult primary care clinic operated by St. Clare Medical Outreach at the Esperanza Center.
Beyond the Broader Community

$92 Million

In addition to charity and indigent care, community benefit encompasses health programs and services intended to improve health status in the broader community. Catholic Health Initiatives’ cost of community benefit to the broader community, excluding charity care, during fiscal year 2008 was $91,983,000. This includes:

- Non-billed services for the community, $20,317,000 (Health screenings, tests, etc., provided free or at a low cost)
- Education and research provided for the community, $21,817,000 (Cancer prevention workshops, stop-smoking programs, heart disease programs, etc.)
- Other benefit provided to the community, $49,849,000

Good Samaritan in Kearney Sponsors Community Olympics

For the past 13 years, Good Samaritan Health Systems, Kearney, Nebraska, has collaborated with the local Park and Recreation Department to present a Community Olympics. The event draws more than 700 local residents for friendly competition in dozens of events such as volleyball, badminton, tug-of-war and dodge ball. The event also shows that Good Samaritan employees pursue healthy lifestyles. In June 2008, the Good Samaritan team, the Slammin’ Sammies, took second place in the Community Olympics’ Well Workplace division and placed fifth in the overall team rankings.

Building a Healthy Work Community

Catholic Health Initiatives is laying plans to build a culture of health — physical, financial, emotional and spiritual — by partnering with employees to improve their health and financial well-being, now and in retirement. About 50 employees from Catholic Health Initiatives’ facilities and national offices are working in small teams to research and develop a Healthy Work Community initiative. They are developing recommendations for program and policy changes in areas such as affordable health care coverage, living a healthy lifestyle and saving adequately for retirement. This planning work will continue during fiscal year 2009.

Catholic Health Initiatives established a Healthy Work Community Steering Committee during fiscal year 2008. Robyn Wilkinson, senior vice president of human resources and education services for Mercy Medical Center, Des Moines, Iowa, is the chair. “A healthy work environment is an expression of our core values and helps us live out Catholic Health Initiatives’ Employee Covenant,” she said. “When we balance health in the workplace with market demands, we’ll keep our ministry strong.”

A healthy work environment is an expression of our core values and helps us live out Catholic Health Initiatives’ Employee Covenant.

Robyn Wilkinson, senior vice president of human resources and education services for Mercy Medical Center, Des Moines, Iowa
Nutritious Lunches, All Summer Long

When school is out for the summer in London, Kentucky, low-income families can’t rely on school lunches for the nutrition their children need. To help fill the gap, employees at Saint Joseph London volunteer for the local YMCA’s Summer Feeding Program. Every weekday during the summer, two Saint Joseph’s employees drive the hospital’s van to a local school. There, they pick up 30 bag lunches paid for by a grant secured by the YMCA and prepared by school lunch room staff. The lunches emphasize healthy eating with nutritious food such as turkey wraps, baked potato chips and fresh fruit. The Saint Joseph employees deliver the lunches to a public housing project. When they see the van coming, the children come running to greet the volunteers and receive what may be their only balanced meal of the day.

Jasmine Forbes can’t wait to see what’s in the lunch bag delivered to her by employees from Saint Joseph London.
Nonviolence has always been one of the highest priorities on Catholic Health Initiatives’ advocacy agenda, a legacy from its founding congregations. To advance this commitment, Catholic Health Initiatives launched a comprehensive national violence-prevention campaign that includes three key components: public policy advocacy for legislation and regulations that address violence prevention at the local, state and national level; socially responsible investing, which can influence corporations to promote nonviolence; and millions of dollars in grants available through the Catholic Health Initiatives Mission and Ministry Fund, which will support local violence prevention projects in communities served by Catholic Health Initiatives.

New Grants for Violence Prevention

Catholic Health Initiatives’ Mission and Ministry Fund introduced a new type of grant specifically designed to promote nonviolence. Violence Prevention Planning Grants are now available to Catholic Health Initiatives’ facilities, participating congregations and community partners. A six-month application process will include a symposium on effective violence prevention and other assistance provided by Catholic Health Initiatives. The first Violence Prevention Planning Grants will be awarded July 1, 2009.

The Cops & Docs program, created by Washington Physicians for Social Responsibility and the police department in Bellevue, Washington, was brought to Federal Way’s middle schools by St. Francis Hospital. School administrators, faculty and parents support the program, which opens students’ eyes to the legal and medical consequences of violence.
Students Learn How Handcuffs Feel

Since 2001, the Cops & Docs program of St. Francis Hospital, Federal Way, Washington, has sent police officers, physicians and nurse educators on annual visits to seven middle schools. The police and medical professionals meet with eighth grade students and explain, with the assistance of real-life examples and graphic photos, the effects of gun violence on human life. The students learn the legal and medical implications, including how catheters, colostomy bags and other equipment can become part of daily life for survivors. More than 14,000 students have received the message of Cops & Docs: “Save a Life, Save a Friend, Tell Someone.” On three separate occasions students reported the presence of guns or knives in their schools soon after attending Cops & Docs.

Student Joshua Larson finds out how it feels to wear handcuffs at a Cops & Docs presentation led by Fredric Lo, MD, of the Emergency Department at St. Francis Hospital, and Detective William Skinner of the Federal Way Police Department.
Grants for Building Healthy Communities

Catholic Health Initiatives’ Mission and Ministry Fund awards grants that support efforts to build healthy communities. Since 1996, the Fund has awarded 207 grants, totaling more than $26 million. “Over time, we have seen these grants help bring about significant improvements in the health of communities, both in the U.S. and abroad,” said Kevin Lofton, president and chief executive officer of Catholic Health Initiatives. To help make grant-funded initiatives even more effective, the Mission and Ministry Fund offered a new type of grant during the 2008 fiscal year: one-year Project Planning Grants designed to help a project through the planning stages and enhance its ultimate success, collaboration and sustainability.

Over time, we have seen these grants help bring about significant improvements in the health of communities.

Kevin Lofton, president and chief executive officer of Catholic Health Initiatives

Walking with the Homeless

The Faithful Fools, associated with the Franciscan Sisters of Little Falls, Minnesota, live and minister in the Tenderloin District of San Francisco, California. Each day, they walk the streets with poor and homeless individuals, providing counseling, emergency supplies and help in navigating the bureaucracy of social services. Catholic Health Initiatives’ Mission and Ministry Fund grants awarded in 2001, 2005 and 2008 support the work of the Faithful Fools, who will soon offer two new therapies: somatic experiencing, which can relieve post-traumatic stress disorder; and harm reduction mediation, which can mitigate the health problems associated with risky behaviors, to individuals whose underlying traumas drive their addictions, illnesses and isolation.
Mary Jean Lamb (left), who lives at Riverview Place, helped Fatma Mohamed obtain her U.S. citizenship after she emigrated from Somalia. Fatma recently passed the North Dakota driver’s permit test with the help of another Giving + Learning mentor, Carol Hutchinson.

Giving + Learning for Seniors and New Americans

Two of the 207 grants awarded by the Catholic Health Initiatives Mission and Ministry Fund have supported the Giving + Learning program of Fargo, North Dakota. This program, based at the Riverview Place senior living community, strengthens relationships between long-time residents and newly arrived immigrants in the Fargo area. Currently, 10 senior volunteers serve as mentors to New Americans, helping them learn English language skills and how to navigate the workplace and social customs of America. This one-on-one, customized assistance helps New Americans qualify for jobs, earn citizenship status and obtain driver’s licenses. The lessons and encouragement provided by the senior mentors is returned to them in the form of self esteem and a renewed sense of purpose in their retirement years. In 2005, Giving + Learning was featured in the documentary “The Open Road: America Looks at Aging” as an example of how retired seniors can remain a vital, connected part of society. The documentary was shown on public television and at the 2005 White House Conference on Aging.

Mary Jean Lamb (left), who lives at Riverview Place, helped Fatma Mohamed obtain her U.S. citizenship after she emigrated from Somalia. Fatma recently passed the North Dakota driver’s permit test with the help of another Giving + Learning mentor, Carol Hutchinson.
Investments in Human Dignity, Social Justice, Healthy Communities

Catholic Health Initiatives’ Direct Community Investment program has issued $42 million since 1999 in low- or no-interest loans to organizations that promote access to jobs, housing, education or health care for disadvantaged communities in the U.S. and abroad. As part of its Social Responsibility Investment Program, Catholic Health Initiatives makes up to two percent of the assets of its Operating Investment Program available for direct community investments.

New Investment for Community Development

During the 2008 fiscal year, the Direct Community Investment Program made its largest investment to date: a $10 million investment in The Calvert Foundation, Bethesda, Maryland. The foundation provides Calvert Community Investment Notes to individuals and institutions that provide resources to community development financial organizations. The size of Catholic Health Initiatives’ investment will allow it to be an active participant in the Calvert Foundation’s distribution of the loan funds.

Photos, above:
Carly Boynton (in blue shirt), a construction trainer for Portland YouthBuilders, is on site to provide guidance and encouragement.

Photo, right:
With the help of a low-interest loan from the Direct Community Investment Program, Portland YouthBuilders is able to teach construction skills to Eduardo Saines, Molly Yong, Shawn William, Tierra Frison, and many others.
Building New Lives for Youth

A $50,000 low-interest loan provided by the Direct Community Investment Program is helping Portland YouthBuilders provide construction skills training to young people who are working to improve their lives. Each year, about 200 high school dropouts enroll with Portland YouthBuilders, which is part of a national network of YouthBuild programs. The organization helps its participants earn high school diplomas and train for careers in construction or computer technology. The program has a high success rate: approximately 75 percent of Portland YouthBuilders’ participants earn diplomas, complete job training and take jobs that align with their personal goals. The YouthBuilders help the community, too: for example, the work done by construction skills students increases the stock of affordable housing in Portland.
Environmental Healing for Healthy Communities

Catholic Health Initiatives began a partnership with Practice Greenhealth, the successor organization to Hospitals for a Healthy Environment, to identify, implement, track and recognize improved environmental performance within its facilities. Environmental improvement initiatives — including mercury elimination, recycling and reduction of regulated medical waste — are underway throughout Catholic Health Initiatives.

The Leading Edge of Environmental Initiatives

In fall 2007, the group purchasing organization Consorta* presented Catholic Health Initiatives with its Environmental Edge Award. The award recognizes Catholic Health Initiatives for taking responsibility for the safety of its patients and communities through environmental protection initiatives.

*Consorta is now part of HealthTrust Purchasing Group.
Freedom from Mercury Creates a Safer Environment

In 2006, St. Joseph Regional Health Network, Reading, Pennsylvania, began a long and detailed process of removing toxic mercury from its hospital, St. Joseph Medical Center. Mercury has long been used in a wide array of hospital equipment, from thermometers to light bulbs. Removing mercury from St. Joseph Medical Center involved performing an extensive inventory, identifying replacement products, educating suppliers and employees about the changes and adjusting purchasing practices for the long term. As a result of this intensive effort to create a safer environment, St. Joseph was recognized with a 2008 Making Medicine Mercury Free Award from Practice Greenhealth. St. Joseph is further improving its environmental impact by expanding recycling programs and reducing pharmaceutical waste.
Community Benefit around the World

The countries of the world have vast disparities not only in health status, but in access to the basic building blocks of good health. Believing that many can accomplish what one cannot, Catholic Health Initiatives created Global Health Initiatives to help extend its mission beyond the borders of the U.S. With a collaborative approach to international mission work, Global Health Initiatives works with the Catholic Consortium for International Health Care and others to collect medical supplies and equipment for areas in need, provide leadership immersion experiences and foster sister-to-sister relationships between Catholic Health Initiatives’ hospitals and hospitals in developing nations.

Mutual Learning in Vietnam

In the spring of 2008, a symposium at Bach Mai Hospital, Hanoi, Vietnam, taught more than 600 physicians how to improve the quality of critical care in Southeast Asia. The symposium was one outcome of a sister-to-sister relationship between Bach Mai and St. Anthony Hospitals of Denver, Colorado. Global Health Initiatives supports the relationship, which has also received a grant from Catholic Health Initiatives’ Mission and Ministry Fund. The symposium faculty included physicians from St. Anthony Hospitals, the University of Colorado School of Medicine and Mayo Clinic. The Vietnamese physicians, many of whom traveled long distances to be there, were eager to learn. “But, there was mutuality to the education during our time in Vietnam,” said Diane Jones, executive director of Global Health Initiatives and vice president, healthy communities for Catholic Health Initiatives. “We can learn a great deal from Vietnamese doctors, who are skilled at working with severely limited resources. They are also very knowledgeable about toxicology and infectious disease because they see so many cases.”

From left to right: A group that traveled from the U.S. for the Critical Care Medicine Symposium at Bach Mai Hospital in Vietnam brought along donated medical equipment; Carl Bartecci, MD, champion of St. Anthony Hospitals’ sister-to-sister relationship with Bach Mai Hospital, accepted an award from Vietnam’s Vice Minister of Health; the symposium team.
Global Health Initiatives, along with Catholic Health Initiatives’ hospitals, collaborates on international mission projects on three continents.
Lofton Serves as AHA Chair

Kevin E. Lofton, FACHE, president and chief executive officer of Catholic Health Initiatives, concluded his term as chair of the American Hospital Association on January 1, 2008. Lofton was named to Modern Healthcare magazine’s list of “The 100 Most Powerful People in Healthcare” for the fifth time.

Sanford Named to AHA Board

Kathleen D. Sanford, RN, DBA, FACHE, senior vice president and chief nursing officer for Catholic Health Initiatives, was elected to the American Hospital Association’s Board of Trustees. She will assume her three-year term on January 1, 2009. Sanford served as president of the American Organization of Nurse Executives in 2006.

Scanlon Elected CHA Chair

M. Colleen Scanlon, RN, JD, senior vice president of advocacy for Catholic Health Initiatives, was chosen vice chair and chair-elect of the Catholic Health Association. Scanlon will serve as vice chair during the 2008–2009 fiscal year and will lead the board as chair during fiscal year 2009–2010. She has served on the Catholic Health Association Board of Trustees since 2005.

IHI Fall Harvest Visits

The Institute for Healthcare Improvement visited three Catholic Health Initiatives hospitals during the 5 Million Lives Campaign’s Fall Harvest. Leaders at the three hospitals presented their most notable improvements in patient care and safety. Mercy Medical Center, Nampa, Idaho, achieved the delivery of perfect care to patients with congestive heart failure; Mercy Medical Center, Des Moines, Iowa, went more than two years without a case of ventilator-associated pneumonia; and St. Mary's Healthcare Center, Pierre, South Dakota, reduced the incidence of code blues, which is when a patient requires immediate resuscitation, by 50 percent through the implementation of a rapid response team.

Research and Development

Catholic Health Initiatives embarked on a coordinated research and development effort to identify and evaluate new initiatives to drive innovation and advance health care delivery throughout the healing ministry. Initiatives include the formation of the Catholic Health Oncology Network, a nationally coordinated clinical research initiative; partnership in CHV II, a venture capital fund focused on making investments in the health care industry; and a pilot project that evaluated the use of robotics for remote consultation in areas of high patient acuity.
National Honors

The following Catholic Health Initiatives facilities achieved national recognition for quality during the 2008 fiscal year.

American Hospital Association: Foster G. McGaw Prize Finalist
Saint Joseph HealthCare, Lexington, Kentucky

American Society of Healthcare Engineers: E2C Award
Mercy Hospital, Valley City, North Dakota

U.S. News & World Report: 2008 Best Hospitals
Penrose-St. Francis Health Services, Colorado Springs, Colorado
Saint Elizabeth Regional Medical Center, Lincoln, Nebraska

Home Care: Elite Top 100
Petit Jean Home Health, St. Anthony’s Medical Center, Morrilton, Arkansas

Institute for Healthcare: Improvement Innovation Challenge for Reducing Methicillin-Resistant Staphylococcus Aureus Infection
Saint Clare’s Health System, Denville, New Jersey

Joint Commission: Ernest Amory Codman Award
Saint Joseph HealthCare, Lexington, Kentucky

National Research Corporation: Consumer Choice Award
Memorial Hospital, Chattanooga, Tennessee
Mercy Medical Center, Des Moines, Iowa
Penrose-St. Francis Health Services, Colorado Springs, Colorado
St. Joseph Medical Center, Tacoma, Washington

Thomson Healthcare: 100 Top Hospitals: Performance Improvement Leaders
Mercy Medical Center, Nampa, Idaho
Saint Joseph East, Lexington, Kentucky
Saint Joseph Hospital, Lexington, Kentucky
St. John’s Regional Medical Center, Joplin, Missouri

Hospitals & Health Networks: Most Wired Hospitals
Enumclaw Regional Hospital, Enumclaw, Washington

Verispan: Integrated Health Network 100
Alegent Health, Omaha, Nebraska
Franciscan Health System, Tacoma, Washington
TriHealth, Cincinnati, Ohio

Working Mother: 100 Best Companies for Working Mothers
TriHealth, Cincinnati, Ohio

Thomson Healthcare: 100 Top Hospitals for Cardiovascular Care
Mercy Medical Center, Des Moines, Iowa
St. Joseph Medical Center, Towson, Maryland

National Honors
The following Catholic Health Initiatives facilities achieved national recognition for quality during the 2008 fiscal year.
Learning Management System

Catholic Health Initiatives launched LEARN, a Web-based learning management system, which will enhance knowledge transfer and learning across the organization. The initial library included more than 100 courses for training in compliance, regulatory requirements, patient safety and more.

Shareholder Activism

For the eighth consecutive year, Catholic Health Initiatives co-filed shareholder resolutions in collaboration with other mission-based investors. Resolutions filed with pharmaceutical firms addressed the need for reform in the U.S. health care system. Resolutions filed with tobacco companies focused on issues such as marketing that targets youth and African-American communities.

Capitol Hill Visits

During Catholic Health Initiatives’ 2007 Fall Chief Executive Officers Meeting in Washington, D.C., market-based leaders from across Catholic Health Initiatives visited more than 70 Congressional offices on Capitol Hill to discuss issues important to health care.

Physician Practice Management

Catholic Health Initiatives’ Practice Management Advisory Council developed resources to help employed physician practices achieve optimal performance. Resources include business case templates for adding new physicians and acquiring practices, an enterprise-wide diabetes management system and standard financial reporting tools.

Reorganization of Information Technology

Catholic Health Initiatives implemented a strategic reorganization of its information technology function, resulting in a more standardized and streamlined Information Technology Services organization.

CHI Connect Implementation

The implementation of CHI Connect, Catholic Health Initiatives’ systemwide initiative to centralize and standardize core business functions, reached the halfway point on January 1, 2008. By June 30, 2008, a total of 17 market-based organizations encompassing 39 facilities, as well as Catholic Health Initiatives’ national offices, were linked by CHI Connect.
Modern Healthcare Ranks CHI

Catholic Health Initiatives is the nation’s sixth largest health care system when ranked by patient revenue and the fourth largest when ranked by number of hospitals, according to Modern Healthcare magazine’s 2008 Hospital Systems Survey. Catholic Health Initiatives also ranked first among Catholic health care systems in number of hospitals.

Captive Management Initiatives

Catholic Health Initiatives launched Captive Management Initiatives, a company that provides management services for the captive insurance industry. The new firm provides an avenue for increased collaboration with other health care providers in the area of risk financing.

Saint Clare’s Health System

Saint Clare’s Health System, Denville, New Jersey, officially transferred its sponsorship affiliation to Catholic Health Initiatives on April 1, 2008. With the addition of Saint Clare’s and its four hospitals, Catholic Health Initiatives now includes 77 hospitals; 40 long-term care, assisted, independent living and residential facilities; and two community health services organizations in 20 states.

Saint Joseph Health System

After announcing in June 2007 that they would come together as one organization, Catholic Health Initiatives’ seven hospitals in Kentucky began operating as one organization — Saint Joseph Health System — in January 2008.
In April 2008, members of the Board of Stewardship Trustees, Members of the Civil Corporation (representing the participating congregations) and Catholic Health Initiatives' leaders made a pilgrimage to the Vatican. Catholic Health Initiatives' public juridic person, Catholic Health Care Federation, provides a written stewardship report every year to a dicastery, or department, of the Catholic Church called the Congregation for the Institutes of Consecrated Life and Societies of Apostolic Life. To help maintain a strong relationship with the dicastery, representatives of Catholic Health Care Federation and Catholic Health Initiatives travel to Rome for a face-to-face meeting every three years.

During the pilgrimage, the group met with Franc Cardinal Rodé, CM, Prefect of the Congregation for the Institutes of Consecrated Life and Societies of Apostolic Life, and other dignitaries of the dicastery. A letter from Cardinal Rodé, an excerpt of which is reprinted below, was presented to Catholic Health Initiatives leaders at the meeting as a formal response to the written stewardship report.

**Vatican, April 15, 2008**

Dear Sister Phyllis and Mr. Lofton,

The section of your report entitled “Health Care Environment in the United States” presents a valuable synopsis of the joys and sorrows experienced by those who with you provide Catholic health care in your country.

That you endure a good number of the same obstacles annually is perhaps a reminder of the importance of seeing your role in a larger context, that of being faithful to Jesus Christ, His Church and His life-giving summons to work for and with Him. Such a realization does wonders for each of us. You rightly focus on His plan and His endeavors in serving the ill, the poor and the downcast, seeking to collaborate the best that you can with what Our Lord wants. This fresh vision prevents you from being discouraged in the exhausting but essential battle in which you find yourselves engaged: to deliver solid and professional Catholic health care to all.

Making Jesus Christ and His mercy present to those whom you meet is the invitation that the Lord has conveyed to you. Please do not stop in this “ever ancient, ever new” adventure. We will never regret our daily abandonment to Our Lord and His wise desires for us.

Sister Phyllis and Mr. Lofton, may God abundantly bless you and all those affiliated with the Catholic Health Care Federation.

Franc Card. Rodé, CM
Prefect
Board of Stewardship Trustees

Seated (left to right):
Patricia Smith, OSF, JCD, PhD
Assistant Professor
Neumann College
Aston, Pennsylvania

David R. Lincoln
President and Chief Executive Officer
Covenant Health Systems
Lexington, Massachusetts

Phyllis Hughes, RSM, DrPH, Chair
Advisor
Mercy Housing
San Francisco, California

Mary Jo Potter
Managing Partner
Highperlink
Walnut Creek, California

Mary Margaret Mooney, PBVM, DNSc
Fargo, North Dakota

Standing (left to right):
Maureen Comer, OP
Senior Campus Administrator
Lourdes Campus
Waterford, Michigan

Eleanor F. Martin, SCN, Esq.
Attorney
Irish Immigration Center
Boston, Massachusetts

David R. Edwards
Tacona, Washington

Martha Walsh, SC, RN
Administrative Director
Seton Enablement Fund
Sisters of Charity of Cincinnati
Cincinnati, Ohio

Michael O’Boyle, CPA
(Resigned from Board October 2008)

Andrea J. Lee, IHM, PhD
President
College of St. Catherine
St. Paul, Minnesota

Kevin E. Lofton, FACHE, Ex-officio
President and Chief Executive Officer
Catholic Health Initiatives
Denver, Colorado

Bruce Siegel, MD
Research Professor
Department of Health Policy
George Washington University School of Public Health and Health Services
Washington, DC

Not pictured:
Blackford Middleton, MD
Clinical Informatics Research and Development
Center of IT Leadership
Partners HealthCare System
Wellesley, Massachusetts
Members of the Civil Corporation

Seated (left to right):
Mary Patricia Burger, OSF
Franciscan Sisters
of Little Falls, Minnesota
Little Falls, Minnesota
Barbara Hagedorn, SC
Sisters of Charity of Cincinnati
Cincinnati, Ohio
Maureen Walker, PBVM
Sisters of the Presentation
of the Blessed Virgin Mary
Fargo, North Dakota
Gemma Doll, OP
Nuns of the Third Order
of St. Dominic
Great Bend, Kansas

Standing (left to right):
Patricia Forret, RSM
Sisters of Mercy of the Americas,
West Midwest Community
Omaha, Nebraska
Rebecca Metzer, OSF
Sisters of St. Francis of the
Immaculate Heart of Mary
Hankinson, North Dakota
Alice Armata, OP
Congregation of the Dominican
Sisters of St. Catherine of Siena
of Kenosha, Inc.
Kenosha, Wisconsin
Stephanie McReynolds, OSF
Sisters of St. Francis
of Colorado Springs
Colorado Springs, Colorado

Lynn Patrice Lavin, OSF
Sisters of St. Francis
of Philadelphia
Aston, Pennsylvania

Not pictured:
Sally Marie Kiepura, CSFN
Sisters of the Holy Family
of Nazareth
Des Plaines, Illinois
Judy Raley, SCN
Sisters of Charity of Nazareth
Nazareth, Kentucky
Francis Schumacher, OSB
Benedictine Sisters
of Mother of God Monastery
Watertown, South Dakota
National Leadership Team

Seated (left to right):
M. Elizabeth O’Brien
Senior Vice President
Group Executive Officer
Susan E. Peach, RN
Senior Vice President
Performance Management
Kevin E. Loften, FACHE
President and Chief Executive Officer
John E. Newton, Esq.
Interim Senior Vice President
Legal Services and General Counsel
Kathleen D. Sanford, RN, DBA, FACHE
Senior Vice President and Chief Nursing Officer
Mitch H. Melfi, Esq.
Senior Vice President and Chief Risk Officer

Standing (left to right):
Paul W. Edgett III
Senior Vice President
National Business Lines
Thomas R. Kopfstein, STD
Senior Vice President Mission
Colleen M. Blye
Executive Vice President
Finance and Integrated Services
John F. DiCola
Senior Vice President Strategy and Business Development
Herbert J. Vallier
Senior Vice President Human Resources and Chief Human Resource Officer
A. Michelle Cooper
Vice President Corporate Responsibility Officer
Jeffrey S. Drop
Senior Vice President Division Executive Officer
M. Colleen Scanlon, RN, JD
Senior Vice President Advocacy
Joseph W. Wilczek
Senior Vice President Divisional Operations and CEO, Franciscan Health System (Tacoma)
Robert J. Lanik
Senior Vice President Divisional Operations and CEO, Saint Elizabeth Health Systems (Lincoln)
Michael T. Rowan, FACHE
Executive Vice President and Chief Operating Officer
Peggy A. Martin, OP, JCL
Senior Vice President Sponsorship and Governance
Peter P. Katsampes
Vice President CHI Connect Support Centers

Philip W. Mears, JD
Senior Vice President Supply Chain
David J. Goode, FACHE
Senior Vice President Group Executive Officer
Michael J. O’Rourke
Interim Chief Information Officer
Joyce M. Ross
Senior Vice President Communications
Eugene A. Woods
Senior Vice President Divisional Operations and CEO, Saint Joseph Health System (Kentucky)
David H. Vellinga
Senior Vice President Divisional Operations and CEO, Mercy Health Network (Des Moines)
Introduction

Catholic Health Initiatives experienced financial challenges in both operating performance and investment performance during the fiscal year ended June 30, 2008. This was consistent with other organizations in the health care industry, but was disappointing following the very strong performance reported for fiscal year 2007.

Results of operations showed a decline in year-over-year financial performance. The operating margin before restructuring, impairment and other losses was 1.9 percent, compared to the prior fiscal year margin of 4.9 percent. The operating EBIDA margin (earnings before interest, depreciation and amortization and restructuring, impairment and other losses) was 8.7 percent, also unfavorable compared to 11.5 percent in the prior fiscal year. The excess of revenues over expenses and EBIDA margins, which included the impact of the fall-off in investment performance during fiscal year 2008 as well as the impact of restructuring, impairment and other losses, was uncharacteristically low at 0.4 percent and 7.2 percent respectively, significantly unfavorable to the prior year levels of 10.9 percent and 17.1 percent, respectively.

Much of the decline in operating performance was concentrated in several of the larger market-based organizations. Although most of these markets experienced year-over-year growth in volumes, the rate of increase in expenses due to acquisitions, infrastructure build and inflation, as well as other contributing factors, did not result in favorable year-over-year improvement. Key drivers of performance were identified and significant leadership and other changes were implemented to address these drivers and deliver improved performance in these markets for fiscal years 2009 and 2010.

Investment performance was negative for the year ended June 30, 2008, after record reported earnings in fiscal year 2007. The credit crisis significantly affected global financial markets, causing adverse conditions throughout the mortgage banking industry, the broader U.S. housing market and global markets, and affected not only investment performance at Catholic Health Initiatives, but the short-term cost of capital as well.

There were several organizational changes during fiscal year 2008, including new acquisitions in the Lexington, Kentucky; Tacoma, Washington; and Dayton, Ohio, markets. In addition, on April 1, 2008, Catholic Health Initiatives completed the transfer of sponsorship of Saint Clare’s Health System, Denville, New Jersey, which was accounted for as a contribution of assets to the financial position of Catholic Health Initiatives.

Catholic Health Initiatives completed the adoption of Statement of the Financial Accounting Standards Board (FASB) No. 158 Employers’ Accounting for Defined Benefit Pension and Other Postretirement Benefits, a portion of which was adopted in 2007. The key provision adopted in fiscal year 2008 was the elimination of the early measurement date for plan obligations and plan assets from April 30 to June 30. There was no effect on the statement of operations as a result of adopting this accounting pronouncement. However, the unfunded status of the plan (approximately $128 million) was recorded as a charge to net assets as of June 30, 2008.

In June 2006, the FASB issued FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109 (FIN 48), which prescribes criteria for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management reviewed the impact of FIN 48 for Catholic Health Initiatives and determined that there were no material uncertain tax positions that required recognition in the consolidated financial statements.

Catholic Health Initiatives recorded $36 million in restructuring and impairment losses in 2008. The majority of this ($23 million) consisted of a charge at one of the market-based organizations related to hospital performance and recoverability of long-lived assets. The remaining $13 million in losses was related to restructuring costs associated with reorganization of certain leadership functions throughout Catholic Health Initiatives.
Utilization of Services

Several of Catholic Health Initiatives’ utilization metrics showed moderate increases over fiscal year 2007. Including the impact of the organizational changes noted above, inpatient admissions, outpatient non-emergent visits and physician visits increased by 3.4 percent, 6.2 percent and 9.3 percent, respectively, over the prior year. Long-term care days decreased almost 4.5 percent, mostly as a result of the sale or closure of long-term care facilities. Home-based visits increased 1.4 percent and residential days increased by 3.7 percent from fiscal year 2007 levels. The acute average length of stay (4.4 days) was consistent with the prior year, while the overall case-mix index increased to 1.39 from 1.35 in fiscal year 2007.

These utilization trends reflected the ongoing shift of patient care services from the more traditional acute care facilities to lower-intensity and non-acute outpatient settings. In some markets, particularly those experiencing growth in uninsured volumes, patients have been using hospital emergency services to access primary care, highlighting the need to identify more appropriate care settings to address community primary care needs. Emergency visits increased 6.3 percent over the fiscal year 2007 levels.

Balance Sheet

Total assets increased 5.2 percent to $12 billion at June 30, 2008. The balance sheet reflects the strong financial position of Catholic Health Initiatives, as evidenced by the continued “AA” ratings assigned by Moody’s, Standard & Poor’s and Fitch debt rating agencies. Days of total cash were 216 and the debt to capitalization ratio was 31.5 percent at June 30, 2008. If cash available in the self-insured captive were included, consolidated days cash on hand would have been 230 days.

Investments and assets limited as to use decreased slightly by 2.1 percent to $5.0 billion. Negative investment performance, as well as lower than expected operating performance, contributed to this decline. The Mission and Ministry Fund provided grants of almost $2 million for various programs and services, primarily to market-based organizations. The Capital Resource Pool (CRP) had a balance of $279 million at the close of fiscal 2008, negatively impacted by investment performance as well as continued funding for approved costs related to the CHI Connect project (a system to standardize and consolidate financial, human resources, payroll and supply chain information across all markets), for which $109 million was drawn through June 30, 2008. These amounts were somewhat offset by continued contributions to the CRP fund from the market-based organizations.

Capitalized asset additions were $871 million, consistent with prior year expenditures of the same amount. Net property and equipment increased 17 percent, with significant levels of capital investment committed to major facility projects completed during fiscal year 2008. The level of ongoing capital investment is expected to be moderated during fiscal year 2009 until financial performance improves to support these past levels of investment.

At the end of fiscal 2008, long-term debt was $2.2 billion, a decrease of $489 million from the prior year, primarily related to a reclassification of debt from long-term to short-term. This reclassification resulted from the restructuring of $896 million of auction rate securities, some of which were converted to variable-rate backed by Catholic Health Initiatives’ own liquidity, requiring the reclassification. This transaction resulted in a loss on defeasance of $9 million related to the write-off of unamortized deferred financing costs. Catholic Health Initiatives drew $150 million on a line of credit at year end, a portion of which was used to defease $93 million of outstanding bonds at Denville, New Jersey, which were acquired as part of the Saint Clare’s transaction described above.

Total net assets increased 1.5 percent to $6.7 billion, resulting from the following: $32 million in excess of revenues over expenses; the contribution of net assets of $95 million from Denville, New Jersey; the negative net impact of pension accounting adjustments of $63 million; and other changes of $34 million, primarily restricted donations.
Statement of Operations

Excess of revenues over expenses in fiscal year 2008 was significantly below prior year levels and did not meet the year-over-year financial growth goals set by Catholic Health Initiatives. Both operating performance and investment performance fell short of prior year levels. Although net patient services revenues grew at very respectable levels, the rate of increase in expenses was greater and offset the benefit of any contributions to performance on the growth side.

Revenues from patient services increased 8.4 percent in 2008, including the impact of organization changes noted earlier. Revenues from inpatient services increased 7.0 percent and revenues from outpatient services increased 9.7 percent, primarily due to rate and payment improvements along with increases in volumes. Revenues from nonpatient sources decreased 18 percent, mainly due to unfavorable investment performance at First Initiatives Insurance Ltd. and the impact of unfavorable investment earnings from a significant joint venture and one of Catholic Health Initiatives’ joint operating agreements.

Total operating expenses before restructuring, impairment and other losses increased 10 percent over the prior year, outpacing the 8.4 percent increase in net patient services revenues and the 6.6 percent increase in total operating revenues.

Employee compensation and benefits were 47.8 percent of expenses in 2008, consistent with 47.6 percent in 2007. Total labor costs increased 10.3 percent, mostly due to increases in volumes and general salary increases, but also due to substantial increases in contract labor costs associated with key systems implementations at various market-based organizations during 2008. Full-time equivalents increased 8.2 percent over the prior year.

Supplies increased 6.7 percent, significantly below the 8.4 percent growth in revenues from patient services. Supplies as a percentage of revenues from patient services decreased slightly, to 17.7 percent in 2008 from 17.8 percent in the prior year. Supplies per case-mix index adjusted admission increased 1.4 percent over the prior year. Market-based organizations have started to realize savings from transitioning to CHI Connect, as well as other supply chain management initiatives related to supply contracting and other process improvements.

Patient bad debts increased by 9.0 percent, which outpaced growth in revenues from patient services, but was down slightly from the 13.4 percent increase the prior year. As a percentage of net patient services revenues, patient bad debts have stabilized. Patient bad debts and charity care, combined as a percentage of revenues from patient services, increased to 15.9 percent compared to 14.8 percent in 2007. This resulted in a negative year-to-year impact of $90 million on the excess of revenues over expenses.

Interest expense increased 6.1 percent over the prior fiscal year. This resulted from an increased debt burden in 2008 as a result of $1.2 billion in new debt issued during fiscal year 2007. The cost of capital due to the credit market turmoil was not a significant impact on interest expense during fiscal year 2008, although it is expected to increase in fiscal year 2009. Other expenses increased 13 percent and included increased infrastructure costs (primarily purchased services), as well as increases in depreciation expense, rental, leases and maintenance and legal expenses.

Conclusion

Overall, 2008 was a challenging year in terms of financial performance for Catholic Health Initiatives. The operating margin, excluding restructuring, impairment and other losses, operating EBITDA margin and other key indicators performed below historical levels. The investment markets contributed significantly to declines in performance and turmoil in the capital markets added complexity to funding sources for future capital expansion plans at Catholic Health Initiatives. Management recognized and identified key turnaround markets as well as drivers for improvement and initiated several leadership changes, as well as improvement plans, to stabilize operations through fiscal years 2009 and 2010. The challenge for the future is to achieve profitable growth, while at the same time reducing the cost of care to our patients and communities in all settings to continue to support quality, person-centered care in the communities Catholic Health Initiatives serves.
Community Benefit and Charity Care

The cost of community benefit was $536 million in fiscal 2008, 11.7 percent greater than the prior year. Community benefit includes the cost of supplies and labor related to free clinics, donations and other services provided for the poor and local community needs. Community benefit also includes the amounts by which services provided to Medicaid and charity care patients do not cover costs, but does not include unpaid costs of the Medicare program consistent with guidance issued in 2006 by the Catholic Health Association of the United States.
### Financial Highlights

#### Balance Sheets  
**As of June 30**  

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, net patient accounts receivable and other current assets</td>
<td>$1,831,356</td>
<td>$1,781,469</td>
</tr>
<tr>
<td>Investments and assets limited as to use</td>
<td>5,005,386</td>
<td>5,114,524</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>4,306,242</td>
<td>3,676,246</td>
</tr>
<tr>
<td>Other</td>
<td>837,362</td>
<td>815,378</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$11,980,346</td>
<td>$11,387,617</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and other current liabilities</td>
<td>2,410,354</td>
<td>1,525,376</td>
</tr>
<tr>
<td>Self-insured reserves and other liabilities</td>
<td>634,848</td>
<td>535,879</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>2,234,441</td>
<td>2,723,732</td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>6,500,575</td>
<td>6,442,154</td>
</tr>
<tr>
<td>Restricted</td>
<td>200,128</td>
<td>160,476</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$11,980,346</td>
<td>$11,387,617</td>
</tr>
</tbody>
</table>

#### Statements of Operations  
**As of June 30**  

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from patient services, net</td>
<td>$7,817,113</td>
<td>$7,212,319</td>
</tr>
<tr>
<td>Revenues from nonpatient sources</td>
<td>427,487</td>
<td>519,156</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>$8,244,600</td>
<td>$7,731,475</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee compensation and benefits</td>
<td>3,861,578</td>
<td>3,499,656</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,445,195</td>
<td>1,355,012</td>
</tr>
<tr>
<td>Building and equipment depreciation</td>
<td>426,450</td>
<td>387,918</td>
</tr>
<tr>
<td>Patient bad debts</td>
<td>605,858</td>
<td>555,957</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>129,154</td>
<td>121,681</td>
</tr>
<tr>
<td>Other expenses</td>
<td>1,617,657</td>
<td>1,429,483</td>
</tr>
<tr>
<td><strong>Expenses before Restructuring</strong></td>
<td>$8,085,892</td>
<td>$7,349,707</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from operations before restructuring, impairment and other losses</td>
<td>158,708</td>
<td>381,768</td>
</tr>
<tr>
<td>Restructuring, impairment and other losses</td>
<td>35,650</td>
<td>22,190</td>
</tr>
<tr>
<td><strong>Income from Operations</strong></td>
<td>$123,058</td>
<td>$359,578</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>(10,832)</td>
<td>531,010</td>
</tr>
<tr>
<td>Other nonoperating (losses) gains</td>
<td>(80,185)</td>
<td>11,564</td>
</tr>
<tr>
<td><strong>Total nonoperating gains</strong></td>
<td>(91,017)</td>
<td>542,574</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Excess of Revenues Over Expenses</strong></td>
<td>$32,041</td>
<td>$902,152</td>
</tr>
</tbody>
</table>
Community Benefit Summary

Benefit to the Poor and the Broader Community
(in thousands)  

<table>
<thead>
<tr>
<th>Cost of Community Benefit Provided to the Poor:</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of charity care provided</td>
<td>$188,428*</td>
<td>$153,670*</td>
</tr>
<tr>
<td>(Free or reduced-cost health services for people who cannot afford to pay)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unpaid cost of public programs, Medicaid and other indigent care programs</td>
<td>219,783</td>
<td>219,005</td>
</tr>
<tr>
<td>(Cost of services in excess of government reimbursement)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-billed services for the poor</td>
<td>9,416</td>
<td>7,435</td>
</tr>
<tr>
<td>(Clinics, meal programs, etc., provided free or at a low cost)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and in-kind donations for the poor</td>
<td>3,041</td>
<td>3,275</td>
</tr>
<tr>
<td>(Donations of food, equipment, supplies, etc., to address the needs of people who are poor or underserved)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other benefit provided to the poor</td>
<td>23,475</td>
<td>17,273</td>
</tr>
<tr>
<td><strong>Cost of community benefit provided to the poor</strong></td>
<td>444,143</td>
<td>400,658</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost of Community Benefit Provided to the Broader Community:</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-billed services for the community</td>
<td>20,317</td>
<td>18,075</td>
</tr>
<tr>
<td>(Health screenings, tests, etc., provided free or at a low cost)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and research provided for the community</td>
<td>21,817</td>
<td>19,136</td>
</tr>
<tr>
<td>(Cancer prevention workshops, stop-smoking programs, heart disease programs, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other benefit provided to the community</td>
<td>49,849</td>
<td>41,927</td>
</tr>
<tr>
<td><strong>Cost of community benefit provided to the broader community</strong></td>
<td>91,983</td>
<td>79,138</td>
</tr>
</tbody>
</table>

| Total cost of community benefit | 536,126 | 479,796 |
| Unpaid costs of Medicare | 390,794 | 362,430 |
| (Costs of services in excess of government reimbursement) | | |
| **Total Cost of Community Benefit and the Unpaid Cost of Medicare** | $926,920 | $842,226 |

* The amount shown represents the cost of charity care provided. The amount of charity care provided, determined on the basis of charges, was 2.4 percent and 2.9 percent of gross.
** In addition to these amounts, Catholic Health Initiatives incurred bad debt expense of $605,858,000 for 2008 and $555,957,000 for 2007.

Statistical Highlights

<table>
<thead>
<tr>
<th>As of June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
</tr>
<tr>
<td>Acute inpatient days</td>
</tr>
<tr>
<td>Acute admissions</td>
</tr>
<tr>
<td>Acute average length of stay, in days</td>
</tr>
<tr>
<td>Emergency visits</td>
</tr>
<tr>
<td>Outpatient visits</td>
</tr>
<tr>
<td>Physician visits</td>
</tr>
<tr>
<td>Home-based health patients</td>
</tr>
<tr>
<td>Residential days</td>
</tr>
<tr>
<td>Long-term care days</td>
</tr>
<tr>
<td>Full-time equivalent employees</td>
</tr>
<tr>
<td>Employees</td>
</tr>
<tr>
<td>Acute inpatient revenues as a percentage of total net revenues from patient services</td>
</tr>
</tbody>
</table>
Market-Based Organizations and Facilities
(as of December 2008)

Arkansas
St. Vincent Health System
Little Rock
Peter D. Banko, President and CEO
St. Anthony’s Medical Center
Morrilton
Christina Hockaday, CEO
St. Vincent Doctors Hospital
Little Rock
Angie Cabanaas, Administrator
St. Vincent Infirmary Medical Center
Little Rock
Peter Danilo, President and CEO
St. Vincent Rehabilitation Hospital
Sherwood
Lee Frazier, CEO

Colorado
Centura Health
Englewood
Gary Campbell, President and CEO
Centura Health is a joint operating agreement between Catholic Health Initiatives and PorterCare Adventist Health System in Colorado, to manage facilities and services, including those listed below:

Centura Senior Services
Denver
Karen Hoskins, CEO
Centura Senior Life Center
Denver
Wendy Bodwell, Administrator
The Gardens at St. Elizabeth
Denver
Beth Brown, Administrator
Medallion Retirement Center
Colorado Springs
Travis Martin, Administrator
Namaste Alzheimer Center
Colorado Springs
Janice Fish, Administrator
Progressive Care Center
Canon City
Steven R. Lawson, Administrator
Villa Pueblo
Pueblo
Barbara Canocha, Executive Director
The Villas at Sunny Acres
Thornton
Wendy Bodwell, Executive Director

Penrose-St. Francis Health Services
Colorado Springs
Margaret Sabin, President and CEO
Penrose Community Hospital
Colorado Springs
Rob Ryder, Administrator
Penrose Hospital
Colorado Springs
Andrew Coleman, CEO
St. Francis Medical Center
Colorado Springs
Nate Olson, CEO
St. Anthony Hospitals
Denver
Peter Makowski, President and CEO
St. Anthony Central Hospital
Denver
Peter Makowski, CEO
St. Anthony Granby Medical Center
Granby
Paul Chodorowski, CEO
St. Anthony North Hospital
Westminster
James Dover, CEO
St. Anthony Summit Medical Center
Frisco
Paul Chodorowski, CEO
St. Mary-Corwin Medical Center
Pueblo
Michael Stenger, CEO
St. Thomas More Hospital
Canon City
Diane Swagger, CEO
Mercy Regional Medical Center
Durango
Kirk Dignum, PhD, President and CEO

Kentucky
Continuing Care Hospital, Inc.
Lexington
Tony Williams, President and CEO
Jewish Hospital & St. Mary’s HealthCare
Louisville
Robert L. Shireiff, President and CEO
Jewish Hospital & St. Mary’s HealthCare is a joint venture between Catholic Health Initiatives and Jewish Hospital HealthCare Services, Inc. to operate facilities, including those listed below:

Our Lady of Peace
Louisville
Thomas D. Gesell, President and CEO
Sts. Mary & Elizabeth Hospital
Louisville
Thomas D. Gesell, President and CEO

Saint Joseph Health System
Lexington
Eugene A. Woods, Senior Vice President, Divisional Operations, Catholic Health Initiatives, and CEO, Saint Joseph Health System
Flaget Memorial Hospital
Bardstown
Bruce A. Klockars, President
Saint Joseph Berea
Berea
Greg Gerard, President
Saint Joseph East
Lexington
Ken Hayes, President
Saint Joseph Hospital
Lexington
Ken Hayes, President
Saint Joseph London
London
Virginia B. Dempsey, President
Saint Joseph Martin
Martin
Kathy Stumbo, President
Saint Joseph Mount Sterling
Mt. Sterling
James F. Heizenrater, FACHE, Administrator

Idaho
Mercy Medical Center
Nampa
Joseph Messner, President and CEO

Iowa
Mercy Health Network
Des Moines
David H. Vellinga, Senior Vice President, Divisional Operations, Catholic Health Initiatives, and CEO, Mercy Health Network

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 Retirement Center
Johnston
Brian E. Farrell, President and CEO
House of Mercy
Des Moines
Mercy Clinics, Inc.
Des Moines
Mercy College of Health Sciences
Des Moines
Mercy Court
Des Moines
Mercy Medical Center–Centerville
Centerville
Clint J. Christianson, President and CEO
Mercy Medical Center–Des Moines
Des Moines
David H. Vellinga, President and CEO
Mercy Capital
Des Moines
David H. Vellinga, President and CEO
Mercy Franklin Center
Des Moines
Mercy Park Apartments
Des Moines
Part of Alegent Health, Omaha, NE:
Alegent Health–Mercy Hospital
Council Bluffs
Wayne A. Sensor, CEO

Kansas
Central Kansas Medical Center
Great Bend
Sharon Lind, President and CEO
St. Joseph Memorial Hospital
Larned
Jim Tesar, Interim Administrator

Part of St. John’s Regional Medical Center
Joplin, MO:
St. John’s Maude Norton Memorial Hospital
Columbus
Cynthia Neely, Administrator
St. Catherine Hospital
Garden City
Scott Taylor, President and CEO
Maryland
St. Joseph Medical Center
Towson
John K. Tomlin, President and CEO

Minnesota
LakeWood Health Center
Baudette
Shantay Feickert, President and CEO
St. Francis Medical Center
Breckenridge
David A. Nelson, President and CEO
St. Francis Home
Breckenridge
David A. Nelson, President and CEO
St. Joseph’s Area Health Services
Park Rapids
Benjamin Koppelman, President and CEO
Unity Family Healthcare dba St. Gabriel’s Hospital
Little Falls
Carl F. Vaegeges, President and CEO
Albany Area Hospital and Medical Center
Albany
Nick Brandner, Administrator
Alverna Apartments
Little Falls
Jan Erdrich, Housing Coordinator
St. Camillus Place
Little Falls
Barbara Miller, Administrator

Missouri
St. John’s Regional Medical Center
Joplin
George Caralis, Interim CEO
St. John’s Maude Norton Memorial Hospital
Columbus, KS
Cynthia Neary, Administrator
St. John’s Rehabilitation Center
Joplin
George Caralis, Interim CEO

Nebraska
Alegent Health
Omaha
Wayne A. Sensor, CEO
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:

<table>
<thead>
<tr>
<th>Alegent Health-Bergen</th>
<th>Mercy Medical Center</th>
<th>Omaha</th>
<th>Wayne A. Sensor, CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alegent Health-Mercy Hospital</td>
<td>Cornia, IA</td>
<td>James C. Ruppert, Administrator</td>
<td></td>
</tr>
<tr>
<td>Alegent Health-Mercy Hospital</td>
<td>Council Bluffs, IA</td>
<td>Wayne A. Sensor, CEO</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Good Samaritan Health Systems</th>
<th>Kearney</th>
<th>John W. Allen, President and CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard H. Young Hospital</td>
<td>Kearney</td>
<td>Roger Steinkruger, Administrator</td>
</tr>
<tr>
<td>Saint Elizabeth Health Systems</td>
<td>Lincoln</td>
<td>Robert J. Lamk, Senior Vice President, Divisional Operations, Catholic Health Initiatives, and CEO, Saint Elizabeth Health Systems</td>
</tr>
<tr>
<td>Saint Elizabeth Regional Medical Center</td>
<td>Lincoln</td>
<td>Robert J. Lamk, President and CEO</td>
</tr>
<tr>
<td>Saint Francis Medical Center</td>
<td>Grand Island</td>
<td>Daniel P. McEIlgot, President and CEO</td>
</tr>
<tr>
<td>St. Mary’s Community Hospital Nebraska City</td>
<td>Daniel J. Kelly, President and CEO</td>
<td></td>
</tr>
</tbody>
</table>

New Jersey
Saint Clare’s Health System
Denville
Leslie D. Hirsch, President and CEO
St. Clare’s Hospital/Boonton Township
Boonton Township
St. Clare’s Hospital/Denville
Denville
St. Clare’s Hospital/Dover
Dover
St. Clare’s Hospital/Sussex
Sussex
Stephen Bockkocks, Vice President

New Mexico
St. Joseph Community Health
Albuquerque
Allen Sánchez, Executive Director

North Dakota
Carrington Health Center
Carrington
Marriam Doelling, Executive Vice President
Lisbon Area Health Services
Lisbon
Barb Larson, Interim Administrator
Mercy Hospital
Valley City
Keith Hauer, Administrator
Oakes Community Hospital
Oakes
Jim E. Gabriel, Interim Administrator
Mercy Hospital
Devils Lake
Marlene J. Krein, President and CEO
Mercy Medical Center
Williston
Dennis L. Goehl, President and CEO
St. Joseph’s Hospital and Health Center
Dickinson
Carolyn Riley, Interim President and CEO

Ohio
Premier Health Partners
Dayton
Thomas Breitenbach, CEO
James R. Pancost, President
Premier Health Partners is a joint operating agreement between Catholic Health Initiatives and MedFusion Health Systems Corporation to manage facilities including those listed below:

<table>
<thead>
<tr>
<th>Good Samaritan Hospital Dayton</th>
<th>Mark S. Shaker, President and CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dayton Heart &amp; Vascular Hospital Dayton</td>
<td>Mary Garman, Chief Operating Officer</td>
</tr>
<tr>
<td>The Maria-Joseph Center Dayton</td>
<td>Sharon K. Thornton, President and CEO</td>
</tr>
<tr>
<td>TriHealth Cincinnati</td>
<td>John S. Prout, President and CEO</td>
</tr>
</tbody>
</table>

Oregon
Holy Rosary Medical Center
Ontario
Mark F. Dalley, President and CEO
MERCY Medical Center
Roseburg
Kelly C. Morgan, President and CEO
Linus Oakes, Inc.
Roseburg
Robert A. Dargen, Administrator
Mercy Medical Center, Inc.
Roseburg
Kelly C. Morgan, President and CEO
St. Anthony Hospital Pendleton
Ted Fox, President and CEO
St. Elizabeth Health Services
Baker City
Leanne Irick, Interim President and CEO

Pennsylvania
St. Joseph Health Ministries
Lancaster
Jennifer Thompson, Executive Director
St. Joseph Regional Health Network
Reading
John R. Morahan, President and CEO
St. Joseph Medical Center
Bern Township Campus
Reading
John R. Morahan, President and CEO

St. Joseph Medical Center Community Campus
Reading
John R. Morahan, President and CEO

South Dakota
St. Mary’s Healthcare Center
St. Mary’s Hospital
Pierre
Chad D. Cooper, President and CEO
Gettysburg Medical Center
Gettysburg Memorial Hospital
Gettysburg
Mark Schmidt, President and CEO
Oahe Manor
Oahe Village
Gettysburg
Maryhouse Long-term Care Facility
Pierre
Nick Fassner, Executive Director
ParkWood Retirement Apartments
Pierre
Brad Schiefelbein, Director

Tennessee
Memorial Health Care System
Chattanooga
James Hobson, President and CEO
Memorial Hospital
Chattanooga
James Hobson, President and CEO
Memorial North Park Hospital
Hixson
James Hobson, President and CEO

Washington
Franciscan Health System
Tacoma
Joseph W. Wilczek, Senior Vice President, Divisional Operations, Catholic Health Initiatives, and CEO, Franciscan Health System
Enumclaw Regional Hospital
Enumclaw
Dennis Popp, Chief Operating Officer
St. Clare Hospital
Lakewood
Kathy Bressler, Chief Operating Officer
St. Francis Hospital Federal Way
S. Ano McNamara, Interim CEO
St. Joseph Medical Center
Tacoma
Syd Bensante, Chief Operating Officer

Wisconsin
Franciscan Villa
South Milwaukee
James J. Weiterer, President and CEO

<table>
<thead>
<tr>
<th>Villa Nazareth dba Friendship Inc.</th>
<th>Fargo</th>
<th>Jeff L. Pederson, President and CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riverview Place Fargo</td>
<td>Jeff L. Pederson, President and CEO</td>
<td></td>
</tr>
<tr>
<td>Good Samaritan Hospital Dayton</td>
<td>John R. Morahan, President and CEO</td>
<td></td>
</tr>
<tr>
<td>Saint Elizabeth Regional Medical Center</td>
<td>Lincoln</td>
<td>Robert J. Lamk, President and CEO</td>
</tr>
<tr>
<td>Albernia Apartments</td>
<td>Asheboro, NC</td>
<td>Signe A. W.</td>
</tr>
</tbody>
</table>
**Catholic Health Initiatives at a glance**

**Statistics**
*As of December 2008*

**48 Market-Based Organizations (MBOs), which include:**
- 77 hospitals
  - 69 acute care general (23 of which are critical access hospitals)
  - 5 acute care behavioral
  - 2 acute care rehabilitation
  - 1 long-term acute care
- 40 long-term care, assisted-living and residential units
- 2 Community Health Services Organizations (CHSOs)
- 69 rural/urban communities; 20 states

---

**National Offices**

<table>
<thead>
<tr>
<th>Location</th>
<th>Address</th>
<th>Phone</th>
<th>Fax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denver</td>
<td>1999 Broadway, Suite 400</td>
<td>303/298-9100</td>
<td>303/298-9690</td>
</tr>
<tr>
<td>Denver Meridian</td>
<td>11045 East Lansing Circle</td>
<td>P 720/875-7100</td>
<td>F 720/875-7102</td>
</tr>
<tr>
<td>Fargo</td>
<td>4816 Amber Valley Parkway, Suite 100</td>
<td>701/237-8100</td>
<td>701/237-8102</td>
</tr>
<tr>
<td>Minneapolis</td>
<td>7650 Edinborough Way, Suite 200</td>
<td>P 952/324-9010</td>
<td>F 952/278-5631</td>
</tr>
<tr>
<td>Northern Kentucky</td>
<td>3900 Olympic Boulevard, Suite 400</td>
<td>P 859/594-3000</td>
<td>F 859/594-3155</td>
</tr>
</tbody>
</table>

**Central Business Offices**

<table>
<thead>
<tr>
<th>Location</th>
<th>Address</th>
<th>Phone</th>
<th>Fax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exton</td>
<td>367 Eagleview Boulevard</td>
<td>610/594-5100</td>
<td>610/363-1790</td>
</tr>
<tr>
<td>Fargo</td>
<td>4816 Amber Valley Parkway, Suite 105</td>
<td>701/237-8100</td>
<td>701/237-8102</td>
</tr>
<tr>
<td>Nampa</td>
<td>401 East Hawaii Avenue</td>
<td>208/463-5670</td>
<td>208/463-5625</td>
</tr>
</tbody>
</table>

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48 Market-Based Organizations (MBOs), which include:
- 77 hospitals
  - 69 acute care general (23 of which are critical access hospitals)
  - 5 acute care behavioral
  - 2 acute care rehabilitation
  - 1 long-term acute care
- 40 long-term care, assisted-living and residential units
- 2 Community Health Services Organizations (CHSOs)
- 69 rural/urban communities; 20 states
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.

To fulfill this mission, Catholic Health Initiatives, as a values-driven organization, will:

- Assure the integrity of the healing ministry in both current and developing organizations and activities;
- Develop creative responses to emerging health care challenges;
- Promote mission integration and leadership development throughout the entire organization;
- Create a national Catholic voice that advocates for systemic change and influences health policy with specific concern for persons who are poor, alienated and underserved; and
- Steward resources by general oversight of the entire organization.

VISION

Our Vision is to live up to our name as One CHI:

- Catholic — Living our Mission and Core Values.
- Health — Improving the health of the people and communities we serve.
- Initiatives — Pioneering models and systems of care to enhance care delivery.

CORE VALUES

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.

CORE STRATEGIES

People

- Develop top talent and a culture of leadership in health care practices.

Quality

- Achieve leadership in person-centered care.

Stewardship

- Steward resources and invest to innovate and excel in meeting our communities’ needs.

Growth

- Grow and diversify locally and nationally to extend our ministry.
Catholic Health Initiatives

A spirit of innovation, a legacy of care.

1999 Broadway
Suite 4000
Denver, Colorado 80202
303/228-0100
www.catholichealthinitiatives.org

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