

**MCCULLOUGH-HYDE MEMORIAL HOSPITAL  
ANNUAL REPORT TO THE OXFORD CITY COUNCIL  
May, 2010**

**KEY PROGRAMS/ACCOMPLISHMENTS IN 2009**

Improved Patient Quality/Accreditation Outcomes:

- Provided outstanding quality care to those patients served as evidenced by our comparative clinical CMS Measures data on CHF, Pneumonia Care, and Surgical Care indicators demonstrating MHMH outcomes mostly better than hospitals in the Greater Cincinnati Hospital Council (GCHC) for 9 months or 3 quarters, 2009 (1Q09 – 3Q09):

Congestive Heart Failure –MHMH scored 95% vs all GCHC Hospitals 92%  
Pneumonia – MHMH scored 86% vs all GCHC Hospitals 88%  
Surgical Care (certain procedures) – MHMH scored 91% vs GCHC Hospitals 90%  
(Note: Acute Myocardial Infarction or AMI is also included in CMS Measures but MHMH admissions of AMI's are too low for valid comparisons).

- From the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Patient Satisfaction survey data, MHMH reports show a score of 95% on the 2 overarching questions regarding “Overall Satisfaction with care during an admission or outpatient service” and the “Likelihood to Recommend the provider to a friend or family member”, which ranks higher than most GCHC area hospitals.

Initiate New Programs and Services:

- Expanded services at the Ross Medical Center, including:  
Ross Urgent Care – Plus began in January '09 and the accompanying Occupational Health Service officially was opened in April. The Urgent Care and Occupational Health Service are provided seven days per week along with a full range of Imaging and Laboratory Services.

The Lab and Imaging Services were expanded from weekday only to include weekends to support the Urgent Care Plus operations.

Grow Clinical Service Volumes:

- Formal Marketing Plans developed and implemented:  
Twice per year Newsletter mailing includes 55,000 households in service area  
Once per year Calendar mailing includes 45,000 households in service area  
Continued Ross Urgent Care Plus services marketing plan  
Began new Orthopedic/Rehabilitative Services marketing plan.
- Increased awareness of certain clinical services including OB-Maternal Child Health, ED, cancer care, new physicians and others.
- Continued to provide Athletic Training and related sports medicine prevention, immediate treatment and long term rehabilitation services to four high schools including Talawanda City Schools, Ross, Union City/ College Corner Joint Schools and Hamilton City Schools.

#### Improve Financial Performance

- Prepared a 5-year financial plan for improving financial performance and balance sheet strength. Following a laborious application and qualification process, received approval for USDA guaranty on hospital borrowings related to two specific projects to reduce the rate of interest charged on these specific funds. Later, the restrictions accompanying this guaranty were viewed as too onerous, so MHMH proceeded to seek alternative bank financing to lower long term debt service costs, both interest and related fees. The process concluded in a considerable lowering of costs per year and forging a new relationship for Investments Management Services, with Key Bank.

#### Improve Facilities, Physical Plant:

- Renovated ICU to improve access to rooms and provide ceiling mounted patient lifts for safer and efficient bed transfer capability. Improved workstation and access/visibility of central cardiac monitoring system. Improved room access and flooring for staff, patient, visitor comfort and appeal.
- Renovated Maternal Child Health Service patient rooms to better configure location of equipment and supplies as well as improve flow in rooms at time of critical services. Improved overall room appeal.
- Replaced Radio-fluoroscopy (X-ray) equipment in Imaging for higher picture quality on diagnostic exams, improved access and comfort with a new table and improve patient handling.

#### Enhance Community Prevention/Screenings/Education programs:

- Health Fairs/Health Information/Provided including First Aide
  - Butler County: 13 events
  - Preble County: 2 events
  - Union County/Franklin County: 6
- Car Seat Safety Education/Checks: 65
- Lunch and Learn: 11 programs (2 at Ross)
- Safe Sitter Classes: 2 in Oxford, 1 in Ross and 2 in Brookville
- Prostate Screening
- Partnered with Talawanda to provide "Step up to Good Health" program and Mini Health seminar for 6th graders
- Continued with Diabetes Education

#### Improve Employee Development, Engagement, Retention:

- Increased employees on the Employee Relations Committee and achieved increased staff contributions towards United Way, Oncology Expansion project and the Employee Emergency Endowment Fund.
- Increased the quality of Employee Service Recognition Awards, with more selection.
- Increased employee participation in Wellness Challenge programs by 10.6% leading to improved health status of employees.

## **PATIENT CARE ACTIVITY**

The Hospital Patient Activity in 2009 as compared to that of 2008 was as follows:

Total Patient Discharges	0.6%	↓
Observation Patients (<24 hours)	32.1%	↑
Emergency Visits	3.0%	↑
Births	6.7%	↓
Surgical Procedures	2.6%	↑
Laboratory Tests	8.9%	↑
Imaging Procedures	1.7%	↑
Outpatient Visits	1.7%	↑

In summary, the volume of Hospital services grew in a number of most of our key areas including Observation patients, Emergency Dept. visits, Surgical Procedures, Lab Tests, Imaging and other Outpatient Visits.

## **PATIENT REVENUES**

Total patient service revenues increased 16.2% in 2009 over 2008. This amount is offset however by a growing deduction from billed charges reflecting amounts not paid by Medicare, Medicaid, Anthem (Blue Cross/Blue Shield), and commercial insurers such as Humana, United Healthcare, Medical Mutual of Ohio, Aetna, etc. These third party payers do not reimburse hospital full charges but pay fixed payments or have contracted discounts totaling over \$57.3 million, a 16.0% increase from 2008.

Charity care was \$2,760,524 in 2009, an increase of 9.5%; while bad debts increased by 51.1% to \$7,328,245.

## **TOTAL EXPENSES**

MHMH employee salaries and wages increased to \$22,496,901, an increase of \$1,905,844 or 9.3% and benefits increased by \$1,277,655 for a combined increase of 12.5% over 2008.

Supplies and other expenses not including depreciation and interest expense, grew 18.7%.

## **HOSPITAL MARGIN**

With total net revenues of \$65,979,349, the hospital reported a “revenue over expenses” amount (net margin) of \$2,809,716. McCullough Hyde established a goal to maintain this level of margin in 2010 even with the distressing economic issues in the Greater Cincinnati region and the likelihood of continued, bad debt expense increases.

## **HOSPITAL TRUST CHANGES IN 2009**

In spite of a troubled economy in 2009, donors continued to support the Hospital Trust with more than \$760,000 in contributions, including \$105,000 from our signature biennial fund-raising event, Chefs' Celebration, which helped fund needed surgical equipment and the ICU renovations. As the investment climate started to rebound in mid-2009, the market value of our investment portfolio increased by \$1.5 million.

## **AUXILIARY AND VOLUNTEERS**

254 volunteers, including adult, college and teen volunteers, provided 22,261 hours in of excellent service in 2009. Over 25 hospital departments have active volunteers. Additionally, MHMH enjoys the support of community members that donate their time for the Auxiliary fund-raisers, bringing our overall total to

338 volunteers. This is an increase of 1.04% over 2008. The Auxiliary gave another \$50,000 in 2009 towards the Wilfred Leder Oncology Clinic which was in addition to their support of \$100,000 in 2008. Each year the Gift Shop generates substantial proceeds, which again totaled \$30,000 in 2009.

#### **LEADERSHIP**

Mr. Roger Ames served as Chair, Mr. Rusty Richardson as Vice Chair and Mr. Richard Norman as Secretary/Treasurer. Other Members for 2009-10 were Terry Hunt, M.D., Doug Ross, D.O., Susan Lipnickey, Paige Wood, Mike Rudolph, Tom Speh and Jack Mann. Dr. Hillary Evans serves as Chief of Staff for '09-'11 and Dr. Dan Stein serves as Vice Chief of Staff.

#### **KEY OBJECTIVES/INITIATIVES FOR 2010:**

- Continue to improve quality patient care
- Strengthen Partnerships with local Organizations, including Miami University
- Conduct Master Facility Planning Process
- Improve Hospital Patient/Family Satisfaction
- Continue to Enhance Recruitment, Retention and stronger Relationships with our Medical Staff
- Explore enhancements with community agency working relations
- Improve Financial Stability

Like most community hospitals, meeting community health care needs will continue to be a challenge in 2010 as public and private insurance programs continue to maintain or reduce payment

**Respectfully submitted on behalf of the Board of Directors, McCullough-Hyde Memorial Hospital and Trust by:**

**Bryan D. Hehemann  
President and CEO  
McCullough-Hyde Memorial Hospital**

**The McCullough-Hyde Memorial Hospital, Inc. & Trust**  
**Consolidated Balance Sheets**  
**As of December 31**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b><u>Assets</u></b>					
Cash	\$ 2,188,788	\$ 559,706	\$ 2,638,454	\$ 3,833,359	\$ 6,039,728
Patient accounts receivable	5,866,554	5,997,404	5,176,377	6,995,732	5,876,689
Investments	7,167,512	7,931,778	8,858,166	5,312,387	6,601,117
Inventory	304,118	330,877	390,907	1,036,296	1,037,663
Prepaid expenses and other	425,138	760,614	1,172,260	1,133,039	1,123,511
<b>Total current assets</b>	<b>15,952,110</b>	<b>15,580,379</b>	<b>18,236,164</b>	<b>18,310,813</b>	<b>20,678,708</b>
Assets whose use is limited	-	5,167,000	2,230,432	1,867,726	4,245,380
Investment property	486,850	448,077	414,002	380,904	368,705
Property and equipment, net	31,020,470	29,327,287	31,598,544	31,014,540	30,778,691
Other assets	1,104,102	798,027	841,456	1,352,370	1,653,569
<b>Total assets</b>	<b>\$ 48,563,532</b>	<b>\$ 51,320,770</b>	<b>\$ 53,320,598</b>	<b>\$ 52,926,353</b>	<b>\$ 57,725,053</b>
 <b><u>Liabilities &amp; Net Assets</u></b>					
Accounts payable	\$ 1,851,717	\$ 925,675	\$ 1,039,758	\$ 2,086,814	\$ 1,390,847
Accrued liabilities	1,966,456	2,026,680	4,006,647	2,754,489	3,017,801
Estimated third-party settlements	364,000	364,000	475,000	779,000	945,126
Current maturities of long-term debt	1,065,938	1,532,950	1,676,640	1,571,145	2,041,786
<b>Total current liabilities</b>	<b>5,248,111</b>	<b>4,849,305</b>	<b>7,198,045</b>	<b>7,191,448</b>	<b>7,395,560</b>
Long-term debt	17,118,259	20,752,309	19,858,734	18,487,590	19,461,501
Net assets	26,197,162	25,719,156	26,263,819	27,247,315	30,867,992
<b>Total liabilities and net assets</b>	<b>\$ 48,563,532</b>	<b>\$ 51,320,770</b>	<b>\$ 53,320,598</b>	<b>\$ 52,926,353</b>	<b>\$ 57,725,053</b>

**The McCullough-Hyde Memorial Hospital, Inc.**  
**Statement of Operations**  
**For the Years Ended December 31**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gross patient revenue:					
Inpatient	\$ 18,375,775	\$ 20,293,921	\$ 20,968,262	\$ 29,809,937	\$ 32,096,728
Outpatient	54,693,982	54,836,628	62,730,520	78,584,603	93,905,279
<b>Total patient revenue</b>	<b>73,069,757</b>	<b>75,130,549</b>	<b>83,698,782</b>	<b>108,394,540</b>	<b>126,002,007</b>
Deductions from revenue:					
Charity care	(1,251,381)	(1,245,243)	(1,710,402)	(2,520,132)	(2,760,524)
Contractual allowances	(24,945,435)	(26,758,673)	(32,879,623)	(49,487,444)	(57,381,076)
Other adjustments	(259,707)	(245,158)	(995,651)	(955,072)	(1,124,972)
<b>Total deductions</b>	<b>(26,456,523)</b>	<b>(28,249,074)</b>	<b>(35,585,676)</b>	<b>(52,962,648)</b>	<b>(61,266,572)</b>
Net patient revenue	46,613,234	46,881,475	48,113,106	55,431,892	64,735,435
Other revenue	1,019,154	584,019	696,403	916,933	1,243,914
<b>Total revenue</b>	<b>47,632,388</b>	<b>47,465,494</b>	<b>48,809,509</b>	<b>56,348,825</b>	<b>65,979,349</b>
Expenses:					
Salaries & wages	17,848,661	18,784,250	19,105,005	20,591,057	22,496,901
Employee benefits	4,247,278	4,690,968	4,745,581	4,847,930	6,125,585
Supplies and expense	17,094,620	17,361,849	17,505,332	19,163,839	22,750,265
Provision for bad debts	3,399,016	3,652,519	3,595,839	4,850,611	7,328,245
Depreciation & amortization	3,377,419	3,698,274	3,512,112	3,630,372	3,884,848
Interest	723,588	845,441	828,228	857,881	1,151,292
<b>Total expenses</b>	<b>46,690,582</b>	<b>49,033,301</b>	<b>49,292,097</b>	<b>53,941,690</b>	<b>63,737,136</b>
Operating income (loss)	941,806	(1,567,807)	(482,588)	2,407,135	2,242,213
Non-operating gains (losses)	(127,831)	221,117	732,759	293,564	567,503
<b>Net income (loss)</b>	<b>\$ 813,975</b>	<b>\$ (1,346,690)</b>	<b>\$ 250,171</b>	<b>\$ 2,700,699</b>	<b>\$ 2,809,716</b>

**The McCullough-Hyde Memorial Hospital Trust**  
**Statement of Activities**  
**For the Years Ended December 31**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Support & revenue:					
Contributions	\$ 431,759	\$ 225,853	\$ 882,400	\$ 1,086,641	\$ 576,835
Investment income	424,495	955,184	651,424	(2,106,119)	1,230,633
Rental income	54,250	79,077	62,741	63,444	66,185
Other	1,872	87,668	67	3,452	-
<b>Total support &amp; revenue</b>	<b>912,376</b>	<b>1,347,782</b>	<b>1,596,632</b>	<b>(952,582)</b>	<b>1,873,653</b>
Program & administrative expenses	609,358	479,098	1,302,140	764,621	1,062,692
<b>Change in net assets</b>	<b>\$ 303,018</b>	<b>\$ 868,684</b>	<b>\$ 294,492</b>	<b>\$ (1,717,203)</b>	<b>\$ 810,961</b>

**The McCullough-Hyde Memorial Hospital, Inc.**  
**Service Volumes**  
**For the Years Ended December 31**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Inpatient census:					
Discharges	2,607	2,635	2,588	2,715	2,700
Patient days of care	8,924	9,179	8,126	8,758	8,475
Average daily census	24.4	25.1	22.3	23.9	23.2
Average length of stay (days)	3.4	3.5	3.1	3.2	3.1
Observation hours of care	33,967	27,430	20,793	26,448	34,932
Newborns	535	514	499	465	434
Emergency visits	17,538	18,240	17,439	16,972	17,473
Surgical cases	1,861	1,683	1,808	1,829	1,876
Endoscopy cases	1,763	1,847	1,944	2,304	2,199
Laboratory tests	227,929	225,235	237,106	258,795	281,722
Radiology procedures	23,974	24,002	28,524	28,769	29,784
Ultrasound procedures	n/a	n/a	7,106	7,280	6,901
CAT scans	5,829	6,338	6,512	7,009	7,487
Nuclear Medicine procedures	2,310	2,174	2,084	2,248	1,995
MRI scans	2,140	2,373	2,244	2,756	2,693
EKG procedures	5,096	5,110	5,078	5,301	5,163
Rehabilitation therapies	49,867	52,080	62,779	77,458	78,341
Respiratory therapies	53,539	52,474	47,102	50,591	52,942
Sleep studies	566	598	581	548	563
Full-time equivalent employees	389	399	405	417	441
Facility and equipment purchases	\$ 4,301,371	\$ 2,046,560	\$ 5,823,109	\$ 3,048,067	\$ 3,596,533
Repayment of long-term debt	\$ 1,013,327	\$ 1,065,938	\$ 1,582,884	\$ 1,476,641	\$ 1,232,036

**The McCullough-Hyde Memorial Hospital, Inc.**  
**Gross Charges by Payor and Patient Type**  
**For the Years Ended December 31**

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Medicare	Inpatient	\$ 9,438,692	\$ 10,554,465	\$ 10,268,194	\$ 15,555,283	\$ 16,605,079
	Outpatient	13,365,656	14,720,291	17,899,292	23,386,657	26,509,606
	Total Medicare	<u>22,804,348</u>	<u>25,274,756</u>	<u>28,167,486</u>	<u>38,941,940</u>	<u>43,114,685</u>
Medicaid	Inpatient	1,602,382	1,498,445	1,693,782	2,075,674	2,486,827
	Outpatient	4,609,574	3,928,865	4,414,400	5,636,177	7,106,583
	Total Medicaid	<u>6,211,956</u>	<u>5,427,310</u>	<u>6,108,182</u>	<u>7,711,851</u>	<u>9,593,410</u>
Blue Cross	Inpatient	3,190,087	3,521,172	4,038,827	5,622,843	4,540,325
	Outpatient	15,094,639	16,378,510	18,753,564	22,925,095	20,734,704
	Total Blue Cross	<u>18,284,726</u>	<u>19,899,682</u>	<u>22,792,391</u>	<u>28,547,938</u>	<u>25,275,029</u>
Commercial	Inpatient	3,351,093	4,146,906	3,711,113	4,976,655	6,548,130
	Outpatient	17,695,744	15,836,472	17,368,414	22,062,300	33,584,793
	Total Commercial	<u>21,046,837</u>	<u>19,983,378</u>	<u>21,079,527</u>	<u>27,038,955</u>	<u>40,132,923</u>
Private	Inpatient	764,635	916,141	1,170,149	1,507,171	1,956,468
	Outpatient	3,947,333	3,617,157	4,381,088	4,647,495	5,929,562
	Total Private	<u>4,711,968</u>	<u>4,533,298</u>	<u>5,551,237</u>	<u>6,154,666</u>	<u>7,886,030</u>
Total	Inpatient	18,346,889	20,637,129	20,882,065	29,737,626	32,136,829
	Outpatient	54,712,946	54,481,295	62,816,758	78,657,724	93,865,248
	Total Hospital	<u>\$ 73,059,835</u>	<u>\$ 75,118,424</u>	<u>\$ 83,698,823</u>	<u>\$ 108,395,350</u>	<u>\$ 126,002,077</u>
Medicare	Inpatient	12.9%	14.1%	12.3%	14.4%	13.2%
	Outpatient	18.3%	19.6%	21.4%	21.6%	21.0%
	Total Medicare	<u>31.2%</u>	<u>33.6%</u>	<u>33.7%</u>	<u>35.9%</u>	<u>34.2%</u>
Medicaid	Inpatient	2.2%	2.0%	2.0%	1.9%	2.0%
	Outpatient	6.3%	5.2%	5.3%	5.2%	5.6%
	Total Medicaid	<u>8.5%</u>	<u>7.2%</u>	<u>7.3%</u>	<u>7.1%</u>	<u>7.6%</u>
Blue Cross	Inpatient	4.4%	4.7%	4.8%	5.2%	3.6%
	Outpatient	20.7%	21.8%	22.4%	21.1%	16.5%
	Total Blue Cross	<u>25.0%</u>	<u>26.5%</u>	<u>27.2%</u>	<u>26.3%</u>	<u>20.1%</u>
Commercial	Inpatient	4.6%	5.5%	4.4%	4.6%	5.2%
	Outpatient	24.2%	21.1%	20.8%	20.4%	26.7%
	Total Commercial	<u>28.8%</u>	<u>26.6%</u>	<u>25.2%</u>	<u>24.9%</u>	<u>31.9%</u>
Private	Inpatient	1.0%	1.2%	1.4%	1.4%	1.6%
	Outpatient	5.4%	4.8%	5.2%	4.3%	4.7%
	Total Private	<u>6.4%</u>	<u>6.0%</u>	<u>6.6%</u>	<u>5.7%</u>	<u>6.3%</u>
Total	Inpatient	25.1%	27.5%	24.9%	27.4%	25.5%
	Outpatient	74.9%	72.5%	75.1%	72.6%	74.5%
	Total Hospital	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>