

**McCullough-Hyde Memorial Hospital
Annual Report to the Oxford City Council
May, 2012**

KEY PROGRAMS/ACCOMPLISHMENTS IN 2011

Improved Patient Quality/Accreditation Outcomes

- Continue to provide the highest quality care to patients, as evidenced by our comparative clinical measures data reported to the Center for Medicare and Medicaid Services (CMS) as required by all hospitals in the country, on the following: Congestive Heart Failure, Pneumonia Care, Surgical Care and Acute Myocardial Infarction. MHMH outcomes compare very favorably with hospitals throughout the State of Ohio:
Congestive Heart Failure: MHMH scored 98% vs. State Performance 96%
Pneumonia*: MHMH scored 77% vs. State Performance 95%
Surgical Care (certain procedures)*: MHMH scored 78% vs. State Performance 97%
Acute Myocardial Infarction (AMI)**: MHMH scored 92% vs. State Performance 93%

(* Pneumonia and Surgical Care measures demonstrated dramatic improvement in 4Q2011)

(**The number of AMI admissions at MHMH is considered too low for statistically valid comparison)

- From the patient satisfaction questionnaire, known as the “Hospital Consumer Assessment of Healthcare Providers and Systems” (HCAHPS) which is also required by CMS, the MHMH survey data shows a score of 71% who responded ‘definitely yes’ when asked about the “likelihood to recommend the provider to a friend or family member.” The State and U.S. average is 70%. Also, MHMH has received national recognition in calendar year 2011 for our outstanding patient satisfaction scores by Health Grades, a private, independent healthcare provider rating organization.
- MHMH received “Full Accreditation” for three (3) years as awarded by the Healthcare Facilities Accreditation Program, which is sponsored by the American Osteopathic Association, Chicago, Ill.

Initiate New Programs and Services

- Implemented Point of Care (POC) automated clinical documentation, including patient interview, initial physical assessment, monitoring flow sheets, and discharge and patient education material
- Opened Brookville Urgent Care at the Brookville Outpatient Service location (Cooley Road off State Route 101)
- Began providing local PET/CT diagnostic studies through a mobile service, two times per month
- Implemented new Computer Provider Order Entry (CPOE) system with Medical Staff in order to meet requirements for Phase I “Meaningful Use” and qualify for federal incentive payments
- Completed training to all non-clinical staff on optimal, customer service
- Implemented a new Surgery Management Information System in Peri-operative Services
- Successfully completed the tri-annual Healthcare Facility Accreditation Program (HFAP) survey, conducted by the American Osteopathic Association without any significant recommendations for improvement

Grow Clinical Service Volumes

- Expanded MHMH Sports Medicine Program throughout our service area, with Dr. Matt Daggy serving as the lead for MHMH's area high school onsite injury identification, assessment, treatment and referral programs, including a new concussion recognition and recovery project
- Increased referrals from MHMH Emergency Department to the Occupational Health Services
- Increased referrals to Hospitalist for inpatient care
- Finalized training and develop onsite program for Echocardiography and Vascular Ultrasound
- Developed new resource manuals for Patient Registration staff, cross-trained staff in all functions of department including registration, pre-certification, insurance verification and scheduling
- Updated/Completed Joint Test with Mayo Medical Laboratory
- Expanded Employer Wellness and Health Services and programs
- Expanded MU Sports Program Support

Improve Facilities, Physical Plant

- Complete a major upgrade to the Radiology Information System (RIS) for better digital images storage, retrieval and distribution
- Purchased and installed a new, state of the art Computed Axial Tomography unit (CT Scanner)
- Completed the "Oncology Healing Garden", a fenced in garden accessible from the Oncology Center, for quiet repose and personal refreshment by patients, families and staff alike
- Extensive remodeling was conducted on the main medical/surgical Inpatient Unit (IPC)

Enhance Community Prevention/Screenings/Education programs

- Health Fairs/Health Information/Provided including First Aid
 - ~ Butler County: 8 events
 - ~ Preble County: 1 event
 - ~ Union County: 3 events
 - ~ Franklin County: 3 events
- Youth Health and Safety Days
 - ~ Oxford: 1 event (FRESH Air Fair)
 - ~ Ross: 1 event
- Car Safety Checks: 29
- Medication Take Bank Days: 1 (MHMH sponsored, conducted with other agencies)
- Prostate Screening: 1 event
- Talawanda Schools: Provided Crisis Cards to all Middle School 8th graders
- Lunch & Learn: 10 programs (1 at Ross)
- Safe Sitter: 4 Classes (2 in Oxford, 1 in Ross, 1 in Brookville)
- Continued Diabetes Education
- Continued to be a major supporter of the Oxford College Corner Clinic by providing office space, staff support, administrative time and financial support.
- Sponsored and supported the State to State Run (provided onsite therapy and bus service)
- Miami University: 3 events at Sports Venues

Improve Employee Development, Engagement and Retention

MHMH believes that employee commitment and loyalty are essential to its continued success. In challenging economic times, this takes on even more significance. To demonstrate to employees that MHMH values their contributions, the follow programs were initiated:

- Due in no small part to the Hospital's commitment to provide employees with access to resources and incentives to improve their individual health and well being, the Wellness Program participation grew significantly,
- Long-term employees were provided with regular, valuable advice re: retirement and related savings and planning matters. Informative programs by qualified and credentialed representatives were offered to all employees throughout the year focusing on retirement and Medicare selection options, at no charge.
- In the face of significant challenges, a modest pay adjustment was provided in January 2011 to all employees with a commitment to provide further compensation adjustments as financial conditions allowed.

KEY FINANCIAL INDICATORS IN 2011

Patient Care Volume

Several leading indicators of Hospital patient activity in 2011, compared to that of 2010, were as follows:

- *Inpatient Activity*

Total Patient Discharges	-6.1%
Births	-7.5%
Observation Patients (<24 hours)	-10.3%
- *Outpatient Activity*

Emergency Visits	-0.5%
Surgical Procedures	+2.3%
Laboratory Tests	-4.0%
Imaging Procedures	-5.1%

In summary, the number of admissions/discharges from MHMH decreased over 6% from the previous year. On the other hand, volume of those seeking outpatient services at MHMH facilities declined in several key areas (Emergency, Lab, Imaging) while rising slightly in others (Outpatient Surgery).

Total patient service revenues decreased 1.0% in 2011 over 2010. This amount is offset however by a decreased 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 \$61.1 million, a 0.4% decrease from 2010.

Total Expenses

MHMH employee salaries and wages decreased to \$22,394,000 a decrease of \$261,000 or 1.2%, while benefits decreased by \$137,000 for a net decrease of 2.2% from 2010. Supplies and other expenses not including depreciation and interest expense decreased 2.1%. Charity care was \$1,990,000 in 2011, a decrease of 13.8%, while bad debts decreased by 28.1% to \$6,013,000.

Hospital Margin

With total net revenues of \$63,024,000, the hospital reported a “revenue over expenses” amount (net margin) of \$965,000 or 1.5% of net revenues. McCullough-Hyde had established an operating margin goal of 2.0% for 2011 despite reductions in patient volumes and limited reimbursement increases.

The Trust – MHMH’s Development or Fundraising Program

Total donations made to the MHMH Trust in 2011 were \$378,200. This includes \$43,290 contributed by the MHMH Auxiliary, \$19,600 in pledges and \$28,700 in in-kind gifts for Chefs' Celebration, the biennial fundraiser hosted by the Hospital Medical Staff which features fine wine paired with gourmet food prepared by 10 guest chefs from the region, including Oxford, Cincinnati and Richmond.

Volunteer Services and Auxiliary

Volunteers consisting of Adults, Miami University Students and area Teenagers totaled 333 in 2011, providing 20,980 hours of time and enthusiasm. In addition, community members that donate their time to the Auxiliary fund-raisers brought the grand total of Volunteers to 489. MHMH is continued to be blessed with so many cheerful, energetic and supportive volunteers who also serve as informal ambassadors in the community.

The Auxiliary had another outstanding year, donating \$43,290.50 to MHMH for the purchase of much needed medical equipment in several different departments. Those areas included the Inpatient Care Unit, Same Day Surgery, Obstetrics, Laboratory and Respiratory Care. The Auxiliary’s donations are bolstered by proceeds from operating the gift shop, which was recently named the Daisy Shop. This name was chosen to honor Daisy McCullough who played an important role in the history of the Hospital and Auxiliary.

The Auxiliary officers for 2011 were: Beth Baer, President; Diane Oak, First Vice President; Pat Willeke, Second Vice President; Christine Ingham, Treasurer; Sue Treadway, Secretary; and Alyce Potter, Immediate Past President.

2011 Board of Trustees and Medical Staff Leadership

Since July 1, 2011, Ms. Susan Lipnickey has served as Chair, Richard Norman as Vice Chair, and Alan Oak as Secretary/Treasurer. Other members of the 2011-2012 Board of Trustees were Wm. Douglas Ross, D.O., Paige Wood, Mike Rudolph, Tom Speth, Jack Mann, John Harlan, M.D., and Ralph Gutowski.

Dan Stein, M.D., served as Chief of Staff and Hillary Evans, M.D., served as Vice Chief of Staff.

KEY OBJECTIVES/INITIATIVES FOR 2012:

- Continue to improve our high quality and safe patient care as well as outstanding customer service:
 - a. Improve the completeness and reliability of our process for obtaining a complete list of home medications upon admission in order to ensure that every patient continues with their same medications taken prior to admission, unless there is a specified need for change; to assure continued changes to those medications are documented while they remain at MHMH; to assure patients receive a complete list of medications to take after their hospitalization and are well educated on prescribed medications upon discharge..
 - b. Improve the patient experience as an inpatient with better communication approaches between MHMH staff and patients/families, such as: conducting shift to shift reports within the patient room so important clinical information is shared with the patient; use of larger “white boards” listing daily care plan goals and other important patient care information; use of new tools for assessing and addressing patient pain management; increasing room visit frequency by Environmental Services staff.
 - c. Adopting the Medical Orders for Life Sustaining Treatment (MOLST) framework that physicians and healthcare providers will then use to guide choices and finalize patient end of life care options including CPR, nutrition and hydration, medications and antibiotic use, pain control and others.
 - d. Revise our current and more typical 3 meal per day food service to an “Upon Your Request” service, in which patients order from a discreet menu consistent with their diet needs/restrictions, but served anytime throughout the day and cooked to order.

- Improve financial performance in the face of a changing healthcare landscape:
 - a. Better understand the impact on utilization of services as consumers are required to pay more “out-of-pocket” due to high deductible health plans and increased co-pays.
 - b. Adjust operating costs to that of similar sized hospitals with best practices
 - c. Adopt innovative business practices to provide the most effective and efficient services to patients, reflecting MHMH’s high quality clinical care.

- Maximize investment in the hospital-wide, clinical information system:
 - a. Work with the IT vendor to improve performance issues as they’re defined.
 - b. Work with IT staff to analyze hardware configuration and network performance improvement opportunities.
 - c. Work with Medical Staff and employees to identify work process changes which maximize software capability or overcome deficiencies.

- Strengthen working relationships with large area employers such as Miami University, Talawanda School District and the City of Oxford to assist with their healthcare needs directly; as well as with local non-profit organizations like the Coalition for a Healthy Community and others, to define and prioritize community health needs and solutions.

- Enhance long term working relationships and business partnerships with the Medical Staff for delivering better care in the future with the utmost value, emphasizing coordinated preventive, wellness-oriented and cost effective care.

Respectfully submitted on behalf of the Board of Trustees, McCullough-Hyde Memorial Hospital and Trust

Bryan D. Hehemann, FACHE
President and Chief Executive Officer

The McCullough-Hyde Memorial Hospital, Inc.
Statement of Operations
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Gross patient revenue:		
Inpatient	\$ 37,289,054	\$ 38,259,957
Outpatient	92,007,708	92,371,327
Total patient Revenue	129,296,762	130,631,284
Deductions from revenue:		
Charity care	1,990,178	2,307,954
Contractual allowances	60,937,354	61,302,380
Other adjustments	4,458,692	2,210,201
Total deductions	67,386,224	65,820,535
Net patient revenue	61,910,538	64,810,749
Other revenue	1,236,756	1,141,619
Total revenue	63,147,294	65,952,368
Expenses:		
Salaries & wages	22,394,180	22,655,430
Employee benefits	5,991,020	6,128,346
Supplies and expense	23,043,717	23,525,348
Provision for bad debts	6,013,424	8,365,197
Depreciation & amortization	4,130,611	4,054,725
Interest	806,496	897,318
Total expenses	62,379,448	65,626,364
Operating income (loss)	767,846	326,004
Non-operating gains (losses)	197,455	242,818
Net income	\$ 965,301	\$ 568,822

The McCullough-Hyde Memorial Hospital Trust
Statement of Activities
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Support & revenue:		
Contributions	\$ 241,910	\$ 242,585
Investment income (loss)	(437,853)	937,323
Rental income	69,665	79,965
Total support & revenue	(126,278)	1,259,873
 Program & administrative expenses	 562,746	 614,770
 Change in net assets	 \$ (689,024)	 \$ 645,103

The McCullough-Hyde Memorial Hospital, Inc. & Trust
Consolidated Balance Sheets
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets:		
Cash	\$ 4,284,212	\$ 6,766,636
Patient accounts receivable	8,206,772	8,061,967
Investments	7,056,705	7,612,291
Inventory	1,176,581	1,143,460
Prepaid expenses and other	1,364,752	1,433,075
Total current assets	22,089,022	25,017,429
Assets whose use is limited	1,958,052	2,282,824
Investment property	301,917	334,823
Property and equipment, net	28,856,919	30,233,845
Other assets	1,101,201	1,322,502
Total assets	\$ 54,307,111	\$ 59,191,423
Liabilities & Net Assets:		
Accounts payable	\$ 1,334,982	\$ 1,789,404
Accrued liabilities	2,928,735	3,572,034
Estimated third-party settlements	456,746	2,391,036
Current maturities of long-term debt	2,227,470	2,132,607
Total current liabilities	6,947,933	9,885,081
Long-term debt	15,101,425	17,328,894
Net assets	32,257,753	31,977,448
Total liabilities and net assets	\$ 54,307,111	\$ 59,191,423

The McCullough-Hyde Memorial Hospital, Inc.
Service Volumes
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Inpatient Census:		
Discharges	2,608	2,776
Patient days of care	9,153	9,081
Average daily census	25.1	24.9
Average length of stay (days)	3.5	3.3
Observation hours of care	17,863	19,892
Newborns	408	441
Emergency visits	16,410	16,490
Surgical cases	1,621	1,817
Endoscopy cases	3,526	3,305
Laboratory tests	271,881	283,192
Radiology procedures	28,226	28,339
Ultrasound procedures	5,990	6,424
CT scans	5,779	7,425
Nuclear medicine procedures	939	949
MRI scans	2,445	2,567
EKG procedures	6,894	6,763
Rehabilitation therapies	76,415	72,903
Respiratory therapies	26,792	25,580
Sleep studies	415	516
Full-time equivalent employees	431	439
Facility and equipment purchases	\$ 2,754,088	\$ 3,508,550
Repayment of long-term debt	\$ 2,132,606	\$ 2,041,786