

Transforming 2014 Annual Report **CARE**

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JOHN AND MELISSA BESSE
PHYSICAL REHABILITATION
AND WELLNESS CENTER



OSF

ST. FRANCIS HOSPITAL
& MEDICAL GROUP



Evolving to Better Serve Our Community

OSF St. Francis Hospital & Medical Group's accomplishments in 2014 were a direct result of our people — our employees, physicians, volunteers and supporters.

For the third consecutive year, our Hospital & Medical Group was named a Top Rural Hospital by the Leapfrog Group. This prestigious, national recognition is a reflection of the high level of care our dedicated physicians and staff provide the community. I encourage you to read more about our accomplishments on page 4.

Just as our accomplishments stem from people, all we do is expressly focused on serving people — specifically, our community. Within the pages of this annual report, you will read about our efforts to meet and exceed the community's health care needs.

Improving access to care has been a significant OSF focus. Within the past year, we welcomed three new physicians to our medical team: OB-GYN Casey Sager, M.D.; pulmonologist Ronald Sherman, D.O.; and gastroenterologist Robert Yin, M.D. We also established a new agreement with Green Bay Oncology to enhance our chemotherapy services and ensure local access to care.

Another OSF objective: continuing our efforts to address our community's specific health care needs as outlined in a 2013 health needs assessment. Find details about these initiatives on page 3. A copy

of the complete assessment is on our website at www.osfstfrancis.org.

OSF recently opened a new physical rehabilitation and wellness center, a milestone in improving quality care in our community. The Center is a direct result of a \$2.5 million gift from the John & Melissa Besse Foundation, as well as generous donations from other community members. The Center offers expanded space for existing services as well as new offerings, such as aquatic therapy, speech therapy, pulmonary rehabilitation and a wellness program. Delve into details on page 6.

As we look to the future and anticipate the opportunities and challenges ahead, we will continue to harness our strengths and seek avenues to provide new and needed services for our community while maintaining financial integrity and promoting growth. I am confident about the direction of our Hospital & Medical Group and eager to embark upon a new year of possibilities.

Sincerely,

David Lord
President and CEO
OSF St. Francis Hospital & Medical Group

THANK YOU TO OSF'S COMMUNITY ADVISORY BOARD MEMBERS

- Caren Crawford, Chair
- Susan Harris, Vice Chair
- Joe Carlson
- Will Carne
- Lorna Charlevoix
- Rob Cooper
- Darla Falcon
- Mary Harrington
- Jim Henderson
- Kay Johnson
- Patrick Lindow
- Jeff Magowan
- William Marmalick
- Ronald Miasu
- Tom Mitchell
- Dave Pechawer
- Jackie Pride
- Caron Salo
- Lori Shea
- Darlene Smith

OUR MISSION

In the spirit of Christ and the example of Francis of Assisi, the Mission of OSF HealthCare is to serve persons with the greatest care and love, in a community that celebrates the gift of life.



ASSESSING AND ADDRESSING OUR COMMUNITY'S NEEDS

At OSF St. Francis Hospital & Medical Group, we strive to care for the physical, emotional and spiritual needs of those we serve.

To that end, we conducted a 2013 community health needs assessment to pinpoint key health issues affecting individuals and families in Delta County. With the help of a local advisory committee, we prioritized health issues by evaluating their impact on the community, existing community resources, OSF's potential for improvement and trends and future forecasts. Over the past year, we have focused our efforts on addressing the top five issues, which are:

COMMUNITY MISPERCEPTIONS

Discrepancies exist between individuals' perceptions of health issues and actual data. For example, residents rated diabetes relatively low as a health risk, even though the rate of diabetes in Delta County is higher than state averages.

RISKY BEHAVIORS, SUBSTANCE ABUSE

Delta County ranks 8.5 percent higher than state averages for the number of smokers per capita, with a 4.5 percent increase in Delta County smokers between 2005 and 2007 and 2008 and 2010, compared to a statewide decrease in the same time frame. Also, 25 percent of Delta County respondents stated they engage in binge drinking vs. 18 percent of individuals statewide. Both figures exceed the U.S. national 90th percentile benchmark of 8 percent. Alcohol and drug abuse were the most prevalent unhealthy behaviors among survey respondents.

DIABETES

The rate of type 2 diabetes — commonly referred to as adult-onset diabetes — is higher in Delta County than in the state.

OBESITY

Data from 2010 indicates 71 percent of Delta County adults are obese or overweight. In 2011, Michigan had the fifth highest obesity rate in the U.S. Survey results show fewer than 2 percent of the Delta County population consumes the minimum recommended daily servings of fruits and vegetables, and 25 percent reported they had not participated in any physical activity during the past month. In 2008, an estimated \$3.1 billion in medical costs was spent on obesity-related illnesses in Michigan, with costs expected to rise to \$12.5 billion by 2018.

MENTAL HEALTH

The average number of mentally unhealthy days indicated by Delta County residents is 30 percent higher than the U.S. 90th percentile benchmark.

ADDRESSING OUR COMMUNITY'S NEEDS

In response to these issues, OSF works with a local advisory committee to affect positive change. OSF St. Francis Hospital & Medical Group employs two registered dietitians, one of whom is a certified diabetes educator who volunteers with Escanaba and Gladstone schools to address childhood obesity. We also employ a care manager to help patients with, or at risk for, chronic conditions to maintain good health.

OSF also provides financial support to Catholic Social Services to ensure access to mental health services within the community. We continue to explore opportunities to increase access to care.

SEE THE COMMUNITY HEALTH NEEDS ASSESSMENT

To review the summary and full report, visit www.osfstfrancis.org.

OSF TAPPED AS TOP HOSPITAL FOR THIRD YEAR IN A ROW

OSF St. Francis Hospital & Medical Group is committed to providing comprehensive, attentive and compassionate care to the community.

But don't just take our word for it.

For the third consecutive year, OSF has been named a Top Hospital by the Leapfrog Group, an independent, national nonprofit organization that rates hospitals based on safety and quality efforts. OSF was the only hospital in the Upper Peninsula and one of only two in the state to achieve this recognition!

FEW ARE CHOSEN FOR COVETED AWARD

A distinction granted to hospitals nationwide, the Leapfrog Top Hospital award is given to fewer than 7 percent of all eligible hospitals. OSF was one of only 94 Top Hospitals across the nation.

"The Leapfrog Award recognizes institutions for their excellence in quality of care and patient safety, as well as their commitment to transparency," says Leah Binder, Leapfrog Group president and CEO. "By achieving Top Hospital status, OSF has proven it's a premier institution and deserves to be recognized for its dedication to the families and patients it serves."

TOP HOSPITAL CRITERIA

The Leapfrog Group names top hospitals based on the results of the group's annual hospital survey, which focuses on hospitals' performance in three critical areas:

1. How patients fare
2. Use of resources
3. Management structures established to prevent errors

The group also considers hospitals' performance across other areas of care, such as rates for high-risk procedures and ability to prevent medication errors.

RECEIVING RECOGNITION: OSF EARNS GOVERNOR'S AWARD OF EXCELLENCE

OSF St. Francis Hospital & Medical Group received the Michigan Peer Review Organization (MPRO) 2014 Governor's Award of Excellence for outstanding inpatient clinical achievement in the critical access hospital setting.

MPRO is an independent nonprofit and a national leader in health care quality improvement and medical review. Critical access hospitals meet certain criteria,

such as offering 24/7 emergency care and being located in a rural area.

"We are very pleased to have received this award, which is a testament to the hard work and dedication of our staff who are so committed to providing excellence in health care," says David Lord, OSF president and CEO.

In 2014, 188 Michigan hospitals, physician practices, nursing homes and

community coalitions were honored with the award, which recognizes participants for their dedication to improve health care quality and patient safety.

To receive this honor, OSF excelled in patient safety and quality improvement in two clinical areas: surgical care and pneumonia. OSF also received recognition from The Joint Commission for its surgical care improvement program.

BREATHE EASY: OSF PULMONARY REHABILITATION HAS ARRIVED

For those with chronic lung conditions, breathing just became easier. OSF St. Francis Hospital & Medical Group has initiated a new pulmonary rehabilitation services program to help patients with issues such as asthma, chronic obstructive pulmonary disease, emphysema, pulmonary fibrosis and interstitial or occupational lung disease.

The four-week program — led by Ronald Sherman, D.O., board certified pulmonologist at OSF — involves education and exercise sessions twice a week. While pulmonary rehab cannot cure lung disease, the program can significantly improve patients' quality of life by helping them learn to better manage limited lung function.

"It's an opportunity to achieve the fullest life possible through exercise and education," Dr. Sherman says.

DEEPENING KNOWLEDGE

The educational portion covers facts about lung disease, breathing retraining, medications and ways to manage triggers in the environment. For example, patients are taught to identify triggers that hamper breathing, such as wood stoves and pets in the home. Patients also participate in sessions with a respiratory therapist and an exercise physiologist.

"Pulmonary rehabilitation is an opportunity for patients to get all the information and support they need — along with exercises to improve daily living — in one place," says Paul Capodilupo, manager of the OSF Respiratory Therapy Department.

BUILDING STRENGTH

By the time patients meet Lacey Prestay, OSF's exercise physiologist, they've already been introduced to limited exercise by the

respiratory therapist. Using a treadmill or bicycle, Prestay sets a workout goal of at least 31 minutes for each patient. Exercise begins slowly. As patients gradually build endurance, they learn how their bodies will respond to activity.

"We stop exercise as needed if the patient gets short of breath," Prestay says. "We use that time to teach some breathing techniques to help patients recover their breath. Because of breathing difficulty, many patients are very sedentary when they first come in. We work to build up endurance for daily life function."

FOR DETAILS ABOUT PULMONARY REHABILITATION SERVICES AT OSF, call the OSF Respiratory Therapy Department at 786-5707, ext. 5303 or talk with your physician.

EXTENDING A WARM WELCOME TO OSF'S NEW PHYSICIANS



Ronald Sherman, D.O., Pulmonologist

Dr. Sherman is board certified in internal medicine, medical diseases of the chest and critical care medicine. His interests include asthma, chronic obstructive pulmonary disease, occupational lung disease and smoking cessation.

To schedule an appointment with Dr. Sherman, please call **789-4427**.



Casey Sager, M.D., OB-GYN

A Michigan native, Dr. Sager was born in Alpena and raised in Rogers City. Her interests include intrathecal for pain management during delivery, urinary incontinence, menopause, infertility, family planning and pelvic pain.

To schedule an appointment with Dr. Sager, please call **786-1356**.



Robert Yin, M.D., Gastroenterologist

Dr. Yin is board certified in gastroenterology. His areas of interest include chronic heartburn or acid reflux, Crohn's disease, ulcerative colitis and irritable bowel syndrome. He is a fellow of the American College of Physicians.

To schedule an appointment with Dr. Yin, please call **233-4190**.



GENEROUS GIFTS GIVE BIRTH TO OSF'S NEW REHAB CENTER

Generosity can ease debilitating arthritis pain. Philanthropy can correct poor balance. Gifts can help heal broken bones and muscle injuries.

How, you ask?

Through OSF's new John & Melissa Besse Physical Rehabilitation & Wellness Center, a feat of philanthropy. Several donations made the center a reality, including a \$2.5 million gift from the John & Melissa Besse Foundation, more than \$865,000 in donations from the community and \$1.1 million in support from the Sisters of the Third Order of St. Francis. The Center opened to the public in October 2014.

ENHANCED REHABILITATION SERVICES

Located on Willow Creek Road, the 13,300-square-foot Center is nearly double the size of previous space dedicated to OSF rehab services. The larger size grants additional space to existing services and accommodates new services, such as a warm-water therapy pool, speech therapy, pulmonary rehab and expanded athletic training and pediatric occupational therapy (OT).

"We had been in need of additional space for a long time," says Paul Bracket, manager of OSF Rehab Services. "We have a great staff and made excellent use of the space we had, but we knew we could do more if we had the room."

ADDED FEATURES AND INCREASED COMFORT

The Center features individual treatment areas with doors, rather than curtains, for increased privacy. The Center also houses new equipment, including:

- A functional trainer for core stabilization
- A modified scaling wall
- A mobile ergonomic splint station for creating casts and splints
- A single-sided staircase for patients who require assistance with balance, must relearn to navigate stairs or need to build cardiac strength
- Specialized equipment for pediatric patients and those in wheelchairs or who have balance issues

It also offers a walking track and wellness center, as well as dedicated spaces for athletes and pediatric OT patients.

MEETING CHILDREN'S THERAPY NEEDS

OSF offers the only designated outpatient pediatric OT program in Delta County. Physicians may refer children to OT for numerous reasons, including coordination or balance issues, delayed motor skills, learning disabilities, behavioral challenges, underdeveloped social skills or sensory processing disorders, including autism and attention deficit and hyperactivity disorder.

Using sensory integration, OSF's skilled occupational therapists help children learn about and better adapt to surrounding environments. OT also aids in children's brain development and enhances their social and foundational skills, such as writing and dressing themselves.

A WEALTH OF REHABILITATION SERVICES

In addition to the Center, OSF also offers rehabilitation services in Gladstone at 704 Superior Avenue. To learn more about therapy services at OSF, visit www.osfstfrancis.org.

GIVING BACK: THE POWER OF PHILANTHROPY

Reverend Henry Ward Beecher said, "Every charitable act is a stepping stone towards heaven."

The OSF St. Francis Foundation was established in 1992 for the purpose of raising funds to support the Mission of the Sisters of the Third Order of St. Francis. Since its inception, the OSF Foundation has received gifts totaling more than \$13 million. These donations have been used to purchase needed equipment and provide new services.

Most recently, contributions from the community and the John & Melissa Besse Foundation totaling more than \$3.3 million — along with \$1.1 million from the Sisters of the Third Order of St. Francis — were used to construct the Hospital's new John & Melissa Besse Physical Rehabilitation & Wellness Center.

"We are tremendously grateful for the generosity of our community and support we have seen for the Sisters' Mission," says Dave Lord, OSF president and CEO. "Through gifts to our Foundation we are able to grow and offer new services that benefit our entire community."

The following organizations and individuals made sizable donations* to the Center. These donors' names are included on a donor wall within the Center.

Bob and Sherri Bink and Bink's Coca-Cola Bottling Co.
 Hannahville Indian Community and Island Resort and Casino
 OSF Auxiliary Members and Volunteers
 OSF St. Francis Hospital & Medical Group Employees
 OSF Women in Philanthropy
 Ann Roman and Nancy Gage
 The Family of Bill and Pam Bisson
 Ken and Pat Gartland
 Edward and Vicky Giguere
 Jim and Debbie Kirby
 Patty and Darrell Kohli and Family
 Harry and Sandy Krebs
 William A. and Pauline F. Marmalick
 Jeff and Rosalie Naser

Father Emmett Norden
 Riverside Auto Group & First Bank
 Jason and Hannah Arkens and Family
 Jean and John Arvan
 William H. Bell III, D.O., and Lori A. Bell, R.N.
 Sam and Elinor Benedict
 Paul and Michelle Bracket
 Theresa and Roger Chenier
 Richard and JoAnn Clark
 Community Foundation for Delta County
 Dr. Michael and Mickey Connor
 Diane and Brian Dupee
 Escanaba Rotary Club
 Escanaba Rotary Trust
 Drs. Cary Gottlieb and Carol Gamber

Jan and Jerry Guindon
 Helen Gunkel
 Jim and Gini Henderson
 Terry Hjort
 Joy and Dennis Hopkins
 Mark and Terri Irving
 Paul and Paula Jacobs
 Terry and Cheryl Jardis
 Brett and Kelly Jefferson
 Kim Johnson and Scott Lange and Family
 Steve and Carol Kocsis
 The Family of Ronald and Nancy Lindberg
 Pat Lindow
 David and Kristin Lord
 Debbie Mitchell
 Tom Mitchell
 NewPage Corporation
 In Memory of Dr. Mario Nunez

OSF Medical Staff
 OSF Rehab Services Staff
 Tom and Jan Patmythes
 William and Karen Peterson
 Mike and Evie Quinn
 Marguerite Roberge
 Mary Sapino
 Lanna and Kevin Scannell
 Richard and Darlene Smith
 Thomas and Sharon Stinson
 Superior Health Foundation
 Thrivent Financial for Lutherans
 Doris VanDamme
 Fred and Mary Wagner
 Mary and Steve Zimmerman
 Chris and Elizabeth Zorza
 *Individuals listed donated \$500 or more.

A MESSAGE FROM THE OSF FOUNDATION COUNCIL

When it comes to expanding health care access, strengthening services and addressing community needs, philanthropy is critical. As we reflect on the impact of philanthropy at OSF St. Francis Hospital & Medical Group, we are humbled by all our supporters' generosity has allowed us to accomplish this past year.

To date, more than \$13 million has been raised through the OSF Foundation. Every gift is meaningful and has a tremendous influence on the availability of quality health care in our community — both now and well into the future.

As you read the following pages, we hope you appreciate the significance of a gift to the OSF Foundation and explore opportunities to support health care in our community.

Looking ahead, we remain committed to continuing our efforts to raise funds for new services and technology to benefit OSF patients. Many thanks for making OSF your choice for health care and the OSF St. Francis Foundation a focus of your philanthropic giving.

With warmest regards,
Orrin Bailey
OSF St. Francis Hospital & Medical Group
Foundation Council Chair



Volunteer Dave Wilson greets and guides visitors at OSF St. Francis Hospital.

OSF WOMEN IN PHILANTHROPY MARKS ITS 5TH YEAR

Five years ago, a group of dedicated women united around a common goal: the desire to strengthen health care in their community. Together, they formed OSF Women in Philanthropy.

Members combine their individual, annual financial gifts to help fund new technology and health care services at OSF St. Francis Hospital & Medical Group. Members also participate in social and health education programs and inform others in the community about health care issues and objectives.

"Women are a significant source of philanthropy around the world and the primary decision makers in their families regarding health care options," says Lanna Scannell, manager of Community Relations and Development at OSF St. Francis. "Women are the logical choice in helping to decide the future of medical care."

Since the group formed, members have donated more than \$175,000 to help purchase needed new equipment for newborns and mothers as well as cardiac, cancer, emergency department and physical therapy patients.

"We are grateful for this extraordinary group of women," Scannell says. "Their gifts to our Hospital will have a lasting impact on the health of our community."

INTERESTED IN JOINING OSF WOMEN IN PHILANTHROPY?
Membership is open to women of all ages. Learn more by contacting Lanna Scannell at 786-5707, ext. 5516 or via email at lanna.scannell@osfhealthcare.org.

CELEBRATING 60 YEARS OF THE OSF ST. FRANCIS HOSPITAL AUXILIARY

January 2015 marks the 60th anniversary of the OSF St. Francis Hospital Auxiliary. What began as a group of 48 women in 1955 has grown to more than 125 men and women who volunteer their time to help patients and their families.

HOW DO VOLUNTEERS IMPACT OTHERS?

Volunteers at OSF St. Francis Hospital & Medical Group staff the Hospital and medical office building information desks, where they greet and direct patients and visitors; the Hospital gift shop, where they raise money to purchase needed new patient equipment; and the surgery waiting lounge, where they provide support to family members of patients undergoing surgery. Some volunteers lend their services to special OSF projects. Others dedicate their time to OSF Hospice and the OSF Lifeline program.

"We could not offer many of the services we do without the support of our Auxiliary members and volunteers," says Lanna Scannell, manager of Community Relations and Development and director of Volunteer Services at OSF. "We are grateful for their compassion and dedication in helping us in our Mission to care for others."

HOW CAN YOU HELP?

New volunteers are always welcome. For more information about volunteer opportunities, call Lanna Scannell at 786-5707, ext. 5516 or visit our website at www.osfstfrancis.org.

A Gift to OSF Helps Change Lives

When you leave a gift to the OSF St. Francis Foundation, you are ensuring the continued good health of friends and neighbors throughout our community. There are so many ways to make a difference:

- Adding a bequest in your will or IRA
- Naming OSF as a beneficiary on your insurance policy
- Creating a Charitable Gift Annuity or Charitable Trust

What will your legacy be - to your family, and to your community?

Start planning today! For more information or a FREE guide to creating a will, please visit us at www.osflegacyofhope.org or call 786-5707, ext. 5516

Legacy of Hope

preserving the past...securing the future



MANY THANKS TO THE MEMBERS OF THE OSF FOUNDATION COUNCIL

Orrin Bailey, Chair
Paula Jacobs, Vice Chair
Debbie Mitchell, Secretary
Jeff Waeghe, Treasurer
Mickey Connor
Jim Crawford
Les Cseter

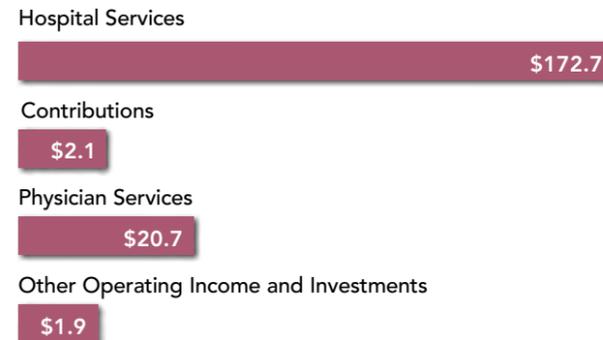
Jeanine Dagenais
Kelli Danz
Ken Gartland
Terry Jardis
Jim Kirby
Brenda Lippens
Doug Mantela

Margaret Noreus
Starr Romps
Pat Rudden
Rod Stende
Tom Wilson

FINANCIAL RECAP

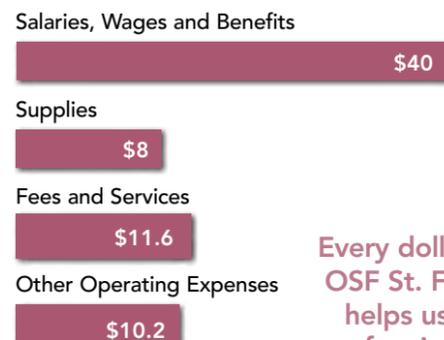
On an annual budget of more than \$193 million, OSF St. Francis Hospital & Medical Group spent more than \$40 million in salaries, wages and benefits, as well as investing \$4.1 million to replace and upgrade equipment and construct a new facility.

OUR SOURCES OF REVENUE (in millions)



Dropped due to Electronic Medical Record Incentive Received in 2012

OUR EXPENSES (in millions)



Every dollar donated to the OSF St. Francis Foundation helps us fulfill our mission of caring for patients and ensuring high-quality health care, today and for the future.

COMMITMENT TO COMMUNITY

Last year, OSF St. Francis Hospital & Medical Group took on more than \$17.4 million in uncompensated care. We provided more than \$9.1 million in charity care for more than 10,500 patient visits, inpatient hospitalizations, outpatient tests and procedures and physician office visits that patients needed but could not afford.

WHO WE SERVE

During the past 12 months, total patient contacts were 197,760. Our scope of care included:

- 302** babies delivered
- 3,457** surgeries performed
- 7,373** days of hospice care
- 16,666** home health care visits
- 11,935** Walk-In Clinic patients
- 16,449** people treated in the Emergency Department
- 103,841** outpatient visits
- 62,943** primary and specialty clinic visits
- 1,713** total inpatients served

CARING FOR THE LESS FORTUNATE

Despite shortfalls and the increased need for charity care, we continue to provide many free and reduced-fee programs in an effort to enhance the overall health and wellness of our communities.

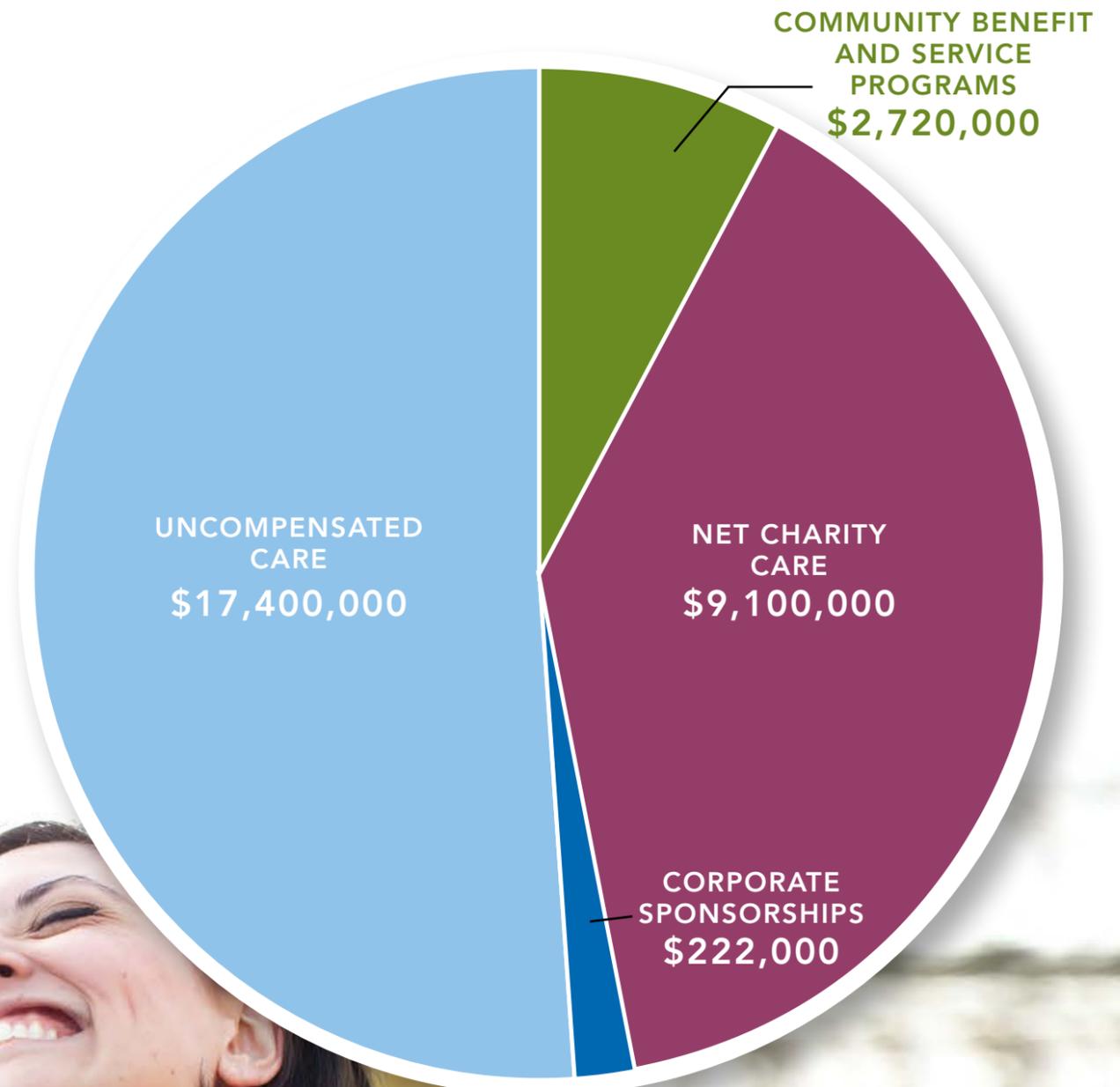
These programs include, but are not limited to, advance directive education; asthma education; CPR and first aid classes; diabetes education; and blood pressure, cholesterol, diabetes and bone density screenings.

The Hospital also participates in the annual Michigan Health & Hospital Association Harvest Gathering Food Drive. The drive donates food to needy individuals in our communities.

BOOSTING THE REGIONAL ECONOMY

OSF St. Francis Hospital represents a tremendous economic benefit to the south/central Upper Peninsula. We are the second-largest employer in Delta County, with a significant economic impact in our communities, including:

- \$40 million in annual salaries, wages and benefits paid
- Approximately 650 people employed
- \$2.1 million in supplies and services purchased in the region
- \$42.1 million put into the local economy every year



2014 Community Benefit Total: \$29,442,000

As a nonprofit community hospital, OSF St. Francis Hospital & Medical Group is dedicated to improving the health and quality of life of those we serve. Our Mission — to serve persons with the greatest care and love — is reflected in all that we do. Recently, OSF formed a group made up of Hospital staff and representatives from local service organizations. This group is working together to better address our community's needs, particularly among the vulnerable and underserved populations.

