

2010 ANNUAL REPORT

A YEAR IN REVIEW



OLMSTED MEDICAL CENTER

TRUSTED
RESPECT
CONVENIENT
QUALITY
PARTNER
CARING
ACCESS
SAFETY
CAREGIVER
SERVICE

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OUR MISSION

The delivery of exceptional patient care focusing on caring, quality, safety, and service.

OUR VISION

To be the healthcare provider of choice in our service area by leading in quality, access, and service.

OUR CORE VALUES

Our patients come first.

Every employee is a caregiver.

Our employees are the key to our success.

OMC is an active, contributing partner in the communities it serves.

We have a duty to position and prepare OMC for the future.

What I love about OMC is its size. I know my healthcare team and my healthcare team knows me. In addition, my healthcare team knows each other and they work so well together.

There isn't anyone who wanders into the hospital or exam room, from the clinicians to the custodial staff, who doesn't know me or the others who are caring for me.

— Proud Mother



*Pictured, left to right:
Tim Weir, Chief Executive Officer; Roy Yawn, MD, President;
David Westgard, MD, Chief Medical Officer*

MESSAGE TO THE COMMUNITY

At Olmsted Medical Center (OMC), good health starts with great care—and we consider every employee to be a caregiver. This unites all 1,100 of us in the pursuit of exceptional patient care. It also reminds all of us that, even in our rapidly shifting legislative and economic climate, we must continue to keep our patients at the center of everything we do.

As you'll see in the pages of this annual report, our success as a regional health-care system and community partner goes hand-in-hand with our willingness and ability to put the patient first in all we do. Included in these pages is information on the results we've seen by doing so in 2010—service statistics, financial performance, community benefit, and many organizational achievements that reflect our most important value.

2010 proved to be another record fiscal year for Olmsted Medical Center, further extending a trend that began in 2006. Our diligent stewardship of resources helped us maintain focus on making strategic improvements to patient-care facilities, achieve measured growth and expansion in the services we offer, and dedicate more resources to helping patients securely access and maintain their personal health information. Most importantly, we invested heavily in empowering patients to take a more active role in maintaining their own good health and well being—supporting that investment with customer-service excellence and an emphasis on creating the optimal healthcare experience for everyone who walks through our doors.

As we move forward, you can expect us to hold this course of measured and responsible growth, focused on providing OMC's patients with exceptional care. And, every one of our caregivers—some of whom are profiled in this annual report's pages—will continue to play a crucial role in making your OMC experience the best it can be.

*We believe — and our patients continue to tell us —
Good Health Starts with Great Care.™*





PLACING OUR PATIENTS FIRST

At Olmsted Medical Center, we truly are united in our pursuit of exceptional patient care. And our continual, successful efforts to create optimal environments for expert, personal care have been noticed by patients, community partners, and other organizations in the healthcare sector. Some of our patient-centered successes in 2010 include:

- A HealthGrades award for Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) patient-satisfaction survey results in the top 15% in the nation. HCAHPS is the first national, standardized, publicly reported survey of patients' perspectives of hospital care. OMC's patient-satisfaction survey results were higher than 14 of 15 hospitals in our region.
- Recognition of OMC's continued successful participation in the Minnesota Hospital Association's statewide patient-safety campaigns, especially the "Safe Account" initiative, which aims to prevent clinical objects from being retained by surgical patients.
- Participation in the federally funded, \$12.2 million Southeast Minnesota region Beacon Community Project, which will improve the care of diabetic and asthmatic patients by allowing clinicians to securely share patients' clinical information at any point of service. Co-participants include the Mayo Clinic, Winona Health, and all regional public health departments and school districts.
- Selection as one of 26 Minnesota hospitals for the Transforming Care at the Bedside (TCAB) quality-improvement program, a national initiative of the Robert Wood Johnson Foundation. TCAB empowers nurses to redesign the care they deliver by identifying opportunities for process improvement at the point of service, then suggesting and testing potential solutions.



OMC orthopedic surgeon, Jeffrey Beckenbaugh, DO, and a team performing a total knee replacement surgery.

BUILDING ON OUR STRENGTHS

Olmsted Medical Center has long been known for providing exceptional primary healthcare in family, internal, OB/GYN, and pediatric medicine. In 2010, we continued supplementing our strong clinical core with enhancements designed to improve the patient experience in those areas. We also established several new specialty services and invested heavily in expanding the continuum of care available to patients. The following are a few of the many ways we continued building on our strengths in 2010:

- Adding diagnostic services including depression screening across primary care departments, stereotactic and MRI-guided breast biopsies, hand and wrist ultrasounds, as well as echocardiography services

- Upgrading the hardware and software platforms supporting our radiology, picture archiving, and transcription services
- Expanding specialty treatment services to offer computerized-tomography (CT)-guided abscess drainages, biopsy of internal organs such as the liver, spine injections, hand surgery, occupational therapy, Zerona (a non-invasive body slimming laser procedure), and non-invasive cardiology
- Implementation of a new and improved electronic pre-natal health record
- Active participation in healthcare reform initiatives designed to increase patient access to and control of personal health information, including medical records and lab results
- Pursuit of “center of clinical excellence” designation for our breast health, orthopedic joint-replacement, and surgical weight-loss services
- Improving the quantity and speed of pathology (laboratory) services to offer additional in-house tests and reduce the turn-around time for patients’ results
- Attaining American Academy of Sleep Medicine (AASM) sleep-lab accreditation in preparation for expanding sleep medicine services

OMC orthopedic surgeon, Tamara Alexandrov, MD, and a team performing a hand surgery.



PREPARING FOR OUR FUTURE

OMC invests 100% of its annual net operating revenue back into the organization. We invest in improvements supporting direct patient care, including facility renovation/expansion, equipment acquisition, and many other areas that further improve our clinical environment for both caregivers and patients. In 2010, we also undertook planning for additional measured growth of our services and physical space:

- Completed renovation and expansion of main lobby and entrance space at our Rochester Southeast clinic, as well as expanded patient parking
- Installed an interactive electronic display in our Rochester Southeast clinic lobby to recognize OMC Regional Foundation donors, provide information to patients about OMC providers and healthy living, as well as organizational events open to the public

Ribbon-cutting celebrating the remodel completion at OMC Rochester Southeast.





Construction for the OMC Rochester Northwest clinic will be completed by Fall 2011.

- Began construction of a Rochester Northwest clinic to house current Rochester Northwest clinic services as well as new services including enhanced diagnostic imaging, additional physical rehabilitation services, occupational therapy, expanded primary care, and space for new specialties
- Acquired the lot (approximately 1.1 acres) adjacent to our new Rochester Northwest clinic site for future expansion
- Invested approximately \$350,000 in updating clinical areas and exam rooms décor and furniture throughout our clinics
- Renovated and expanded our Rochester Southeast clinic's outpatient orthopedic space, as well as its breast health area, to accommodate growing patient demand in these areas
- Partnered with regional artists and arts organizations to visually enhance, through Legacy Amendment funding, our clinical facilities with artwork produced in Southeastern Minnesota
- Continued planning and preparation for implementation of an electronic inpatient medical record, a pilot program for establishing Minnesota Department of Health-certified Healthcare Homes, and adoption of process and practices supporting "meaningful use" of the electronic medical record

PATIENT SERVICE ACTIVITIES 2010

Total Patients Served	70,906
Clinician Encounters	283,896
Hospital Patient Days	7,901
Hospital Admissions	3,356
Births	988
Surgical Procedures	3,600
Emergency & Urgent Care Visits	31,012
Rehabilitation Therapy Visits	32,026
MRI Procedures	1,970
CT Procedures	5,384
Laboratory Procedures	367,935
Number of Physicians & Clinicians	144
Number of Employees	1063
# FTEs	799
Average Length of Service	9.7 years
Employee Turnover Rate	7.14%
Total Net Operating Revenue	\$147,446,563
Total Operating Expenses	\$136,089,488

FINANCIAL BENEFIT TO OUR COMMUNITY

Fiscal Year 2010

Charity Care Allowances	\$1,624,627
Estimated costs in excess of payments for treating Medicaid patients	\$10,489,269
Medical Assistance Surcharge	\$893,745
Minnesota Care Tax	\$2,432,883
Financial Contributions	\$384,266
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Total Costs of Community Benefits	\$15,824,792*

* as defined by CHA/VHA guidelines

Estimated costs in excess of payments for treating Medicare Patients	\$10,483,348
Bad Debt Expense	\$8,185,010
Taxes and Fees	\$629,211
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Sub Total	\$19,297,569**

Total Value of Community Contributions	\$35,122,361***
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**as defined by American Hospital Association guidelines

***25.81% of Total Operating Expenses

GIVING BACK TO OUR NEIGHBORS



As a 501(c)3 non-profit organization, OMC actively supports Southeastern Minnesota's health and wellness efforts through the contribution of staff time and talent, in-kind resources, and financial assistance. In 2010, our community contributions made up 25.81% of our annual operating expenses. We received our fourth annual "Business Gives" award from the Minnesota Governor's office and the Rochester Area Chamber of Commerce in recognition of our

commitment to be an active, contributing partner in the communities we serve.

In 2010, OMC hosted hundreds of school-aged children and college students for education experiences designed to cultivate the next generation of caregivers. In addition, OMC's community investment activities supported 112 local and regional organizations delivering fitness and safety, youth, arts and culture, education, civic, and human service programs throughout Southeastern Minnesota. Our support for those community organizations remains consistent with the way our employees continued to reach out to their own communities by volunteering.

A high percentage of OMC employees share personal time and talent in various community-based programs, spending approximately 11 personal hours and 7 work hours per month engaged in volunteer service. Using the Independent Sector's estimated dollar value of volunteer time (\$20.85 per hour for 2009), this means these OMC employees who volunteer contribute, on average, \$380 per month, or \$4560 per year. A group of more than 250 active employee volunteers surveyed in 2010 contributed approximately \$1,158,236 in volunteer time and effort.

AN AWARD-WINNING BUSINESS

With nearly 1,100 employees, OMC is the fifth largest employer in Rochester. We've been a long-time active member of the Rochester Area Chamber of Commerce, which in 2010 named us "Business of the Year" for the Rochester area.

Improvement in all leading financial ratios, as well as our sixth-place rank among 59 of Minnesota's healthcare organizations in expense management, are just two more of the past year's indicators that OMC is a fiscally responsible and efficient organization. Our commitment to stewardship of financial and other resources is a guiding principle at OMC.

Becoming an award-winning business, however, doesn't happen without good employees. In 2010, OMC earned designation as one of the "Best Places to Work" in Southeast Minnesota by Workforce Development, Inc., the Workforce Investment Board of Southeast Minnesota, as part of a national initiative that recognizes the best employers in local communities. The "Best Places to Work" title reflects our ongoing efforts to attract and retain exceptional caregivers. At a time when other regional, state, and national healthcare providers are reducing staff, OMC continues to carefully recruit—and continues to make record annual contributions to its employees' retirement funds. Our efforts continue to pay off: our 2010 annual Employee Recognition Breakfast honored 163 caregivers who celebrated 5-40 years (in five-year increments) of continuous tenure at OMC.



CAREGIVER PROFILES

At Olmsted Medical Center, we consider every employee to be a caregiver—regardless of title, job description, or role. We take very seriously the fact that any employee, at any time, can have a positive impact on a patient's experience. Individual caregivers act on this core value in different ways, but for the same reason: to give our patients the best care possible. The following OMC caregivers are shining examples of just how exceptional we can be when it comes to combining top-notch clinical and customer service with a personal touch.

I really think a caregiver needs to want to be able to help others and genuinely care; otherwise they are in the wrong profession. Healthcare is certainly not for everyone, but for me, I am content and enthusiastic to help others.

Olmsted Medical Center is a great place to work as the flexibility with time off and the support I receive is great. My coworkers and the staff at our organization are compassionate and caring, and working in Occupational Medicine and Employee Health is a great way to interact with the community through businesses that we work with, yet still care for patients and employees in need.

Kasey Drake

Occupational Medicine/Employee Health lead registered nurse



Photo courtesy Post-Bulletin

Children really live for each day and are able to enjoy the little things in life that we as adults take for granted. Being with the kids each day in pediatrics and at home with my own family helps me to remember the little things in life and to be so grateful for each day.

When I see a patient in need of help or a provider needing help with a patient, I always step up to the plate for whatever they may need. The Pediatric Dept at OMC is the best I have ever worked with in the aspects of team work and working for each and every patient. Everyone takes ownership of each patient and in turn the patients receive excellent care.

Ann Feenstra
Pediatrics medical assistant



I think anytime we can build relationships with our patients that help them feel more secure in their decision making is important. I am a very small part of the equation but if someone has concerns regarding their insurance coverage, it can be very unnerving. We want that to be the last thing they need to worry about when contemplating surgery. If I can help in relieving that concern for them by calling their insurance companies and finding out the facts of their insurance coverage, it takes one thing off their mind.

I am very blessed to work with the people I do. The people in our department deeply care about the patients we have the opportunity to care for. Olmsted Medical Center is a marvelous organization of caregivers and I am very proud to be part of it.

Donna Shanahan

Plastic Surgery business office manager



Photo courtesy Post-Bulletin

Patients come to the Orthopedic department with many different issues and as part of the Orthopedic staff I play a small part in helping patients get the help they need.

I am amazed that a patient can come to us with bone on bone and be in extreme pain but following a total knee operation can be virtually free from pain.

I was in a very bad car accident in 1997. One of the nurses that took care of me while I was in the hospital was so wonderful that I decided that I wanted to be a nurse and help people like she helped me.

Laurie Kruse
Orthopedics registered nurse



Each patient and family member I encounter teaches me something. I've learned that it's my job to figure out what the best way is to relate to each patient.

Being a nurse is really not as bad as one might think it is! Sure, we deal with different types of bodily fluids, but there is more to nursing than that. Nursing is also relating to others and providing care for them when they are not at their best.

The most joyful part of my job is seeing people recover from their surgeries and other illnesses. I especially like it when patients send cards to the hospital thanking us for our care and letting us know how they are doing at home.

Emily Applen
Med/Surg Special Care Unit registered nurse



Photo courtesy Post-Bulletin

SENIOR ADMINISTRATIVE TEAM

Roy A Yawn, MD,
President

Tim W Weir,
Chief Executive Officer

David E Westgard, MD,
Chief Medical Officer

Linda Williams, MD,
Chief Medical Information Officer

James Hoffmann, DO,
Senior Vice President

Kevin Higgins,
Chief Financial Officer

Sue Klenner,
Vice President, Patient Care Services
and Chief Nursing Officer

Sue Schuett,
Chief Information Officer

Lois Till-Tarara,
Vice President, Clinical Operations

Stacey Vanden Heuvel,
Vice President, Marketing and Philanthropy

David P Johnson,
Director, Human Resources

*Pictured, left to right: Front: Tim Weir, Roy Yawn, MD, David Westgard, MD
Back: David Johnson, Stacey Vanden Heuvel, Sue Schuett, Kevin Higgins,
Lois Till-Tarara, Sue Klenner, Linda Williams, MD*

Not pictured: James Hoffmann, DO



DEPARTMENT CHAIRS 2010

Joe Tricarico, MD

John Cierzan, MD

Louis Wagner, MD

Jay Myers, MD

James Hoffmann, DO

Thomas Erbach, MD

Daniel Pesch, MD

Richard Christiana, MD

Jack Perrone, MD

Randy Hemann, MD

Indrani Chaudhry, MD

Robert Kurland, MD

Steven Harder, DO

Kathy Lombardo, MD

NEW PHYSICIANS 2010

Charles Kim, MD,
Non-Invasive Cardiology

Foluke Alli, MD,
Family Medicine NW

Eimad Ahmmad, MD,
Hospitalist

I-Tsyr Shaw, MD,
Internal Medicine

Glenn Schultes, MD,
Radiology

Angala
Borders-Robinson, MD,
Neurology

RETIRED PHYSICIANS 2010

Robert Merrill, MD,
Family Medicine

OLMSTED MEDICAL CENTER BOARD OF TRUSTEES 2010

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Public Trustee, Chair

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Public Trustee

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Clinic Trustee

Jim Gander,
Public Trustee

Randy Hemann, MD,
Clinic Trustee

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Public Trustee

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Chief Executive Officer

David E Westgard, MD,
Chief Medical Officer

Linda Williams, MD,
Clinic Trustee

Roy A Yawn, MD,
President

OMC REGIONAL FOUNDATION BOARD OF DIRECTORS 2010

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