“Remember this: Whoever sows sparingly will also reap sparingly, and whoever sows generously will also reap generously.” – 2 Corinthians 9:6
Mission

We reveal and foster God’s healing love by improving the health of the people and communities we serve, especially those who are poor and vulnerable.

Vision

Inspired by our faith,

• We will be distinguished as the premier person-centered health system and trusted partner.

• We will share accountability with clinicians and other stakeholders to coordinate care across all settings and improve access, quality, health outcomes and affordability.

• We will grow as community-based health networks to serve more people in partnership with others who share our vision and values.

Values

Excellence  We set and surpass high standards.
Caring Spirit  We honor the sacred dignity of each person.
Integrity  We do the right thing with openness and pride.
Stewardship  We are accountable for the resources entrusted to us.
Good Humor  We create joyful and welcoming environments.
From the Board Chair and President and CEO

We have much to celebrate as we review accomplishments of the past year and even more to anticipate as we position SCL Health System for future service and growth. In 2011, our strategic priorities focused intensely on preparation for a new era of health care delivery that values person-centered care and accountability. We cultivated many opportunities that will reap long-term benefits for the people and communities we serve.

Creation of our unified system services support network allows us to serve care sites more efficiently and effectively so that they can fulfill their primary roles of fostering healing and health, and providing quality care. We continue to move toward a single, integrated electronic health record systemwide that will help ensure higher quality and safer care across multiple locations. We are advancing performance excellence through collaborative teams and best practices, and making strategic service line investments in response to community needs.

Transformation is occurring as we partner with physicians and other providers to serve more people across diverse care settings – from hospitals to homes, from physician offices to outpatient centers. While striving to improve access and affordability, we are also placing increased emphasis on prevention, care coordination, management of chronic health problems and achievement of quantifiable, improved health outcomes.

These collective initiatives are foundational to supporting our mission and fulfilling our vision to develop comprehensive health networks in each market we serve. As we strengthen our investment in community health, we continue to provide extensive community benefit and substantial charity care to serve those most in need.

This 2012 Report to the Community highlights our successes, strategic priorities and data from calendar year 2011. It signals new energy and renewed commitment, and projects a promising and exciting future. From all of us at SCL Health System, thank you for your partnership and collaboration as we continue to work together to improve the health of the individuals and communities we serve, especially those who are poor and vulnerable.

With gratitude and blessings,

C. Gordon Howie
Chair, Board of Directors
SCL Health System

Michael A. Slubowski, FACHE, FACMPE
President and Chief Executive Officer
SCL Health System
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SCL Health System at a Glance

We are a faith-based, not-for-profit, health care organization that operates 11 hospitals, four safety net clinics, one mental health treatment center for children and 112 ambulatory practices in four states – California, Colorado, Kansas and Montana. Based in Denver, our $2.7 billion health network is dedicated to improving the health of the communities and people we serve, especially those who are poor and vulnerable. SCL Health System was founded by the Sisters of Charity of Leavenworth (SCLs), who opened their first hospital in 1864. In 2011, the sisters transferred SCL Health System to Leaven Ministries, a new entity approved by the Catholic Church that brings laypersons into a sponsorship role with the SCLs.

Our hospital care sites are shown on the map at right. In addition, we have the four safety net clinics listed below. Their locations are indicated with red bullets on the map:

- Marillac Clinic, Grand Junction, Colo.
- Duchesne Clinic, Kansas City, Kan.
- Marian Clinic, Topeka, Kan.
- Saint Vincent Clinic, Leavenworth, Kan.

Mount Saint Vincent Home in Denver partners with families and children to strengthen their ability to emotionally and socially participate in their communities.

In support of our strategic priorities, SCL Health System continues to focus on person-centered care to better serve patients and families. While our work is about much more than numbers, the following 2011 statistics demonstrate how the combined efforts of our 15,000 associates (employees), including 527 employed providers, have an impact on the communities we serve.

- Admissions  115,166
- Emergency Department visits  362,702
- Outpatient visits including observations  1,238,950
- Inpatient surgeries  33,240
- Outpatient surgeries  38,470
- Births  17,282
COLORADO
- St. James Healthcare
- Butte

- St. Vincent Healthcare
- Billings

- Holy Rosary Healthcare
- Miles City

- Exempla Good Samaritan Medical Center
- Lafayette

- Exempla Lutheran Medical Center
- Wheat Ridge

- Exempla Saint Joseph Hospital
- Denver (children’s mental health treatment center)

KANSAS
- Saint John Hospital
- Leavenworth

- Providence Medical Center
- Kansas City

- St. Francis Health Center
- Topeka

- Holton Community Hospital
- Holton (managed)

- Mount Saint Vincent Home
- Denver

CALIFORNIA
- Saint John’s Health Center
- Santa Monica

- St. Mary’s Hospital & Regional Medical Center
- Grand Junction

- Exempla Lutheran Medical Center
- Lafayette
Community Benefit

Beyond the extensive range of health services our care sites provide, we strive to improve community health and serve the whole person – body, mind and spirit – especially those who are poor and vulnerable. These efforts come under the umbrella of community benefit.
Community benefit programs and services reduce barriers and enhance access to care for many as our care sites engage in creative and collaborative opportunities to share resources, effect change and work toward improved health outcomes. For calendar year 2011, SCL Health System contributed $220.5 million in community benefit, which equates to an average of $604,109 daily systemwide.

**Improving Health Outcomes**

Community benefit in action is best exemplified by the patient-centered medical home initiative of the Family Medicine Residency program of St. Mary’s Hospital & Regional Medical Center, Grand Junction, Colo. Recognized as one of the best residencies in the country, this program includes 13 faculty and 24 residents, and cares for approximately 10,000 patients with 30,000 annual visits. Residents treat a high percentage of persons who are uninsured or underinsured in the Family Medicine Center (clinic) and in the hospital.

Seeking to improve care delivery for these individuals and to further enhance the learning experience of medical school graduates, St. Mary’s Family Medicine Residency (SMFMR) has developed a patient-centered medical home model within its clinic. In sync with health reform, SMFMR leadership committed to transform services from clinic-centered to patient-centered with a focus on accountable, coordinated and safe care.

St. Mary’s adjusted clinic space and created new teams from existing staff to foster continuity and coordination of care. Clinicians developed standards of care and increased opportunities to engage patients in self-management of their health. Teams are tracking outcomes of top diagnoses including hypertension, diabetes, depression and lung disease. Patient satisfaction is another key focus of their efforts.

In January 2012, the clinic associated with the residency program received designation as a Level 3 Patient-centered Model, the highest level awarded by the National Center for Quality Assurance. In March 2012, the initiative earned SCL Health System’s Mother Xavier Ross Award with a $50,000 grant to continue efforts to improve care and health outcomes.
Collaborating to Enhance Care
Making a significant difference in the lives of our patients is the driving force propelling nine, new, systemwide Collaborative Teams. Each team is on an accelerated course to enhance quality, safety, care experience and clinical excellence across our health ministry. The nine multidisciplinary teams include:

- Ambulatory Care Quality
- Care Management
- Core Measures-Care Reliability
- Clinical Efficiency
- Culture of Safety
- Hospital Acquired Conditions
- Person-centered Care Experience
- Readmissions Reduction
- Sepsis Mortality

Front-line associates, who are passionate, local experts, are working together to improve patient care systemwide. For example, our Sepsis Mortality Team has shared and implemented new processes and procedures to counter this serious medical condition. Team efforts have decreased our health system’s sepsis mortality rate through early identification and the use of evidence-based care plans to facilitate care and treatment of the diagnosis. Our current sepsis mortality rate is 11 percent compared with the national average of 20 to 25 percent.

Performance Excellence
We made major strides in 2011 to advance performance excellence systemwide in terms of quality, safety, care experience, operational efficiency and financial health – all directed toward becoming the premier person-centered, trusted health partner.
**Baseline** represents U.S. hospital average survival rates

Above Average Survival Rates at SCL Health System Care Sites

<table>
<thead>
<tr>
<th>Year</th>
<th>Above Average Survival Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>40.9% Above Average</td>
</tr>
<tr>
<td>2009</td>
<td>48.4% Above Average</td>
</tr>
<tr>
<td>2010</td>
<td>55.9% Above Average</td>
</tr>
<tr>
<td>2011</td>
<td>64.8% Above Average</td>
</tr>
</tbody>
</table>

*SCL Health System patient safety programs have led to significantly higher survival rates at our hospitals compared to other U.S. hospitals. As shown above, over the past four years, patients were 40 to 65 percent more likely to survive under care at SCL Health System care sites than if they were treated at the average hospital in our country. Patient safety programs—such as early identification of patients with sepsis, decreased occurrence of hospital acquired conditions, and expansion of our rapid response teams to treat critically ill patients—are continuing to improve patient outcomes.*

---

**Shared Learning**

To promote a culture of learning and continuous improvement, our care sites have instituted a new way to report patient safety events. After an event occurs, our associates log the incident, review the issues and discuss how to improve future care delivery. We then share findings among leaders across all our care sites to promote safe practices. This simple change will help eliminate similar events from happening.

**Person-centered Care**

Beyond achieving quality results and patient satisfaction, we are striving to make each person the center of care across a variety of care settings – whether in one of our acute care hospitals or at other ambulatory care settings. At our health system, “person-centered care” is our approach to ensure that an individual’s uniqueness is respected and valued at every point where we provide service. Our ministry believes in supporting our patients by providing information they can understand to make thoughtful decisions for their care. This all begins with treating each person with respect, dignity and trust.

Our four safety net clinics in Colorado and Kansas have helped set the stage for person-centered care by providing exceptional levels of compassion and understanding to all populations. These best practices are being implemented throughout our health system.

**Maximizing Value**

Many of our associates have become experts in Lean Thinking methodology to improve our care delivery processes and to maximize value while eliminating waste. They are applying new skills to determine how to act most efficiently and effectively. Last year, 60 percent of our management team systemwide earned Lean Change Leader certification or recertification. During this training, they each completed two projects that achieved savings of $25,000 apiece. These savings were redirected to worthy causes of our ministry.
Associate Empowerment

We value our associates for they will drive the success of our health ministry as we transition to new networks and approaches for delivering accountable, coordinated care. To help accelerate this transformation, we are cultivating a work environment that encourages our associates to make decisions and to take action. This is an environment where each associate is empowered to demonstrate our caring spirit in order to improve person-centered care.
Fostering Teamwork

We are designing educational initiatives to further enhance our associates’ abilities and passion to serve as they are advancing our mission of quality, compassionate care. Our goal is to empower our associates to do what’s right for each individual patient – when needed and without delay.

Associates are involved in numerous programs to improve quality and cultivate this culture and teamwork. For example, we have created an environment that will speed the sharing and implementation of new ideas and best practices throughout our organization. In addition, we are committed to Lean Thinking and the development of Collaborative Teams. (Please review the Performance Excellence section on pages 8-9.)

Commitment to Communication

Our ability to thrive as a health system during this time of unprecedented change is largely dependent upon our leadership team and our associates working together to support our mission and strategic priorities. In 2011, we renewed our commitment to leadership development by providing opportunities for engagement, discussion and education among our executives, including weekly meetings, monthly calls and biannual leadership conferences. Associates participate in a variety of town hall and quarterly meetings to learn, ask questions and become involved with implementing our strategic initiatives.

Associate Development

We also are focusing on associate development to promote talent across all levels of our organization. These efforts are essential to prepare our workforce for today’s challenges and the next era of health care.

Awards and Recognition

Thanks to the collective efforts of our outstanding associates, our health system continues to be recognized as a leader in quality care. In 2011, care sites earned recognition from organizations including those identified below.
Leverage Skill and Scale

In 2011, we maximized several opportunities to leverage our skill and scale as a large health system. Our health ministry benefits as a whole when we capitalize on the knowledge, best practices and internal experts from care sites and system services.
**Integration Successes**

Integration between SCL Health System and Exempla Healthcare progressed rapidly last year and continues to advance. Collaboration resulted in shared system services designed to unify and consolidate resources across our network and better support our care sites.

Major accomplishments included implementation of a unified benefits program for associates and consolidation of business information software systemwide. We created a Systems and Technology Service Center to support information technology and health information management across SCL Health System, and integrated Supply Chain Management to leverage purchasing power and contract negotiations.

Integration also occurred within Finance, Revenue Cycle Management, Risk Management, Quality and Safety, and other departments. In the aggregate, integration initiatives through December 2011 achieved savings of $14.4 million.

**Relocation of Headquarters**

In March 2012, we announced the relocation of our system services headquarters from Lenexa, Kan., to Denver. By maintaining our system services center in the greater Denver area, we are better positioned to support our care sites, clinics and ambulatory practices more efficiently and effectively.

Historically, SCL Health System has had a long and distinguished history in Colorado, dating to the opening of Saint Joseph Hospital in Denver in 1873 and St. Mary’s Hospital & Regional Medical Center in Grand Junction in 1896. Mount Saint Vincent Home, a children’s mental health treatment center, was established by the sisters in 1883. Today, approximately 52 percent of SCL Health System’s revenue is generated by our four hospitals located in Colorado.

**Electronic Health Record**

Implementation of one standard electronic health record across our entire health system is representative of our commitment to leverage skill and scale. By creating a single, integrated electronic health record systemwide, we can provide higher quality and safer care to our patients, regardless of where they receive treatment across multiple care settings. This initiative is also standardizing clinical and business applications across SCL Health System. By spring 2013, all care sites and the majority of our clinics will be using the same electronic health record.
During 2011, SCL Health System set the stage for rapid movement toward development of community-based networks to deliver highly coordinated, person-centered care across multiple settings. A key to providing high-quality, safe and effective care in this new model is aligning physicians and other providers to coordinate care with patients and their families. Our hospitals, clinics and ambulatory practices are actively identifying potential provider partners to develop comprehensive care networks in their markets.
Access to relevant information at the point of patient care, wherever it may occur, is another key to successfully improving the health of our communities. Our integrated electronic health record, currently being implemented systemwide, is a major enabler of care transformation.

Each of our care sites is developing its physician network to provide access to patients through a group of geographically distributed primary care practices. Our primary care providers work closely with community and hospital-based specialists to keep patients healthy and provide state-of-the-art, comprehensive care when and where they need it. In most of our markets, our employed medical groups are growing in number and mix of specialties. We also participate with independently practicing physicians in organizations that allow us to share financial risk in contracts with insurers.

In 2011, we developed a new primary care physician group and several hospital-based specialty clinics at Saint John’s Health Center, Santa Monica, Calif. We also developed a new governance model at St. James Healthcare, Butte, Mont., to better engage physicians in participatory decision making.

Part of our network development is identifying home care, long-term care and residential care partners and linking them to our systems of care and information exchange to manage the well-being of a population of patients. We are also developing enhanced care management capabilities to better coordinate care outside the hospital and help families look after loved ones with complex needs. These include educational and communication tools, relationships with home care providers and expansion of our patient-centered medical homes in all markets we serve.

The changing economics of health care place a premium on managing health and wellness, and delivering care more efficiently. Our participation in accountable care organizations and alignment with physicians and other providers require us to gain new skills and supporting technologies. Two initiatives in our Denver market are bringing physicians together with care managers, educators and patient navigators to provide better coordination across different care settings. These include the Centers for Medicare & Medicaid Services-sponsored Acute Care Episode demonstration project at Exempla Saint Joseph Hospital and the Physician Health Partners Pioneer accountable care organization involving the Exempla Physician Network.
Growth

Through ambulatory development, strategic service line investments, acquisitions and partnerships, SCL Health System is pursuing growth opportunities and strategies to meet health and wellness needs in the communities we serve.
Outpatient and Ambulatory Development
As we move toward a model of care that is effective in all settings, not just acute hospital care, we are making significant investments in development of ambulatory programs and services. This emphasis on primary care and freestanding centers will position our health system to respond to market demand for greater access and convenience. Last year, we established, or expanded, primary care clinics near all of our care sites as well as developed the first Senior Emergency Department in Colorado at Exempla Lutheran Medical Center, Wheat Ridge, designed specifically to meet the unique needs of the elderly.

Strategic Service Lines
Keeping a constant pulse on our patients’ priorities, we are continually seeking opportunities to better serve and fulfill their needs. We are making strategic service line investments throughout our health system in cardiovascular, oncology, orthopedics, neurosciences and women’s services, and ensuring we offer a breadth of options across all care settings. We enhanced oncology services at Exempla Good Samaritan Medical Center, Lafayette, Colo.; Saint John’s Health Center, Santa Monica, Calif.; and St. Mary’s Hospital & Regional Medical Center, Grand Junction, Colo. Oncology service line investments at these care sites included technology, physician recruitment and outreach.

Reaching Those in Need
Moving forward in an era of person-centered care, we continue our outreach and collaboration, particularly in rural markets. For example, the St. Francis Health Center Foundation in Topeka, Kan., has invested in our health system’s first InTouch RP-Lite Robot, enabling the very best care that telemedicine can offer. Physicians can conduct consultations remotely, offering our patients the opportunity to be treated in their home communities rather than being required to travel to an urban area. Based on this initiative’s initial success, we have already committed to investing in several more robots to fulfill this patient need. We are focused and committed to expanding our reach in rural areas and look forward to the growth opportunities this strategy provides our health ministry.
Financial Stewardship

Our value of stewardship compels us to sustain and grow the assets entrusted to our care. In 2011, SCL Health System improved our financial performance to achieve operating income of $11.5 million, a turnaround of $81.1 million compared to 2010.
We made capital investments of $210.7 million during 2011 that will improve the future health of our communities. Our investments were designed to help the ministry flourish by:

<table>
<thead>
<tr>
<th>Upgrading our facilities and systems</th>
<th>$84.1 million</th>
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<tbody>
<tr>
<td>- Exempla Saint Joseph Hospital replacement</td>
<td></td>
</tr>
<tr>
<td>- Information systems’ enhancements</td>
<td></td>
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<tr>
<td>- Facilities’ infrastructure improvements</td>
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<table>
<thead>
<tr>
<th>Investing in safety and quality of care</th>
<th>$40.3 million</th>
</tr>
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<tbody>
<tr>
<td>- Epic electronic health record implementation</td>
<td></td>
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<tr>
<td>- Infusion pump standardization</td>
<td></td>
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<tr>
<td>- da Vinci® robot investments</td>
<td></td>
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<tr>
<td>- Lab information system</td>
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<tr>
<th>Nurturing the health of our youth</th>
<th>$27.6 million</th>
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<tbody>
<tr>
<td>- Mount Saint Vincent Home</td>
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<table>
<thead>
<tr>
<th>Building a person-centered care model</th>
<th>$14.3 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Physician partnerships</td>
<td></td>
</tr>
<tr>
<td>- Outpatient services’ expansion</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Other investments in facilities and equipment to sustain and improve services</th>
<th>$44.4 million</th>
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Operating revenues increased 2.0 percent to $2.7 billion through expansion of services and improvements in contracts with purchasers of care. Simultaneously, our health ministry reduced total operating expenses by $29.4 million, or 1.1 percent, through the creation of unified system services that deliver cost-effective support to our care sites and through the sharing and adoption of best practices systemwide to improve the quality and value of the care we provide.

Concurrently, we increased our commitment to the poor and the broader community with $220.5 million in community benefit, a 7.7 percent increase over 2010.

**Key 2011 Financial Stewardship Indicators**

<table>
<thead>
<tr>
<th>(in millions)</th>
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<tbody>
<tr>
<td>Total operating revenue</td>
<td>$2,696.0</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$2,684.5</td>
</tr>
<tr>
<td>Community benefit</td>
<td>$220.5</td>
</tr>
</tbody>
</table>
Our Leaders

From our sponsor to our board of directors to our senior executives, SCL Health System leaders are dedicated to fulfilling our mission and vision, and living our shared values. They cultivate opportunities for growth and development of individual talents of associates and foster collective commitment to best practices and high-quality care – all in support of our ministry. As they provide direction, oversight and inspiration in the face of current realities and challenges, our leaders are diligently sowing seeds to transform our health system for future success.
Transfer of Sponsorship, Continuity of Mission

In 2011, the Sisters of Charity of Leavenworth (SCLs) marked a significant milestone in the history of their health ministry as they transferred sponsorship of SCL Health System to Leaven Ministries.

Sponsorship is a term used in Catholic health care to describe the formal relationship between an authorized Catholic entity and a legally formed organization to promote and sustain Christ’s healing ministry to people in need. The SCLs founded their health ministry in 1864; in 1972, they oversaw official incorporation of our health system.

Based on significant complexities within health care and changing demographics among women religious, the sisters submitted an application to the Catholic Church in 2008 requesting creation of a new entity to assume sponsorship of SCL Health System and to sustain the ministry. Leaven Ministries was approved as the new sponsor, and on Sept. 25, 2011, the SCLs formalized transfer of sponsorship to five new members during a special ritual in Leavenworth, Kan. SCLs will continue to have a strong presence across our health ministry, serving as associates, volunteers and board members. Leaven Ministries will ensure continuity with the SCL spirit and legacy of compassionate healing.

Leaven Ministries
Sister Marianna Bauder, SCL, Executive Director and Secretary/Treasurer

Members
Sister Maureen Hall, SCL, Chair; Community Director, Sisters of Charity of Leavenworth
Maureen Mahoney, Esq., Vice Chair; Attorney, District Court of Wyandotte County, Kansas

SCL Health System Board of Directors
Sister Lynn Casey, SCL, Chancellor, Diocese of Great Falls-Billings
Sister Maureen Hall, SCL, Community Director, Sisters of Charity of Leavenworth
Terry Heath, Esq., Founding Partner, Hall Render Killian Heath & Lyman
C. Gordon Howie, Chair; Retired Health Care Investment Banker
Sister Eileen Hurley, SCL, Community Councilor, Sisters of Charity of Leavenworth
Donna J. King, BSN, MBA, RN, NE-BC, FACHE, Vice President Clinical Operations/Chief Nurse Executive, Advocate Illinois Masonic Medical Center
Knute Knudson, President, Knudson Ventures
Matthew J. Lambert III, MD, Vice Chair; Senior Vice President, Kaufman Hall
Maureen Mahoney, Esq., Attorney, District Court of Wyandotte County, Kansas
Kathryn Paul, President and CEO, Delta Dental Plan of Colorado
Marlon Priest, MD, Senior Vice President and Chief Medical Officer, Bon Secours Health System
C. Kent Russell, Retired Executive Vice President and Chief Financial Officer, Catholic Health East
Vinod K. Sahney, PhD, Retired Senior Vice President and Chief Strategy Officer, Blue Cross Blue Shield of Massachusetts
Michael A. Slubowski, President and CEO, SCL Health System
Ronald Sperling, CPA, Retired Chief Financial Officer, Swedish Medical Center

Sister Constance Phelps, SCL, Consultant, Sisters of Charity of Leavenworth
Jim Roscoe, Retired CEO/Owner, Roscoe Steel & Culvert Co., Inc.
Sister Charlotte White, SCL, Mission Integration Facilitator, SCL Health System
Cover photo features Holy Rosary Healthcare associates
Liane Vadheim, RD; Bonnie Hofer and Carla McPherson, BSHP.