

December 29, 2008

The Honorable Fred Tillman,
The Honorable Paul R. Woods
The Honorable Rick Yzaguirre
Ada County Commissioners
200 West Front St.
Boise, Idaho 83702

RE: St. Luke's Boise/Meridian 2008 Report of Community Benefits

Dear Commissioners Tillman, Woods, and Yzaguirre,

St. Luke's is pleased to present its 2008 Report of Community Benefit to the Ada County Board of Equalization. We believe the information contained in this report validates our ongoing and steadfast commitment to our not-for-profit mission that provides real and tangible benefits to our community.

As a community-owned health care provider, the mission of St. Luke's Boise/Meridian Regional Medical Centers is to improve the health of people in our region. As a not-for-profit organization, we are committed to providing all patients with the highest quality of medical care, regardless of their ability to pay. The information contained in this document is intended to supply Treasure Valley citizens, and the county boards of equalization with insight into vital benefits our community receives as a result of St. Luke's status as a not-for-profit hospital system.

The information provided in this report is required by 63-602D, Idaho Code, which states that 501c3 hospitals having 150 or more beds file a community benefit report with the Board of Equalization by December 31 of each year. According to the Code, the report is to include an indication of the process the hospital has used to determine general community needs which coincide with the hospital's mission. In addition, the report shall include the hospital's amount of:

- Unreimbursed services for the prior year (charity care, bad debt, and under-reimbursed care covered through government programs).
- Donated time, funds, subsidies, and in-kind services.
- Additions to capital such as physical plant and equipment.

To provide consistency and eliminate ambiguity, St. Luke's uses the standards outlined in the Catholic Health Association/VHA Guide for Planning and Reporting Community Benefit as the basis to gather and report data in accordance with 63-602D, Idaho Code.

By providing this data, St. Luke's, and other reporting hospitals, intends to provide others with insight into the benefits derived by their community through the operations of their local not-for-profit, full service community hospital. Like other safety-net services such as fire and police protection, full service community hospitals like St. Luke's provide access to services 24 hours a day, 7 days a week, 365 days per year to everyone regardless of their ability to pay.

It is important to note, however, that the full value of benefits provided to the community by not-for-profit hospitals cannot be measured solely by statistics, finances, or the data contained in this document. Beyond the benefits defined in this report, Idaho's residents also benefit by having full

service not-for-profit hospitals whose missions, vision and values are focused on the needs of patients rather than on providing financial returns to shareholders. A few examples of the benefits provided to the community by St. Luke's that are not easily quantifiable are provided in the following pages of this report.

In addition to the more than 4,800 St. Luke's employees and 600 volunteers in Ada County, and the more than 634 physicians on our medical staff, St. Luke's Boise ♦ St. Luke's Meridian have a governing board comprised of independent civic leaders who volunteer their time to serve. Current members of the St. Luke's Boise ♦ St. Luke's Meridian Board of Directors include:

A.J. Balukoff
Thomas J. Coffman, MD
Jim Everett
Gary L. Fletcher, CEO
Thomas R. Huntington, MD
George S. Iliff
John D. Jackson
Peter Langhus, MD
J. Patrick McMurray
Mike Mooney, Secretary
Donald J. (Jim) Nelson

Jan B. Packwood
Rich Raimondi
Avery L. Seifert, MD
Cathy R. Silak
Gay Simplot
Bishop Brian Thom
Carolyn Terteling-Payne
Barbara L. Wilson, Chair
Charles H. Wilson
Thomas H. Zarges

1. NAME: St. Luke's Boise/Meridian Regional Medical Centers

2. FEDERAL 501c3 TAX ID NUMBER: 82-016 1600

3. GENERAL DESCRIPTION OF SERVICE AREA:

St. Luke's primary service area includes Idaho's Ada County, with its secondary service area covering southwest and south central Idaho and Eastern Oregon. Certain tertiary service areas routinely provide care to residents from throughout Idaho and into its surrounding states.

4. SOURCE OF DATA:

Fiscal Year September 30, 2008 unaudited financial reports plus un-audited internal records.

5. UNREIMBURSED SERVICES:

a. Total amount of charity care and bad debt at cost:

\$32,203,000 (charity care: \$12,581,000; bad debt: \$19,622,000).

St. Luke's provides health care to eligible patients without charge or at a reduced rate. Eligible patients include all patients, regardless of race, color, national origin, gender, age, disability, creed or religion, or ability to pay, which meet the financial guidelines, and are not eligible for any other form of assistance. The amount eligible for charity care is determined by established hospital policy and is based upon a sliding scale derived from the Federal Poverty Guideline.

b. Cost of under-reimbursed services provided to patients covered by Medicare, Medicaid, County Indigency, and other government programs:

\$61,487,000 (Medicaid: \$14,714,000; Medicare: \$46,773,000).

c. Cost of other unreimbursed services not accounted for in other sections of this report: \$0

6) COMMUNITY BENEFIT SERVICES, PROGRAMS AND OTHER SPECIAL SERVICES OPERATED BELOW ACTUAL REIMBURSEMENTS:

The total unreimbursed value of “community benefit” services and programs operated by the hospital, donations or subsidies or in-kind services to other 501c3 organizations. Value noted here excludes any figures referred to in other sections of this report: \$17,637,393

Community Benefit reporting format used: Catholic Health Association/VHA Guide for Planning and Reporting Community Benefit and adjusted to meet the requirements of Section 63-602D, Idaho Code as amended.

Examples of Community Services:

\$5,356,467 – Education of Health Professionals

One of the greatest challenges that face community hospitals is the growing shortage of qualified nurses, pharmacists, technicians, physicians and other health care professionals. To help address this challenge, St. Luke’s invests in the education of health professionals. Examples of this investment include: scholarships for nursing students, support for faculty positions at Idaho universities, financial support of educational conferences, and investment in capital projects at Idaho Universities that provide facilities for the education of future medical professionals.

\$1,336,727 – Family Medicine Residency of Idaho

The Family Medicine Residency of Idaho has been serving the citizens of Idaho and the surrounding Intermountain West since 1974. In that time period, there have been more than 221 graduates, roughly 54% of whom are serving the State of Idaho and nearly 51% of those are in the rural, under-served parts of Idaho. St. Luke’s collaborates with Saint Alphonsus Regional Medical Center to provide financial support and clinical opportunities to the Residency.

\$1,548,628 - Community Health Improvement Services

Community health improvement services are a critical element of the benefits not-for-profit hospitals bring to the regions they serve. St. Luke’s provides a vast number of these services to residents, many of them for free or at low cost. Examples of these health improvement services include: community health and prevention education such as birth and parenting classes, outreach services to rural health care providers through Rural Connection, free community cancer screenings, *Call St. Luke’s*, pharmacy support at the Garden City community clinic, Women’s Celebration

\$4,367,405 – Local Health Clinics and Programs

St. Luke’s mission is “to improve the health of the people in our region”. We fulfill part of this mission by supporting other not-for-profit organizations that provide valuable community healthcare services that would otherwise be provide in St. Luke’s Emergency Departments. For example, subsidies to local clinics (Terry Reilly, Genesis, and Friendship Clinic) reduce the burden on our Emergency Department. Other examples of these types of services include: Diabetes education and outreach through Humphreys Diabetes Center, Internal Medicine physicians for Medicare patients through St. Luke’s Internal Medicine clinics, the Idaho Cytogenetics Laboratory (previously a service funded by the State), Health Access Clinic, Treasure Valley Children’s Mental Health Program, CARES (Children At Risk Evaluation Service for abused and neglected children), and FACES (Family Advocacy Center and Education Services).

\$346,968 – Medical Research

St. Luke’s participates in a number of advanced clinical trials and community health research that are primarily focused on cancer research. The research benefits both adults and children. Mountain

States Tumor and Medical Research Institute (MSTMRI) coordinate the majority of this medical research. MSTMRI is the only biomedical research institute in the State of Idaho. This unique consortium brings together St. Luke's, Boise Veterans Administration Center, and research scientists from local colleges and universities; creates a central site for the generation of basic science research grants and request; and encourages new scientists to come the community by providing valuable research resources. Making an investment in advancing medical knowledge through research is an important aspect of our mission as a community-based health care system and our commitment to providing the best care possible to our patients. The amount listed above is the amount of subsidy provided by St. Luke's.

7) VALUE OF DONATIONS

Idaho's not-for-profit hospitals and the communities they serve benefit from the philanthropic support the hospitals receive each year. Charitable donations often enable the hospital to start needed new services, subsidize programs, fund research and outreach activities, and keep their rates lower than may otherwise be necessary. Some donations are given to hospitals without restrictions, allowing the hospital to use those funds where needed most. Restricted gifts, often related to specific program grants, research or capital projects are used by hospitals only as specifically directed by the donor.

Donations received: \$ 4,637,000

Number of volunteer hours contributed to the hospital: 105,901

8) ADDITIONS TO CAPITAL

Additions to capital including all expenditures for land, facilities, equipment and other capital supporting the hospital's mission: \$ 85,992,000

As a not-for-profit organization, 100% of St. Luke's revenue after expenses is reinvested in the organization to serve the community in the form of staff, buildings, or new technology. In 2004, results from a community survey, and conversations with Eagle city leadership indicated that additional medical services were needed in Eagle, Idaho. As a result, St. Luke's made plans to construct a 70,000 square foot medical facility to serve residents in the area. Eagle Medical Plaza was completed in the spring of 2008, and offers a variety of outpatient services including urgent care, medical imaging facilities, surgery and medical office space.

Examples of additional capital projects include:

- Finished 6th floor of St. Luke's Meridian adding 42 new medical/surgical patient beds – construction investment: \$4,468,086 (construction cost only)
- Completed renovation to 3 east tower annex adding 22 telemetry patient beds and 2 cardiac observation units – construction investment: \$4,609,867 (construction cost only)

9) COMMUNITY NEEDS DETERMINATION PROCESS

Below is a description of the process(es) used to identify general or specific community needs which coincide with the hospital's mission.

St. Luke's determines community needs in three primary ways. First, we conduct a bi-annual community survey covering the organization's primary service area of Ada and Canyon counties. This is a structured survey tool that is randomly administered to health care decision makers in individual households. This survey is used as a development tool for our strategic planning process.

It provides both perception and anecdotal information about health needs in this community. The timing of the survey is significant as we reflect on the mission as the cornerstone of the organization and the strategies that will address the identified needs to support that mission. We also glean this type of information during other times through specialty surveys (either written, telephone, or focus group) focused on a specific community or hospital service.

Secondarily, we analyze data provided through such agencies as Ada Planning Association (COMPASS), United Way, Kids Count, Blue Cross of Idaho, and the State of Idaho. These bodies report various socio-economic facts or identify key needs, which help further develop the picture of health challenges and existing needs across our service area.

Finally, we create forums for members from different walks of life to dialogue about the health needs of the community and the opportunities to address those needs. These individuals range from the volunteers that provide an on-going source of ambassadorship between St. Luke's and the community we serve, to the members of affiliated services (i.e. Humphreys Diabetes, and Family Medicine Residency Program), to the leadership of affiliated medical facilities (i.e. McCall, Mountain Home, Gooding, Challis, Wood River, Stanley, and Weiser) and community support organizations (i.e. Healthy Community Access Program, the United Way, Central District Health Department, and Terry Reilly Health Services), to our formal and informal Board leadership (Children's Advisory Board, Medical Center Board of Directors, Women's Forum, and Strategic Initiatives Committee), to our own staff who participate in a variety of health related volunteer roles.

All of these inputs are routinely reviewed and discussed, relative to St. Luke's current efforts, to address issues and/or our ability to initiate or enhance community support. Our process also reviews the organization's fiscal ability to continue its subsidy or support of existing community benefit activities. This process identifies capital-related needs, such as facility expansion, which are necessary for St. Luke's to continue to serve the growing health care needs of our service area.

If you have any questions or would like to discuss this report further, please give me a call.

Sincerely yours,

Gary L. Fletcher
CEO

St. Luke's Community Benefit Report Receipt

St. Luke's Community Benefit Report was received in the
Ada County Commissioner's office at (time)

_____ and

(date) _____.

Received by:
(signature) _____