



2008 ANNUAL REPORT TO THE COMMUNITY

18 counties  
124 years  
1,000,000 plus households

For people living in the 18 counties of Western North Carolina, Mission Health System is working to keep quality, cost-effective, compassionate healthcare close to home.

## Bringing Healthcare Home

For people living in the 18 counties of Western North Carolina, Mission Health System is working to keep quality, cost-effective, compassionate healthcare close to home. That means supporting strong community hospitals that are delivering care at the local level as well as providing nationally recognized specialty care right here in our region.

In this 2008 Report to the Community, we invite you to learn more about the members of the Mission Health System family, which includes Mission Hospital, Mission Children's Hospital, Asheville Specialty Hospital, Blue Ridge Regional Hospital, McDowell Hospital and Mission Healthcare Foundation. Each plays a role in making sure Western North Carolina residents have the information and support they need to live healthier lives, and that they have ready access to high quality care when disease or injury strikes.

### Local Roots, Local Leadership

This Mission family has deep, strong roots in Western North Carolina, dating back to 1885 when the ladies of the Flower Mission founded Mission Hospital in Asheville. McDowell Hospital has been serving its community for over a century, and Blue Ridge Regional Hospital has a proud history of service for 54 years. Through the decades, these nonprofit institutions that make up Mission Health System have been governed by local residents – community leaders, employers and physicians—who volunteer their time to ensure that the health needs of our communities are well-served.

### Collaborating Across the Region

Today, Mission Health System has evolved into a comprehensive health system that provides the financial strength and resources to help our member hospitals preserve locally based care and keep quality standards at the highest level. As the national economy has declined in the past year, our smaller affiliated hospitals have been able to weather the storm by being part of a larger, financially stable health system.

As Western North Carolina's only provider of advanced-level or "tertiary" care, we also know that our job is to serve the entire region. Mission is committed to working with community hospitals and physicians across Western North Carolina to improve health.

Examples are many. Mission has led providers and paramedics across the region in a statewide initiative to improve protocols for promptly treating heart attack victims. With Mission's active leadership, the Western North Carolina Health Network's DataLink project electronically linked 13 of the 16 hospitals in Western North Carolina to speed access to patient medical records and improve care. We've built on the pioneering work of Mission's traveling "Tooth Bus" to help rural hospitals set up their own dental clinics. And our Mountain Area Medical Airlift (MAMA) helicopters ensure that people in the most rural reaches of Western North Carolina can be linked to lifesaving care in minutes.

The people and communities we serve count on Mission Health System to be innovative, responsive and dedicated to the highest standards in all we do. That is a responsibility we are honored to bear, and a promise we pledge to keep.



# Mission Hospital

## Award-Winning Quality

In 2008, Mission Hospital continued to earn national and regional recognition for the exceptional quality of care delivered by our outstanding medical staff and dedicated employees.

- **Nationally ranked stroke care** – *U.S. News & World Report* named Mission's Stroke Program a 2008 Silver Performance Award winner. Mission was one of only 128 hospitals in the nation to receive this designation for consistently meeting performance standards that give stroke patients the best possible chance of survival and recovery.
- **Acclaimed heart services** – Mission's heart services continued to draw a wide array of accolades, including the Beacon Award from the American Association of Critical Care Nurses for the Cardiovascular ICU and Cardiovascular Recovery Unit. For the second straight year, the Society of Thoracic Surgeons gave Mission its highest, 3-star ranking. Mission was also designated a UnitedHealth Premium Cardiac Specialty Center after meeting rigorous quality criteria based on national standards.
- **Leading healthcare technology** – *Hospitals and Health Networks* magazine named Mission to its list of Top 100 "Most Wired" and "Most Wireless" hospitals. The hospitals on the "Most Wired" list show better outcomes in patient satisfaction, mortality rates and other key quality measures through their use of information technology.
- **Nursing excellence** – Nine RNs on Mission's staff were named to the list of North Carolina Great 100 Nurses, an annual recognition honoring the state's best nurses.
- **Patient satisfaction** – High patient satisfaction scores landed Mission in the top quartile nationally in the federal government's new HCAPS program, which tracks how patients across the nation rate their hospital experience.
- **Overall quality** – HealthGrades named Mission a Distinguished Hospital for Patient Safety and 5-Star Hospital for cardiac care and joint replacement. Mission was named a Top 100 Hospital by Cleverley & Associates, and ranked as one of North Carolina's Best Hospitals by *Business North Carolina*.



# Mission Hospital

## Advanced Technology and Treatment Approaches

As the region's only tertiary care provider, Mission continues to introduce new treatment approaches and new ways to use technology to benefit patients. As a result, residents of Western North Carolina have access to the kind of advanced-level care usually found only in major teaching hospitals.

- **Focus on hip fractures** – Mission's orthopedics service line established a new Geriatric Hip Fracture program to enhance outcomes for patients with this devastating injury—a critical health concern impacting quality of life for seniors.
- **Physician orders go electronic** – Mission became one of the largest community hospitals in the nation to implement Clinical Provider Order Entry (CPOE). By computerizing the orders of physicians and providers, this process enhances both patient care and safety.
- **Intensive heart care** – A new computerized system was implemented in Mission's Cardiovascular Intensive Care and Recovery Units to improve monitoring of patients' blood sugar levels. Spikes in blood sugar are common in recovering heart surgery patients, and left untreated, can cause complications. The new Endotool software-based system recommends precise, patient-specific dosages of medication to keep blood sugar at healthy levels.
- **Training diabetes nurses** – Nearly four dozen registered nurses from 18 different nursing specialty units at Mission graduated from an intensive course in caring for patients with diabetes. They now serve as an on-call resource to staff treating diabetic patients.



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# Mission Hospital

## Responding to Community Needs

As the national recession hit home in Western North Carolina in 2008, unemployment rose and more of our neighbors lost their health insurance. Mission stepped up by providing charity care, distributing grants to hard-pressed community health agencies, and reaching out with new partnerships focused on wide-ranging community needs from housing to education. For more on how Mission gives back, see our 2008 Community Benefit Report.

- **Charity care** – In 2008, Mission provided approximately \$14 million in charity care, and bad debt totaled nearly \$26 million—both driven by the declining economy and rising unemployment in the region.
- **Community benefits** – Mission's Community Benefits Program distributed nearly \$1.5 million in grants to local nonprofit agencies to help serve varied needs from primary care for the uninsured to mental health services. Overall, Mission provided more than \$78.4 million in community benefits in 2008, a total that includes charity care, unreimbursed costs for caring for Medicare and Medicaid patients, community health services, grants to community groups and funding for medical education and research.
- **Lighten Up 4 Life** – Over 3,000 people participated in the first year of Lighten Up 4 Life, a community weight-loss initiative spearheaded by Mission in collaboration with the Asheville Area Chamber of Commerce and media partners the *Citizen-Times* and WOXL. Participants lost more than 20,000 pounds, making our community 10 tons lighter.
- **Nurses build a home** – Mission nurses joined together to build a Habitat for Humanity house. The nurse volunteers assisted with walls, trusses, windows, siding, painting and landscaping, as well as fundraising for the \$55,000 project.
- **Encouraging math literacy** – Mission partnered with the University of North Carolina (UNC) Asheville to sponsor a first-ever community summit on the importance of math literacy. Educators, community leaders and professionals working with children of all ages attended the two-day summit, focusing on how math skills are critical to workforce development, social justice, and health and financial decision making.
- **Inspiring tomorrow's health professionals** – Asheville High School and Buncombe County high school students got an intensive introduction to the healthcare field in the "Mission Possible" summer internship program. In all, 38 students successfully completed the program, which gives young people the opportunity to interact with healthcare professionals and participate in patient care simulations.
- **Partnering for preparedness** – Mission partnered with United Way's 2-1-1 Call Center to provide emergency back-up to keep that vital call center operating in the event of a disaster affecting the United Way building in Asheville.



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# Mission Hospital

## Financial Stewardship & Corporate Responsibility

As North Carolina's largest employer west of Charlotte, Mission has a responsibility to stay financially strong and act as a good corporate citizen. Despite the challenging economic conditions nationally, Mission delivered a positive financial performance in 2008 and continued to earn praise as an employer and member of the region's business community.

- **Effective cost control** – As a result of ongoing cost control and efficiency measures, Mission remains in full compliance with our responsibilities under the state's Certificate of Public Advantage (COPA). Under the COPA, Mission is required to keep its charges and margin on a par with peer hospitals. As a nonprofit hospital, we reinvest our margin into serving the community.
- **Strong bond rating** – All three major bond rating agencies—Moody's, Standard & Poor's and Fitch—affirmed Mission's AA bond rating with a stable outlook. Despite the heavy investment losses suffered by all hospitals due to the national recession, Mission's overall financial performance earned the continued confidence of the rating agencies.
- **Promoting a greener, healthier world** – Mission continued to implement “green” initiatives to reduce the hospital's ecological footprint through recycling, waste management, energy utilization and purchasing processes. We also made the transition in 2008 from being a smoke-free campus to one with a 100% tobacco-free policy. Mission was recognized as one of North Carolina's first “Red Apple” hospitals for its work providing a healthy food environment.
- **Striving to be a responsible employer** – Mission was named North Carolina's 2008 Employer of the Year by Goodwill Industries. Mission Home Help, our employee home-buying assistance program, was recognized by *PR News* in its annual Corporate Social Responsibility Awards.
- **Catalyst for volunteerism** – In 2008, 679 Mission volunteers gave 97,855 hours of service, the equivalent of 47 full-time employees. The value of their service is \$1.9 million.



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# Mission Hospital

## Looking to the Future

Despite the many financial challenges facing Mission in the current economic climate, we know that the needs of Western North Carolina continue to expand. Our population is growing and “graying”; aging facilities must be replaced; and our region and state face shortages of physicians and other healthcare professionals. In 2008, we continued to implement plans with an eye toward our region’s future.

- **Updating facilities for patient care** – Mission’s major facility expansion, the Dogwood Project, remained on schedule and on budget and was completed in 2009. The six-level building will house surgical facilities, patient rooms and a Neurotrauma Intensive Care Unit.
- **A long-term campus plan** – The Mission Board approved a Strategic Master Facility Plan, which provides a comprehensive roadmap to ensure Mission has the facilities to serve Western North Carolina’s growing healthcare needs.
- **Expanding health education** – Mission and UNC Asheville agreed to collaborate on a plan to expand health education opportunities in Western North Carolina. Mission pledged \$300,000 toward furnishing UNC’s new 122,000-square-foot N.C. Center for Health and Wellness.
- **Training tomorrow’s physicians** – The UNC Board of Governors endorsed a plan to expand medical education in the state, including a new medical school campus in Western North Carolina, which will bring more physicians-in-training to Mission. The proposal for the campus was developed as a joint project of Mission Health System, the Mountain Area Health Education Center (MAHEC), and the Western North Carolina Health Network.



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# Mission Children's Hospital

## New Services to Meet Children's Needs

As Western North Carolina's only children's hospital, Mission Children's stays closely attuned to the health needs of parents and kids. In 2008, we introduced new services to respond to unmet needs and keep pediatric care in this region on the leading edge.

- **Marshalling resources to fight autism** – After a community needs assessment showed that services for children with autism were inadequate in Western North Carolina, Mission Children's Hospital launched a major expansion of the autism program at the Olson Huff Center for Child Development. With the support of grant funding, four new professionals were brought on board: a developmental pediatrician, a PhD-level psychologist with specialization in autism, a master's-level psychologist and an autism coordinator. Together, the team focuses on encouraging early screening and diagnosis. The current thinking in the field is that when children with autism are identified early, new interventions can dramatically improve their outcomes in battling the disorder.
- **A new model for anesthesia** – Mission Children's Hospital is among the early pioneers of a growing national trend: formation of a specialized pediatric sedation service. Recognizing that children react differently to anesthesia than adults, the new service aims to ensure that youngsters get the proper amount of sedation—not too much and not too little—when undergoing a medical procedure. A newly formed interdisciplinary team includes a pediatric intensivist and pediatric nurses specially credentialed in sedation. The team also involves Mission's Child Life specialists, who utilize toys and models to help the young patients understand the procedure they are about to experience and put them at ease.



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# Mission Children's Hospital

## Enhancing Quality of Care

For parents in Western North Carolina, quality pediatric care means having specialists close to home who are skilled in the full range of childhood diseases, and facilities that are dedicated to the highest standards and best possible outcomes. In 2008, Mission Children's Hospital continued to build on its reputation for quality.

- **A growing team of subspecialists** – Mission Children's Hospital has expanded its medical staff, adding subspecialists in pediatric neurology, pediatric endocrinology and pediatric gastroenterology. Mission Children's Hospital has highly trained physicians representing more than a dozen pediatric subspecialties, who practice together in the Reuter Children's Outpatient Center – creating a pediatric center of excellence for parents in Western North Carolina.
- **World-class NICU care** – Our neonatal intensive care unit (NICU) now participates in the Vermont Oxford Network, a collaboration of more than 800 NICUs around the world that track and share data to improve the quality and safety of medical care for newborn infants. By comparing ourselves to our peers, we have found that Mission Children's Hospital's NICU ranks in the top tier internationally in our outcomes. For example, our NICU has a lower incidence of babies developing chronic lung disease than the international benchmark level.
- **Protecting babies from brain damage** – Mission Children's Hospital has adopted a leading-edge approach called “induced hypothermia”—literally cooling the body down—to protect tiny babies from brain damage when they are in a medical crisis. We are working with neonatal and pediatric transport professionals around the region to spread the word about this new protocol, which can make a dramatic difference in the lives of babies and their families.



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# Mission Children's Hospital

## Building an Endowment for Kids

No child is ever turned away from Mission Children's Hospital. The challenge is that reimbursements from insurers and the government do not begin to cover the cost of delivering pediatric care. As a result, children's hospitals depend heavily on the generosity of donors. With the help of the Mission Healthcare Foundation, Mission Children's Hospital continues to attract strong philanthropic support.

- **Gold Medal Endowment** – Mission Children's Hospital is focused on building an endowment that will ensure the future of high quality care for kids in Western North Carolina. The Foundation aims to grow this Gold Medal Endowment to provide an annual \$2.5 million to secure the Children's Hospital's future and sustain its many programs, services and facilities.
- **Radiothon success** – Despite a troubled economy, the region's residents donated nearly \$100,000 in two days in a radiothon fundraising event.
- **Smiles for kids** – Mission Children's Hospital became the first hospital in North Carolina to receive a Jester & Pharley™ Smile Cart. The carts are part of the Southern California-based Jester & Pharley Phund's efforts to provide emotional support and smiles to youngsters coping with illness.

## Gage's Story

When Brandi Hunt's first ultrasound showed that her son, Gage, had developed a diaphragmatic hernia, Brandi was distraught. Gage had a slim chance of survival, and the pregnancy was not expected to last to term.

"My husband and I were scared to death during the rest of the pregnancy," Brandi recalls. "We were crying every day. We didn't know whether to plan for a baby shower or a baby funeral."



When Gage was born at Mission Children's Hospital on October 13, 2007, his stomach, bowels and intestines were located in his chest cavity, restricting his lungs' ability to expand. He was immediately placed in an incubator and put on oxygen, which he continued to use for four months. Because his stomach was incapable of digesting anything due to severe nerve damage, he also required a feeding tube.

"Dr. [Eric] Walburgh, the pediatric surgeon, has done every single one of Gage's surgeries, so I can honestly say that he knows my son inside and out. My family actually calls him 'Papaw Walburgh' because he has saved my son's life."

After six major surgeries and 181 days in the NICU, Gage is now a strong, rambunctious 22-month-old. Although he still uses a feeding tube, he has advanced considerably in his recovery process. His lungs function correctly, and his organs are no longer crowded in his chest cavity. And in spring of 2009, Gage hit a turning point when doctors stopped labeling him as "failure to thrive," a status he held for more than a year.

"Dr. Walburgh and Dr. [Douglas] LaGarde, his GI doctor at Mission Children's Clinic—without them, there's no way we would be where we are today with Gage. They have both saved not only Gage's life, but they've pretty much saved my whole family, because we wouldn't be a family without my son," says Brandi.

"Mission is home to me. I would not change it for anything. I would be back there right now if I had it to do all over again."

# Asheville Specialty Hospital

## A New Option in Care

In 2008, more than 12,900 patients received care at Asheville Specialty Hospital, which offers a new approach to long-term acute hospital care for patients with complex medical needs. Asheville Specialty Hospital, a member of the Mission Health System and a joint venture of Mission Health and Community Care Partners, is the region's only accredited, long-term acute care specialty hospital.

- **Time to heal** – In this new kind of hospital, patients get the time they need to heal and regain their strength. With extended time and a specialized level of care and services, patients can achieve the highest level of recovery possible.
- **Professional team** – Patient care at Asheville Specialty Hospital is under the direction of hospitalists—physicians who are trained in the specialty of caring for hospitalized patients. Coordinating with the patient's referring physician, the hospitalists work closely with the Asheville Specialty Hospital team of nurses, therapists and case workers to ensure each patient is cared for with quality and compassion.



In this new kind of hospital,  
patients get the time they need  
to heal and regain their strength.

# Asheville Specialty Hospital

## Serving Patients with Complex Needs

Asheville Specialty Hospital fills an important new role among Western North Carolina's healthcare providers. Long-term acute care hospitals are a growing trend, born from the realization that neither the traditional hospital nor the nursing home environment can address the needs of some patients with challenging medical needs. Patients who may benefit from Asheville Specialty Hospital include:

- Patients recovering from stroke, Guillain-Barré syndrome, endocarditis or long-term intravenous antibiotic therapy
- Patients with respiratory failure
- Newly diagnosed patients with kidney disorders or disease requiring dialysis
- Those with wound infections needing intensive wound care
- Patients who need nutritional support or have any kind of nutritional impairment
- Chemotherapy or radiation therapy patients



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# Asheville Specialty Hospital

## Specialized Services Tailored to Patient Care Plans

Every patient at Asheville Specialty Hospital has a unique plan of care tailored to his or her medical needs. Among the services provided are:

- 24/7 respiratory therapy and support
- Physical, occupational and speech therapies five to six days a week
- Nutritional therapy to monitor diet and supplements as needed
- Case management and discharge planning support
- Cardiac monitoring
- Pet therapy
- Pain management and palliative care to make patients as comfortable as possible
- Intravenous therapy for patients who need additional fluid or nutritional support
- Mechanical support in the case of respiratory failure or cardiac arrest



Every patient at Asheville Specialty Hospital has a unique plan of care tailored to his or her medical needs.

# Blue Ridge Regional Hospital

## Advancing Quality, Facilities and Technology

In 2008, Blue Ridge Regional Hospital made major strides in enhancing quality, expanding facilities and implementing new technology—all aimed at providing the best care to patients in Mitchell and Yancey counties.

- **Largest expansion in history** – The hospital completed the largest expansion in its history—a \$23.6 million construction and renovation project. The improvements include all new private patient rooms, new and expanded Emergency Department and Imaging Services, new facilities for Labor and Delivery and Ambulatory Care, an expanded Chemotherapy Unit and a new chapel, gift shop and coffee shop.
- **An award-winning community hospital** – In addition to reaffirming our full accreditation by the Joint Commission in 2008, Blue Ridge Regional Hospital was also recognized by Cleverley & Associates as a Community Value 5-Star Hospital. We also earned an award from the North Carolina Surgical Care Improvement Program for treatment of blood clots.
- **Running leaner to serve patients better** – Blue Ridge Regional Hospital was among the first group of rural hospitals in the state selected by the North Carolina Hospital Association to participate in “Toyota Lean.” Lean is a process management philosophy derived from the Toyota Production System that aims to improve quality by eliminating delays, waste and frustration in current processes, providing more value to the patient. Simpler Consulting is working with the hospitals for the first three years of the implementation. After that, the hospitals will be self-sustaining and continue the program on their own.
- **Serving as a technology model** – Blue Ridge Regional Hospital was named a Top 20 show site for CPSI, a key provider of information technology for rural hospitals. As part of this Top 20 group, Blue Ridge provides input to CPSI on the feasibility of future application enhancements and hosts hospitals from around the country that are exploring the installation of CPSI's electronic medical records system.



Blue Ridge Regional Hospital was recognized by Cleverley & Associates as a Community Value 5-Star Hospital.

# Blue Ridge Regional Hospital

## A Hospital and Community Supporting One Another

For 54 years, Blue Ridge Regional Hospital has been serving the people of Mitchell and Yancey counties, and the community has always stepped up generously to support the hospital.

- **Foundation gives back** – The Blue Ridge Regional Hospital Foundation in fiscal year 2008 received \$961,970 in grants, \$114,960 in individual gifts, \$463,630 in pledge payments to the Stepping Up Capital Campaign, \$21,695 in special events revenue and in-kind contributions of \$34,608.09. This fundraising success enabled the Foundation to contribute \$2,163,149 to the hospital expansion and another \$214,529 to purchase hospital equipment. In addition, the Foundation awarded grants of \$114,595 for Toe River Project Access, and \$6,990 to purchase equipment for the Fitness and Rehabilitation Center.
- **Providing access to care** – Toe River Project Access (an initiative of the Foundation) provided \$726,521 in free medical, dental, vision and prescription assistance for low-income, uninsured residents of Mitchell and Yancey counties at 150% or less of the federal poverty level. From its launch in 2003 through the end of 2008, this initiative has helped 658 clients and provided \$2,453,220 in care.
- **Delivering benefits to the community** – As a nonprofit community hospital with a mission to serve all in need, Blue Ridge Regional Hospital provided nearly \$14 million in community benefits in fiscal year 2008, including charity care and the unreimbursed cost of treating Medicare and Medicaid patients.



Toe River Project Access provided \$726,521 in free medical, dental, vision, and prescription assistance for low-income uninsured residents.

# Mission Healthcare Foundation

## Approaching a Milestone in Giving

The Mission Healthcare Foundation will celebrate its 25th anniversary next year, but it is also approaching another major milestone: \$100 million in philanthropic funds raised for Mission. From its founding in 1985 through the end of 2008, the Foundation has raised \$93 million from generous donors to help keep Mission's quality at the highest level. In 2008, the Foundation continued to channel the community's generosity into tangible improvements that help patients and address community needs.

- **Fundraising success** – The Foundation received \$8.2 million in new gifts, grants and pledges to benefit programs and projects at Mission Hospital. More than \$3 million in estate gifts were received for endowments and programs at Mission. The Foundation also conducted several successful special events including the Chakales-Patton Golf Tournament, Faces of Hope: Evening of Whimsy and Big Tom Classic Charity Golf Tournament.
- **Helping Mission stay on the leading edge** – Foundation grants supported a wide variety of clinical improvements at Mission that benefit patients. More than \$1.2 million was provided to strengthen Mission's conversion to electronic medical records and physician order entry—technological advances that will increase patient safety. Through a gift-in-kind of property, the Foundation provided critically needed new space to house Mission's Infusion Therapy Service. Mission Children's Hospital was able to expand its autism program and staff thanks to \$300,000 in grant support. The Foundation secured a national grant to help Mission's geriatric programs protect and care for older residents of the region with a goal of preventing hip fractures.
- **Supporting community health** – The Foundation provided funds for the "Ladies Night Out" program that gave free mammograms to 382 women in the community who could not afford this vital screening test. Mission's Trauma Center, which serves the entire Western North Carolina region, received over \$1.9 million in disaster preparedness funding for equipment, supplies and personnel. Nearly \$650,000 was given to the Fullerton Genetics Center at Mission to establish key outreach positions for perinatal and neonatal care to newborns and their families.
- **Reaching out, engaging the community** – One of the ways the Foundation makes a real impact is by providing emergency grants to Mission employees coping with unforeseen crises in their lives. These special grants totaled \$80,000 in 2008. Another Foundation initiative that touches lives in the community is the Ambassador Program. Two Ambassador classes graduated in 2008, bringing the total number of Mission Ambassadors to 179. These individuals take an in-depth 15-hour course over four months to learn about Mission and then carry that message out into the community.



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## Mission Health System, Inc., and Affiliates

### Combined Balance Sheets

September 30, 2008 and 2007 (in thousands)

<b>Assets</b>	<b>2008</b>	<b>2007</b>
Current assets:		
Cash and cash equivalents	\$ 119,810	\$ 80,066
Current portion of assets limited as to use	12,334	14,913
Accounts receivable, less allowance for uncollectible accounts of \$51,809 in 2008 and \$55,096 in 2007	106,966	109,164
Other receivables	20,226	24,780
Inventories	13,163	13,241
Prepaid expenses and other	6,247	5,383
<b>Total current assets</b>	<b>278,746</b>	<b>247,547</b>
Assets limited as to use:		
By board for future needs	443,830	528,728
By indenture agreements	19,340	60,192
Other	11,538	10,392
<b>Total assets limited as to use</b>	<b>474,708</b>	<b>599,312</b>
Property and equipment, net	540,844	501,679
Other assets	16,292	9,897
<b>Total assets</b>	<b>\$ 1,310,590</b>	<b>\$ 1,358,435</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Current portion of long-term debt	\$ 7,802	\$ 8,956
Lines of credit draws outstanding	2,125	1,000
Accounts payable	26,102	23,733
Accrued payroll and other expenses	64,902	61,374
Due to third-party payors	17,608	20,956
<b>Total current liabilities</b>	<b>118,539</b>	<b>116,019</b>
Long-term debt	334,602	336,349
Other long-term liabilities	27,934	26,538
<b>Total liabilities</b>	<b>481,075</b>	<b>478,906</b>
Minority interest in affiliates	1,322	1,382
Net assets:		
Unrestricted	817,103	867,355
Temporarily restricted	8,218	8,386
Permanently restricted	2,872	2,406
<b>Total net assets</b>	<b>828,193</b>	<b>878,147</b>
Commitments and contingencies		
<b>Total liabilities and net assets</b>	<b>\$ 1,310,590</b>	<b>\$ 1,358,435</b>

## Mission Health System, Inc., and Affiliates

### Combined Statements of Operations

Years Ended September 30, 2008 and 2007 (in thousands)

	2008	2007
Revenue, gains and other support:		
Net patient service revenue	\$ 806,148	\$ 759,953
Other revenue	38,109	37,650
<b>Total revenues, gains and other support</b>	<b>844,257</b>	<b>797,603</b>
Expenses:		
Salaries and wages	329,412	308,963
Employee benefits	73,785	71,613
Supplies and other expenses	281,024	265,802
Depreciation and amortization	51,443	48,165
Interest	12,623	11,688
Provision for uncollectible accounts	66,343	58,535
<b>Total expenses</b>	<b>814,630</b>	<b>764,766</b>
Operating income	29,627	32,837
Nonoperating gains:		
Investment income, net	\$ 13,647	\$ 41,228
Other nonoperating (losses) gains, net	1,686	(2,350)
<b>Nonoperating gains, net</b>	<b>15,333</b>	<b>38,878</b>
Revenue, gains and other support in excess of expenses and losses before minority interest	44,960	71,715
Minority interest	(1,033)	(981)
<b>Revenue, gains and other support in excess of expenses and losses</b>	<b>43,927</b>	<b>70,734</b>
Net unrealized gains on investments	(98,105)	40,208
Net assets released from restriction for capital expenditures and contributed capital equipment	3,926	3,343
<b>Change in unrestricted net assets</b>	<b>(50,252)</b>	<b>114,285</b>

The audited financial statements of Mission Health, Inc., and affiliates are available for inspection.