



ANNUAL REPORT

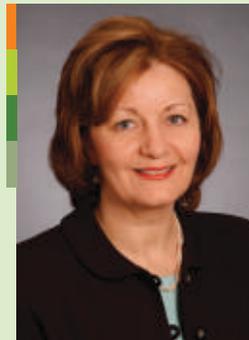
# OneSystem:

UNITED TO DEFINE THE FUTURE OF HEALTHCARE

TWO-THOUSAND-ELEVEN



Carolinan HealthCare System



## In Memoriam

The Carolinas HealthCare System 2011 Annual Report is dedicated to the memory of the late Suzanne Hill Freeman, who served as president of Carolinas Medical Center (CMC) from 2000 to 2012. Her extraordinary career with CHS began in 1975, when she began work as a staff nurse at Charlotte Memorial Hospital (the predecessor to CMC), and continued for 37 years until illness forced her resignation.

One constant throughout this period was her outstanding leadership ability, coupled with a sincere manner that made her a role model for generations of nurses, physicians and others. To recognize Suzanne's passion for developing and mentoring the healthcare leaders of tomorrow, CHS has established a scholarship in her name, the *Suzanne Hill Freeman N.C. Medical Society Leadership Scholarship*, c/o Carolinas HealthCare Foundation, P.O. Box 32861, Charlotte NC 28232.



Dear Friends,

The year 2011 was one of profound transformation for Carolinas HealthCare System. In keeping with our mission to deliver the highest quality healthcare for all, we undertook extraordinary efforts to provide new points of access and create unique models of care delivery. These innovations are significantly expanding our ability to care for patients and communities.

As one of the nation's largest public, not-for-profit healthcare systems, we recognize a special responsibility to exercise leadership. With more than 9 million patient encounters each year, we understand the importance of aligning our healthcare system to accommodate not only current needs, but the future of healthcare delivery.

Our experience with integrated services, in conjunction with other partners across the country, has positioned our organization to provide cutting-edge medicine with a personal touch. We have accomplished a great deal in our 70-plus years and look to the future with great aspirations.

We aspire to build a model that improves access to superior healthcare regardless of where a patient may live. We aspire to create new ways for patients to receive care without having to travel to a doctor's office or emergency room. We aspire to foster new relationships with our patients, employers and neighbors that result in healthier communities for all.

I am tremendously grateful for the achievements of our 48,000 plus employees. Through their compassion, they have created an unparalleled environment for healing. Through their dedication, they are ensuring our ability to adapt successfully to the inevitable changes that lie ahead.

This report includes a sampling of the many initiatives we have undertaken to enhance quality, improve access, encourage innovation and fulfill a passionate commitment to community service. As you will see, we are defining the future of healthcare right here at Carolinas HealthCare System.



sincerely

*Michael C. Tarwater*  
MICHAEL C. TARWATER

CHIEF EXECUTIVE OFFICER



## CHS at a Glance

Carolinas HealthCare System (CHS) is one of the leading healthcare organizations in the Southeast and one of the largest public, not-for-profit systems in the nation.

CHS operates more than 30 affiliated hospitals, directly employs more than 1,900 physicians, and serves patients at more than 600 other care locations including physician practices, freestanding emergency departments, outpatient surgery centers, pharmacies, laboratories, imaging centers and other facilities. CHS also operates a large number of nursing homes and other enterprises that provide home care, medical equipment and hospice services.

Altogether, CHS operations comprise more than 6,200 licensed beds and employ more than 48,000 people, with combined net operating revenues during 2011 totaling more than \$6.7 billion.

One characteristic common to all CHS facilities is a shared mission that includes a strong commitment to public service and extensive outreach to all segments of the population. Carolinas HealthCare System, with its extraordinary staff and comprehensive range of high quality services, research and educational initiatives, provides a medical home to everyone from childbirth throughout their lifetime.



### Health System Profile

CEO:	Michael C. Tarwater, MHA, FACHE
Licensed beds:	6,251
Employees:	48,702
Residents and Fellows:	377
Physician services group practice locations:	533
Outpatient imaging centers:	18
Mobile imaging units:	3
Outpatient pharmacies:	18
Cancer centers	8
Outpatient surgery centers:	8
Endoscopy facilities:	9



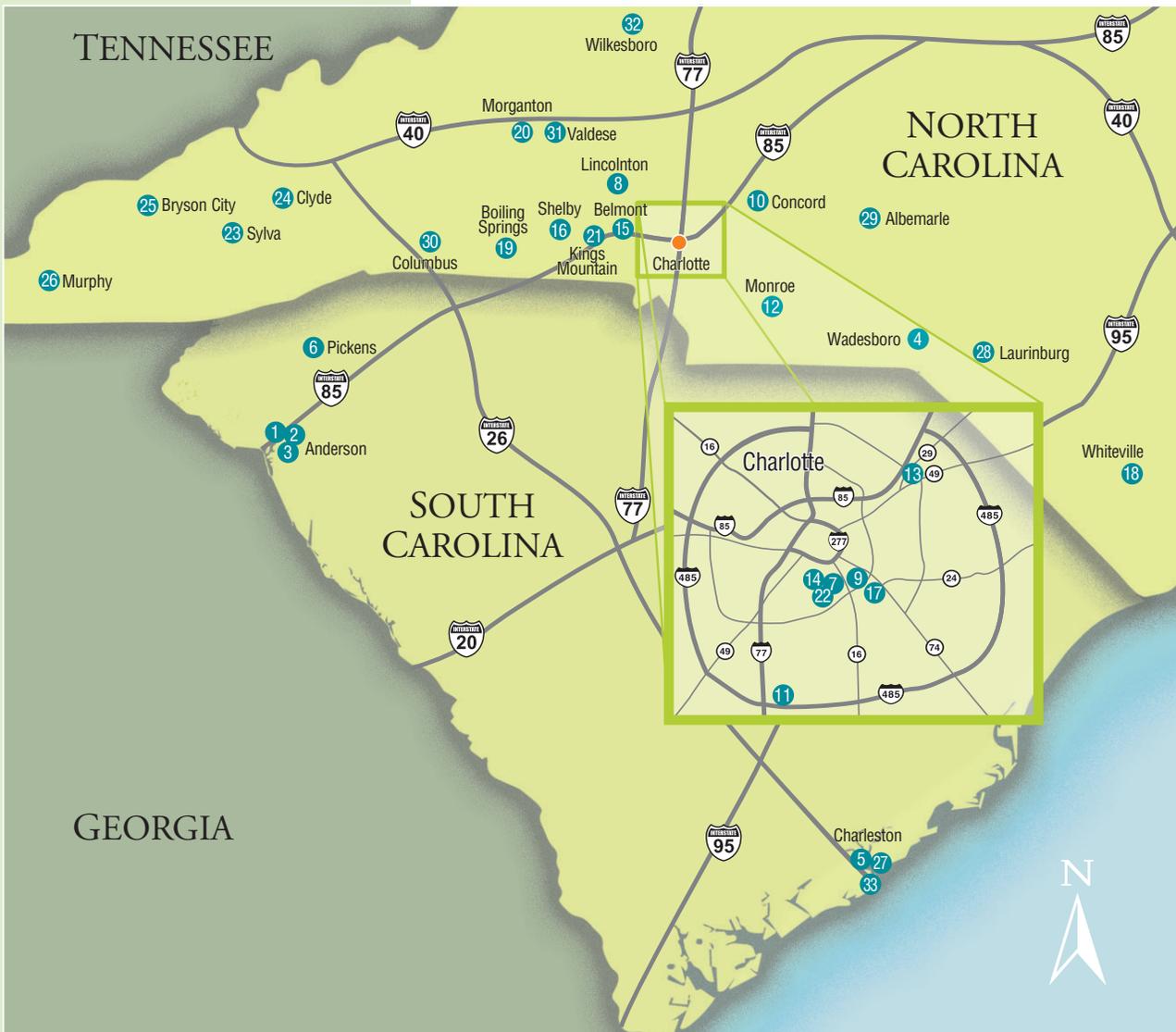
# CHS Hospitals

1. AnMed Health Medical Center
2. AnMed Health Rehabilitation Hospital
3. AnMed Health Women's and Children's Hospital
4. Anson Community Hospital
5. Bon Secours/St. Francis Hospital
6. Cannon Memorial Hospital
7. Carolinas Medical Center
8. Carolinas Medical Center-Lincoln
9. Carolinas Medical Center-Mercy
10. Carolinas Medical Center-NorthEast
11. Carolinas Medical Center-Pineville

12. Carolinas Medical Center-Union
13. Carolinas Medical Center-University
14. Carolinas Rehabilitation
15. Carolinas Rehabilitation-Mount Holly
16. Cleveland Regional Medical Center
17. CMC-Randolph
18. Columbus Regional Healthcare System
19. Crawley Memorial Hospital
20. Grace Hospital
21. Kings Mountain Hospital
22. Levine Children's Hospital

23. MedWest-Harris
24. MedWest-Haywood
25. MedWest-Swain
26. Murphy Medical Center
27. Roper Hospital
28. Scotland Memorial Hospital
29. Stanly Regional Medical Center
30. St. Luke's Hospital
31. Valdese Hospital
32. Wilkes Regional Medical Center
33. Roper St. Francis-Mount Pleasant Hospital

*\*effective Jan. 1, 2012*





# Quality

Patients and families deserve exceptional treatment and compassion. Carolinas HealthCare System puts this commitment into practice every day through the expertise of clinical professionals whose sole mission is providing quality care.

This commitment to quality received national validation in December, when CHS became one of only six integrated healthcare systems in the country to participate in a new government initiative to reduce healthcare-acquired infections. The \$4.3 million grant, to be administered over three years by the U.S. Department of Health and Human Services, also focuses on reducing preventable injuries. The government's program places strong emphasis on sharing best practices with other providers.

Other quality milestones at CHS during 2011 included substantial progress on a new \$50 million Levine Cancer Institute academic center in Charlotte. The Institute advanced its mission throughout the year by hosting quarterly summits and further developing its survivorship programs, outreach efforts and best practice protocols.

The Institute's team of physicians continued to expand under the leadership of President Derek Raghavan, MD, PhD. Noteworthy additions include Heather D. Brookes, MD, a specialist in hematology and oncology who received fellowship training at M.D. Anderson Cancer Center in Texas. Also, Ashley L. Sumrall, MD, who received fellowship training at Duke University Medical Center, joined the Institute specializing in neuro-oncology, oncology and hematology.

The Institute formalized its patient navigator program and hosted its inaugural patient navigator academy to share best practices. CHS currently has more than two dozen oncology patient navigators at affiliated hospitals across the Carolinas, including newly designated navigators at AnMed Health Medical Center and Carolinas Medical Center-Lincoln. These individuals serve as patient advocates, help to coordinate care, provide counseling and offer cancer education.

Sanger Heart & Vascular Institute (SHVI) continued to attract national visibility by becoming one of only a handful of specialty providers implanting a new type of heart pacemaker that can tolerate magnetic resonance imaging (MRI). In fact, the first such implant performed in North Carolina was completed successfully at Carolinas Medical Center (CMC) in February. Previously, patients with implanted pacemakers were not able to undergo MRI due to the risks of electronic interference, damage to components or dislodgement.

CHS selected Charles R. Bridges, MD, ScD, a renowned heart surgeon and scientist, to chair the Department of Thoracic and Cardiovascular Surgery at CMC. Dr. Bridges' extensive background in cardiovascular medicine includes minimally invasive heart surgeries and valve procedures.

His capabilities allow patients to receive "transfusion-free" or "bloodless" cardiac surgery that historically has been performed on patients with religious beliefs that do not allow blood transfusions. Another widely recognized vascular surgeon, Frank R. Arko, MD, who focuses on repairs of the aorta, also joined SHVI during the year.



LEVINE CANCER INSTITUTE  
nurse  
navigator

Sanger Heart & Vascular Institute



Heart specialist Benjamin Peeler, MD, continued to earn recognition for his achievements in healing the smallest of hearts. He and his team at Levine Children's Hospital attracted notice throughout the year by attaining survival rates that surpass national averages, putting Levine Children's Hospital on a par with the most respected pediatric hospitals in the country.

Five CHS hospitals installed new robotic technology during the year to assist with both urological and gynecological procedures. The new units, which feature high-definition 3-D images and arms with an increased range of motion, enhance outcomes by allowing smaller surgical incisions, less blood loss and speedier recoveries.

With the aid of a financial grant awarded in 2011, Cabarrus Family Medicine began training home health nurses to use a new handheld technology that assists diabetes patients. Patients who have a tablet and the proper application now have the ability to contact a nurse who can remotely look inside a kitchen pantry to view the sugar content of a food item and offer dietary advice.

A new quality milestone was achieved during 2011 when the total number of disease-specific certifications awarded to CHS by the Joint Commission increased to 29. This achievement places CHS among the top tier of large healthcare systems in the U.S.

The Joint Commission is the principal evaluation and certifying agency for nearly 15,000 healthcare organizations and programs throughout the county. Newly awarded certifications in 2011 included Advanced Inpatient Diabetes Management, High Risk Neonate, Heart Failure, Acute Coronary Syndrome, Total Hip Replacement, Total Knee Replacement and Maternal/Child.

The orthopedics program at CMC was recognized as one of the top 50 in the nation by *U.S. News & World Report*. Based on the same research data, three CHS Metro hospitals received top ratings in *U.S. News'* updated "major metro area" rankings.

Levine Children's Hospital was listed as one of America's "Best Children's Hospitals" by *U.S. News & World Report* for nephrology, a specialty that evaluates and treats patients with kidney diseases.

*U.S. News* plaudits were not limited to Charlotte-area hospitals, but included a number of CHS affiliates throughout the Carolinas. AnMed Health in Anderson, SC, received high ranking scores in five specialties, including Cancer; Ear, Nose and Throat; Gastroenterology; Nephrology and Pulmonology.

Roper Hospital in Charleston, SC, received high ratings for its programs in Nephrology, Neurology and Neurosurgery.

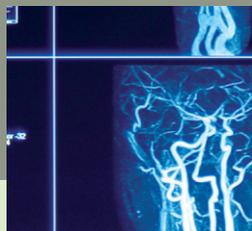
*Becker's Hospital Review* named Bon Secours St. Francis Hospital in Charleston to its list of "101 Hospitals with Great Spine and Neurosurgery Programs."

Roper St. Francis Healthcare (RSFH) joined a national initiative in 2011 called "Million Hearts." This program brings together communities, health systems, nonprofit organizations, federal agencies and private-sector partners from across the country to fight heart disease and stroke. The stated goal is to prevent 1 million heart attacks and strokes over the next five years.

*“We are at our very best when we work together to make a highly integrated system work even better. All of the economies of skill and scale that we can bring to bear as a team combine to produce excellent care for our patients. It's just another one of the ways that we are defining the future of healthcare.”*

- CEO Michael C. Tarwater

levine children's hospital  
robotic  
technology  
CENTER OF EXCELLENCE  
3-D Images



RSFH is supporting the effort through its heart program and also web-based community education initiatives, as South Carolina ranks among the top five states in the country for cardiac disease.

The Bariatric and Metabolic Services program at RSFH was recognized as a Center of Excellence during 2011 by the American Society for Bariatric and Metabolic Surgery.

St. Luke's Hospital in Columbus, NC, initiated a new quality venture in 2011 by purchasing a multi-specialty medical office building to house two highly-regarded orthopedic and family medicine practices. St. Luke's also received Certificate of Need (CON) approval to build a new six-bed patient wing and rehabilitation center, allowing the introduction of new services. This was the first expansion of its type since St. Luke's affiliated with CHS in 2008.

All of these quality enhancements validate an observation made by CEO Michael C. Tarwater in an end-of-year address to CHS employees. “We are at our very best,” he said, “when we work together to make a highly integrated system work even better. All of the economies of skill and scale that we can bring to bear as a team combine to produce excellent care for our patients. It's just another one of the ways that we are defining the future of healthcare.”



# Innovation

Carolinas HealthCare System is defining the future of healthcare by finding more effective and efficient ways to deliver both medical care and customer service.

Indeed, CHS made innovation an even more vital part of the corporate culture during 2011 by opening the TreeHouse. The TreeHouse is a dedicated meeting space for large and small groups wishing to inspire curiosity, foster collaboration and learn more about the discipline of innovation.

In keeping with this emphasis, CHS staged an inaugural innovation conference in November at the Mint Museum of Art. "Innovate to Greatness: Unlocking Your Curiosity," brought together more than 250 creative leaders from throughout the system to work on thought-provoking joint projects.

No sooner had this program ended than Zeev Neuwirth, MD, chief medical officer for the Physician Services Group, was selected from a pool of more than 900 applicants to participate in the Innovation Advisor Program. This nationwide initiative is sponsored by the Centers for Medicare and Medicaid Innovation. His project focuses on delivery redesign for diabetes care and, in particular, on improving population health, achieving high quality outcomes and reducing costs.

One CHS researcher who won plaudits for problem-solving long before the TreeHouse is Qi Lu, MD, PhD. Recognized around the world for his research achievements, Dr. Lu was instrumental in winning a unique \$7.9 million grant to support research on personalized drug development for Duchenne muscular dystrophy.

The five-year grant is being administered jointly by McColl-Lockwood Muscular Dystrophy Laboratory at Carolinas Medical Center, along with Children's National Medical Center in Washington, DC, and the University of Pittsburgh.

Brad Hurst, MD, a reproductive endocrinologist at CMC Women's Institute, is one of only seven physicians in the United States to offer a new minimally invasive procedure called "fertiloscopy." Dr. Hurst traveled to France to train directly under the doctor who developed this procedure, which enhances doctors' ability to detect the causes of infertility in women.

A related innovation in 2011 was the opening of the Women's Center for Pelvic Health at Carolinas Medical Center-Mercy. Led by Michael Kennelly, MD, and Kevin Stepp, MD, this unique, multidisciplinary center combines the clinical expertise of a fellowship-trained urologist, a urogynecologist and physical therapists. Patients have access to a wide variety of non-surgical treatment options and, when surgery is necessary, the physicians specialize in minimally invasive techniques.

As 2011 drew to a close, bone marrow transplant (BMT) teams at Levine Children's Hospital approached the milestone of having completed 50 procedures performed since the program started. Andrew Gilman, MD, and his associates specialize in an innovative procedure known as the "half match" transplant, which is available at only a small number of facilities nationally. Four children were brought to Charlotte from Puerto Rico in 2011 to take advantage of this expertise. Another significant achievement during the year included a rare instance of remission via BMT for a young girl afflicted with sickle cell anemia.



INNOVATE TO GREATNESS: UNLOCKING YOUR CURIOSITY

BONE MARROW TRANSPLANT

Lokomat<sup>®</sup> fertiloscopy

TreeHouse

MUSCULAR DYSTROPHY LABORATORY

Women's Center for Pelvic Health

INNOVATION ADVISOR PROGRAM



Carolinas Rehabilitation put its new Lokomat<sup>®</sup> into full use during 2011, providing robotic gait training to adult inpatients and outpatients. In addition, Carolinas Rehabilitation received a \$120,000 grant during the year to acquire a pediatric component for the device. It is utilized by the Human Performance Laboratory at Carolinas Rehabilitation, which – in addition to providing clinical care – sponsors a wide variety of scientific studies to advance rehabilitative medicine.



A team of doctors specializing in hernia treatments continued to draw global attention, due to broad adoption of a hernia evaluation index originated at CHS. Todd Heniford, MD, recently elected president of the American Hernia Society, was instrumental in developing the “Carolinas Comfort Scale,” which has become the international standard for evaluating quality of life for patients undergoing complex hernia repair.

The scale has been licensed to medical practitioners in 19 states and 39 countries, and translated into more than 32 foreign languages. The growth in utilization overseas includes 37 hospitals in France that completed arrangements late in 2011 to utilize the index in a comprehensive clinical trial. Usage has increased steadily as a result of the Comfort Scale’s value in predicting surgical risk factors and developing insurance coverage metrics.

Benjamin Brooks, MD, director of Carolinas Neuromuscular/ALS-MDA Center, also brought notice to CHS as a result of his role in discovering the causes of all three types of ALS or Lou Gehrig’s disease. Dr. Brooks served as a lead investigator on a team of researchers affiliated with Northwestern University Feinberg School of Medicine. This discovery, said Brooks, could lead to the development of drugs better targeted toward the treatment of ALS and other similar diseases such as Parkinson’s and Alzheimer’s.

Michael Bosse, MD, an orthopedic surgeon at CMC, was named principal investigator for a 10-year federally funded military study seeking better ways to regain use of limbs damaged by improvised explosive devices. Bosse said the study, being conducted jointly with Johns Hopkins University Medical Center and other major national institutions, will also have application for civilians who suffer traumatic limb injuries in accidents.

Joel Kaplan, MD, a hematologist-oncologist at Levine Children’s Hospital, is principal investigator for clinical trials on neuroblastoma that began in May 2011. Neuroblastoma, which affects the nervous system, accounts for 15 percent of all pediatric cancer deaths in the United States, and there are no curative therapies for children who suffer relapse. Levine is one of only five trial sites in the country evaluating the feasibility of a new approach that uses individual genetic profiles to guide treatment.

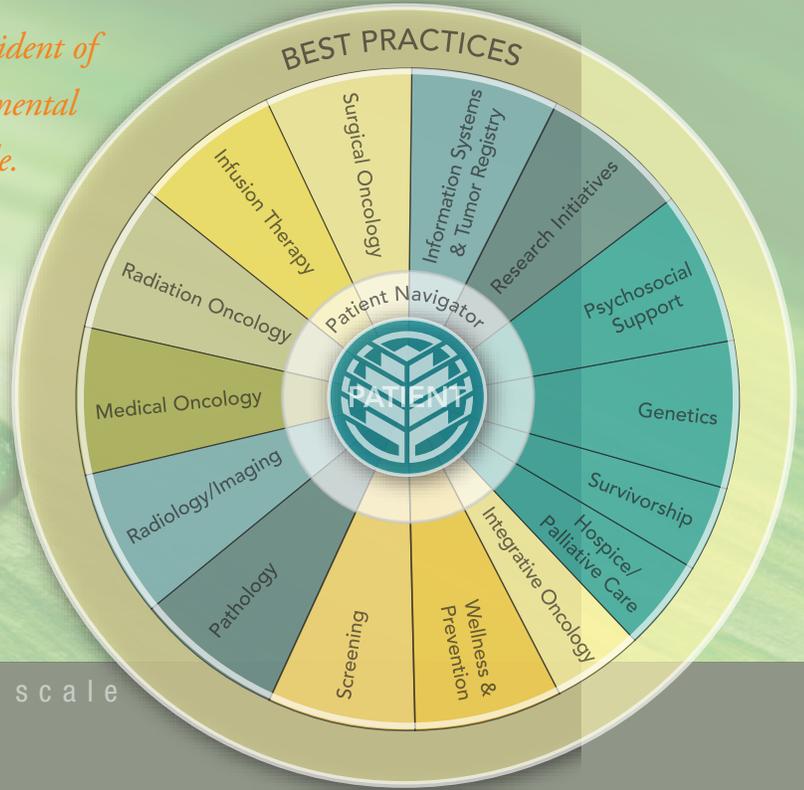
Another physician changing the course of cancer care during 2011 was Asim Amin, MD, co-director of the Immunotherapy Program at Levine Cancer Institute. Dr. Amin was a principal investigator in the development of a new drug called “ipilimumab,” the first new drug for metastatic melanoma to gain Food and Drug Administration approval in 13 years. The drug offers new hope to many of the 38,000 patients diagnosed with melanoma each year.

Roper Hospital also completed work on a new Cardiac Wellness and Rehabilitation Center during the year. The facility doubled available space, with features including exam rooms, gym equipment, cooking and yoga classes, and monthly cardiac risk factor educational groups. The \$4 million Center in Charleston was funded entirely by donations.

Roper St. Francis Healthcare also acquired a new robotic technology that makes surgery for colon cancer less invasive and more precise. The technology utilizes fluorescent imaging that colors healthy tissue green, making it easier to identify tumors and other damaged tissue. Other benefits include lower blood loss, reduced pain and scarring, and shorter inpatient stays. As 2011 drew to a close, Roper St. Francis had booked patients from as far away as Rhode Island to take advantage of the new robotics.

All of these developments at CHS reflect the high-priority of creating value by finding new and better ways to address ongoing medical and business challenges.

*Todd Heniford, MD, recently elected president of the American Hernia Society, was instrumental in developing the Carolinas Comfort Scale.*



COLON CANCER carolinas comfort scale

neuroblastoma

Cardiac Wellness and Rehabilitation Center

IPILIMUMAB

ALS

ROBOTIC TECHNOLOGY





## EMRs

Exceptional care is delivered every day at Carolinas HealthCare System, and one of the keys to delivering that care in the most efficient manner is technology. CHS completed significant investments during 2011 to build and implement new technology systems that ensure the right care is delivered to the right patient at the right time.

With more than 30 hospitals and more than 600 other care locations, CHS is strongly committed to robust electronic medical record (EMR) solutions. The goal is to guarantee that a patient's most recent information is quickly and securely available to all the medical providers who need it. This enables everyone on the care team to better coordinate and personalize treatments.

CHS made great progress throughout the year helping physicians to collaborate more effectively using EMR solutions, regardless of where in the system a patient might present for treatment. In addition, CHS took important steps to implement systems that allow for safer pharmaceutical orders by providing alerts regarding possible allergies, dosage errors or drug incompatibilities.

"Having medical history information that is both comprehensive and up-to-date is paramount in delivering the best possible care," said Brent Lambert, MD, chief medical information officer for Carolinas HealthCare System.

"Every patient encounter is electronically documented. For that reason, physicians at any point of contact can quickly research and gauge possible drug interactions, avoid or treat allergic reactions, or judge the possible impact of previous injuries or surgeries. Having all of this information immediately accessible not only saves time, it helps a patient's record speak for them if necessary.

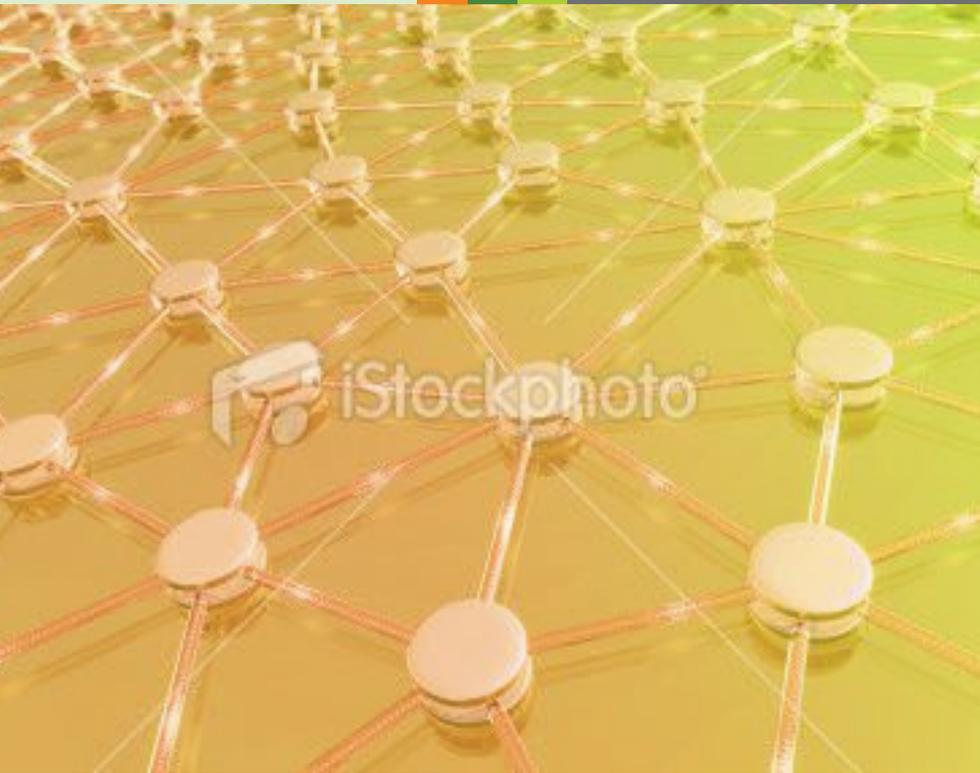
"Finally, it ensures open lines of communication among patients, their families and the staff members who care for them."

After spending several years implementing the full medical record, CHS focused its efforts during 2011 on extending functionalities. This involved new features to make patient care even safer. The new tools were implemented at Carolinas Medical Center-Pineville, CMC-Mercy, seven emergency departments, and the new healthcare pavilions at CMC-Waxhaw and CMC-Kannapolis.

In addition, more than 100 Sanger Heart & Vascular Institute physicians and dozens of medical practices throughout the Carolinas incorporated the new EMR technology for office use.

The AHEC library was renovated and expanded in 2011 to accommodate more third- and fourth-year students from the UNC School of Medicine. Adapting to the times, the library made significant progress toward purchasing all books and journals electronically. This reduces expense and allows library users 24/7 access to important research materials from any location with an Internet connection.

Other technology advances during the year made information more available to healthcare consumers as well. Prominent among these was a free mobile application that makes the prime functionalities of the CHS website available to users of smartphones and similar devices.



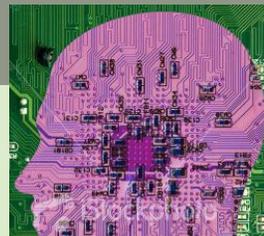
*“Having medical history information that is both comprehensive and up-to-date is paramount in delivering the best possible care.”*

- Brent Lambert, MD

ELECTRONIC MEDICAL RECORD  
communication  
TECHNOLOGY

Secure

UNC School of Medicine  
mobile app



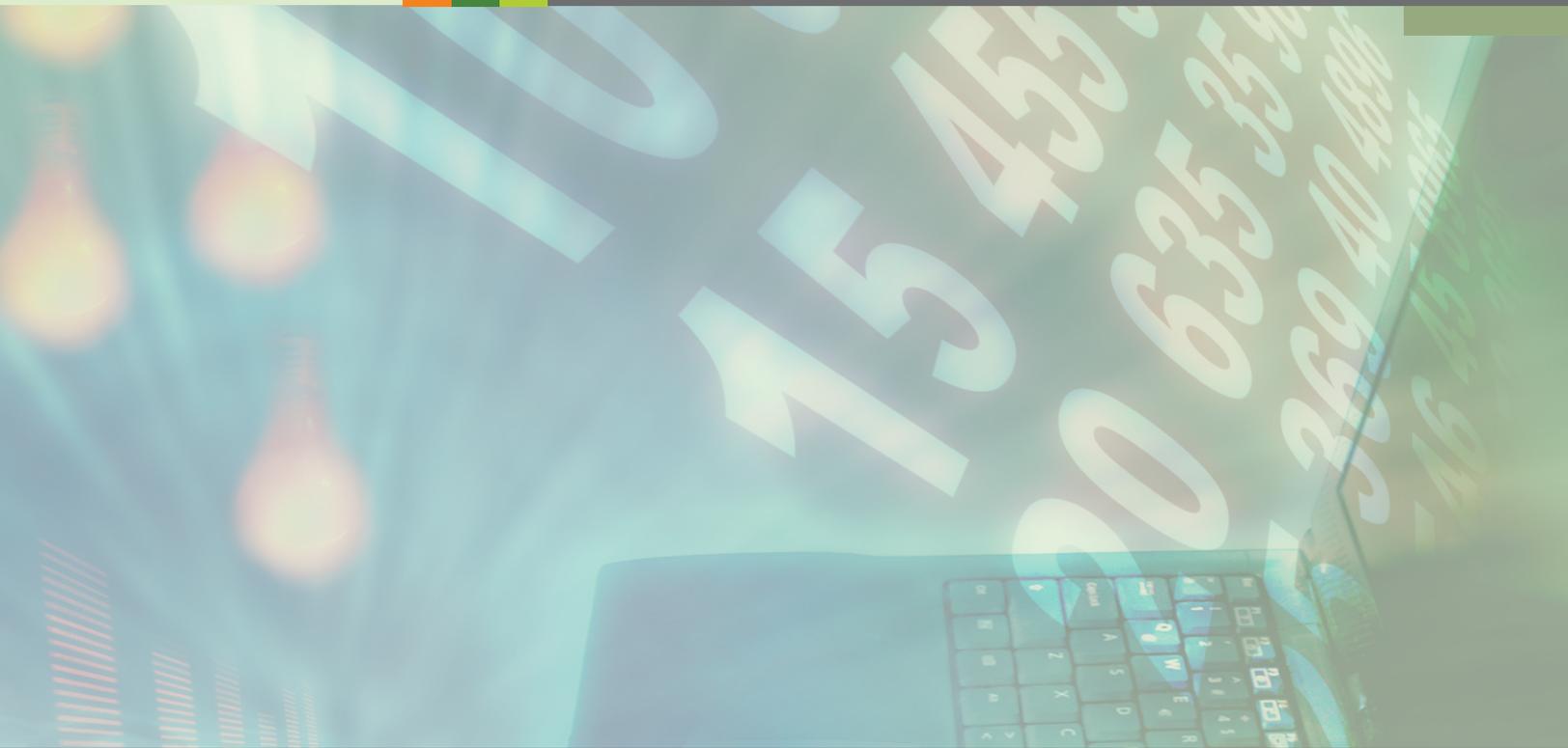


Other popular CHS apps allow users to track emergency and urgent care wait times at more than 30 CHS facilities. Throughout the year, mobile apps were used much more frequently to find physicians, look up phone numbers and locate driving directions.

Finally, enhancements made to EMR infrastructure during 2011 will enable several major facilities to go live with upgrades during 2012. These include Carolinas Medical Center-University, Carolinas Medical Center, Levine Children's Hospital and Carolinas Medical Center-Union. Later in the year and on into 2013, Carolinas Medical Center-NorthEast, Cleveland Regional Medical Center (CRMC), Kings Mountain Hospital and Blue Ridge Healthcare System will follow suit, thus helping to complete the EMR transition.

“Our implementation of this system does so much more than simply convert patients' records from paper to electronic access,” said Craig Richardville, senior vice president and chief information officer. “It works to deliver tools that help the physician provide safer care. It also creates a solid foundation by which patients can become more active participants in managing their own healthcare.”

Creating a strong relationship between patients, physicians and staff through technology is simply one more way that CHS adds significant value to today's evolving models of care.



ELECTRONIC MEDICAL RECORDS  
**communication**  
TECHNOLOGY  
**Secure** ER & Urgent Care Wait Times  
SAFER CARE





## Access

Carolinas HealthCare System is committed to the idea that everyone deserves high quality care close to home, no matter where they live. Throughout 2011, CHS continued to expand access for the broadest possible range of patients by opening new facilities and forming strategic partnerships

Without question, one of the year's highlights was the awarding of a Certificate of Need from the state of South Carolina to build a new 64-bed hospital in Fort Mill, SC. This important development followed a period of phenomenal growth in the use of CHS facilities by York County residents.

For example, from 2005 to 2010 the number of patient discharges involving York County residents at CHS hospitals increased from 3,700 to 6,400. During that same period, CHS market share in York County increased by more than a dozen points to 57 percent. Physician practices and other medical offices staffed by CHS personnel provided care to more than 105,000 patients.

These trends, coupled with high quality outcomes and overwhelming community support, led to the York County CON approval in September.

Another 2011 milestone was the 50-year lease extension that will allow CHS to continue operating Carolinas Medical Center-Union in Monroe, NC. This achievement solidifies CHS's role as a long-term community partner in Union County.

CHS also improved access for Union County residents by opening CMC-Waxhaw in December. This innovative outpatient facility provides more convenient emergency services while reducing congestion at area hospitals. CMC-Waxhaw was the second "healthcare pavilion" to be opened by CHS in suburban Charlotte.

Given the positive public response to such facilities, CHS filed two additional CON applications during 2011 to build new healthcare pavilions in Mecklenburg County.\* The first, CMC-Morrocroft, will be built on property in SouthPark that currently has two medical office buildings and an urgent care. The second, CMC-Providence, will be built on Providence Road south of I-485.

As the year drew to a close, construction work was completed on a major expansion at CMC-Pineville. In the course of the five-year project, CMC-Pineville added 295,000 square feet of space and increased its licensed bed count from 120 to 206. The expansion set the stage for new services including open heart surgery, neurosurgery, and surgical and radiation oncology. Other enhancements include an expanded maternity center and intensive care unit, Level III neonatal care unit and diagnostic cardiology suite.

In July, surgical teams at Carolinas Medical Center started work in four new operating rooms that opened as part of a four-year construction and renovation project. The operating rooms, equipped with updated robotics, expand access for patients needing complex neuro-spine treatments as well as other specialized services.

*\*Note: Both CONs were subsequently approved in February 2012.*



YORK COUNTY  
CMC-Waxhaw Healthcare Pavilion  
CMC-PINEVILLE EXPANSION  
certificate of need





The Cardiac and Pulmonary Rehabilitation program at Cleveland Regional Medical Center underwent a major upgrade during 2011, adding an indoor track and more than 50 pieces of cardio and strength training equipment. The T.R. Harris Wellness Center provides expanded access for recovering heart and lung patients, as well as CRMC employees engaged in wellness programs. The center was created with the aid of a successful \$1.5 million capital campaign.

In July, CHS signed a management services agreement with Murphy Medical Center in Murphy, NC, expanding access for patients in the western part of the state. Murphy Medical Center is a 57-bed acute care hospital that draws patients primarily from Cherokee, Clay and Graham counties.

In October, CHS opened Carolinas HealthCare Urgent Care-Belmont, offering local residents an expanded schedule of hours for non-emergency medical services. The facility includes an on-site laboratory and radiology services, and is open seven days a week.

To expand outpatient services and create a new location for its Concord urgent care, CHS completed preparations during 2011 for its "Gateway II" medical office building. The building's 78,000 square feet will house Carolinas HealthCare Urgent Care-Cabarrus; Occupational Medicine; NorthEast Health & Fitness Institute; Heart Success Clinic; Piedmont Orthopedic Specialists and NorthEast Rehabilitation.

Services for residents in Cabarrus and Stanly counties are also being expanded with the addition of two facilities. Preparations were completed during December for the opening of CMC-Kannapolis, the system's third healthcare pavilion. In addition, site work was completed to allow groundbreaking for a new 40-bed rehabilitation hospital near CMC-NorthEast. The facility will be known as Carolinas Rehabilitation-NorthEast, with a scheduled opening in 2013.

In a first for the state of North Carolina, CHS signed an agreement during 2011 to provide medical directors for 16 MinuteClinics located at CVS retail pharmacies in greater Charlotte, providing access for patients who do not have a primary care physician. MinuteClinic is the largest provider of retail healthcare in the United States and the first to be accredited by The Joint Commission.

These and other initiatives throughout the year demonstrate clearly that as the region's population continues to grow, CHS continues to expand the number of touch points where patients can access the services they need to have an ongoing medical home.



CMC-KANNAPOLIS URGENT CARE

Gateway II  
MURPHY MEDICAL CENTER  
urgent care  
MinuteClinic  
medical home





## Community Benefit

Carolinas HealthCare System provides a broad range of community benefit activities that not only enhance the quality of medical care but profoundly influence the quality of life. Indeed, CHS facilities are typically the main engines of business activity in the communities they serve, exercising disproportionate stimulus on regional economic development.

“Community benefit” is a specific industry term that refers to the total cost of providing financial assistance to uninsured patients; discounts for uninsured patients; and a range of other services that fulfill vital needs but do not pay for themselves. Such services include community health clinics, research initiatives and education. Community benefit also includes the value of cash and in-kind contributions made by healthcare personnel who work in local facilities.

The total investment in CHS communities above and beyond regular operating expenditures was approximately \$1.16 billion in 2011.

The range of these activities from year to year is extraordinary. For example, employees at CMC-Union initiated a “Stuff the Bus” drive during 2011 that collected more than 3,500 school supplies for children from low income families. CMC-Union also coordinated a community wide effort to guarantee safe disposal of expired or unused medications. “Operation Medicine Drop” collected a record number of doses (more than 500,000) of prescription and over-the-counter medicines.

The staff at Murphy Medical Center helped organize an annual event entitled “Families Helping Families Yard Sale and Celebration” at Tri-County Community College. More than 40 booths offered children's clothing, toys and school supplies at low cost. Murphy Medical Center co-sponsored the yard sale with several local medical practices.

Employees at Scotland Health Care System in Laurinburg, NC, joined forces with counterparts at Campbell's Soup to provide more than one-third of the total donations collected for United Way of Scotland County. Agency head Barbara Alexander credited Scotland Health Care System for “pushing us over the top of our \$200,000 goal with their generous donations.”

More than 200 employees from CMC-NorthEast in Concord, NC, volunteered time for 16 different service projects that involved home renovations, landscaping and meal delivery in communities north and east of Charlotte.

Additionally, in Cleveland County, physicians and employees of Cleveland Health Ventures medical practice refurbished a local shelter that serves abused women and their children.



HEALTH CLINICS Loaves & Fishes  
**Operation Medicine Drop**  
COMMUNITY BENEFIT  
**stuff the bus** United Way  
families helping families  
SECOND HARVEST FOOD BANK  
Salvation Army





CHS employees in Mecklenburg and surrounding counties have a long tradition of generosity when it comes to both cash contributions and volunteer work. During 2011, CHS employees collectively donated more than \$4 million to local and regional charities. Despite the impact of a prolonged recession, this giving total was the highest in CHS history, with results as follows:

Arts and culture organizations in Mecklenburg, Cabarrus, Gaston, Lincoln, Union and York counties . . . . .	\$ 602,018
Children's Miracle Network . . . . .	\$ 1,244,398
United Way . . . . .	\$ 2,730,392

Altogether, employees in the greater Charlotte region contributed an estimated 52,000 hours of volunteer service to local charities, supplemented by in-kind contributions worth more than \$2 million. Key service projects included collecting more than 127,000 books and school supplies for disadvantaged children, while collecting nearly 27 tons of food for charitable organizations in Mecklenburg, Cabarrus, Gaston, Iredell, Lincoln, Rowan, Union and York counties.

Employees also took a special interest in family issues this year, donating more than 1,000 cell phones, chargers and accessories to Verizon's HopeLine. These items were in turn refurbished and distributed to organizations serving victims of domestic violence.

During the holiday season, employees in and around Mecklenburg County made a difference for more than 3,000 individuals and families by serving meals, planning special events and distributing gifts to low-income children, seniors and the homeless. In addition, \$15,000 was contributed to the United Way's Critical Response Fund, which helps the Salvation Army, Loaves & Fishes, and Second Harvest Food Bank to meet increased holiday demands.

For the ninth consecutive year, CHS worked in partnership with area businesses to build a school playground serving children from low income neighborhoods. Employees also expanded Healthy Kids Club, a program to promote healthy lifestyle choices among disadvantaged children through mentoring and group education.

The fourth annual Heart of a Champion Day provided free health screenings that include a search for heart conditions that could cause sudden death during athletic competition. CHS coordinated the efforts of more than 700 volunteers to screen nearly 2,000 high school students in Mecklenburg, Union, Anson, Lincoln, Chesterfield and York counties. More than 150 were referred to physicians for follow-up care of heart or other conditions. In fact, one student was identified during the 2011 screenings with a potentially life-threatening case of hypertrophic cardiomyopathy.



Finally, CHS significantly expanded its charitable activities abroad during 2011 under the auspices of the International Medical Outreach Program, a partnership between Carolinas HealthCare System and the Heineman Foundation of Charlotte, led by renowned surgeon Francis Robicsek, MD. In August, the program helped to open a new pediatric burn hospital in San Pedro Sula, Honduras, by donating more than 80 percent of the equipment.

The equipment became available from CHS facilities when CMC-Lincoln moved into a building with newly installed technology. The opening of the Honduran burn hospital, the only one of its kind in Central America, helped alleviate a 12-month waiting period for pediatric surgeries.

The International Medical Outreach Program also hosted physicians, nurses and technicians from nations worldwide – including Central America, the Caribbean and Africa – who received advanced training in heart procedures.

These and other similar initiatives reflect not only the significant economic impact, but the truly global scope of Carolinas HealthCare System's public service initiatives.

*This chart reflects the major categories of community benefit recognized by the North Carolina Hospital Association. Figures are based on actual costs, not charges. The overall total represents the collective value of benefits attributable to Carolinas HealthCare System across the entire two-state system and includes Carolinas Medical Center, 10 other CHS hospitals in greater Charlotte, and 22 other affiliated medical centers and hospitals.*

### CHS Community Benefit

• Costs of financial assistance to uninsured patients	\$215 million
• Costs of discounts extended to uninsured patients	\$56 million
• Bad debt costs for patients who do not pay for services	\$175 million
• Losses incurred by serving Medicare patients	\$419 million
• Losses incurred by serving Medicaid patients	\$145 million
• Costs of community-building activities and other services that meet a strong community need but do not pay for themselves and would typically not be provided based on financial considerations alone	\$27 million
• Costs of professional medical education, research, and cash and in-kind contributions to local nonprofits and charities	\$123 million

The total value of uncompensated care and other community benefits provided by CHS facilities during 2011 was **\$1.16 billion**.





# Performance Excellence

## TOTAL ENTERPRISE NET REVENUE AND EXPENSES

For the year ended Dec. 31, 2011  
(dollars in thousands)

Net Revenue	Primary Enterprise and Carolinas HealthCare Foundation <sup>A</sup>		Other CHS Entities <sup>B</sup>		Total Enterprise	
	DOLLAR TOTAL	PERCENTAGE OF TOTAL	DOLLAR TOTAL	PERCENTAGE OF TOTAL	DOLLAR TOTAL	PERCENTAGE OF TOTAL
Tertiary & Acute Care Services	\$2,575,589	65%	\$2,312,628	83%	\$4,888,217	72%
Post Acute Care Services	71,302	2%	143,669	5%	214,971	3%
Specialty Services	110,412	3%	-	0%	110,412	2%
Physicians Services	1,013,626	26%	317,851	11%	1,331,477	20%
Other Services	160,542	4%	49,915	2%	210,457	3%
Non-Operating Activities <sup>C</sup>	(6,327)	0%	(25,308)	-1%	(31,635)	0%
<b>Totals</b>	<b>\$3,2925,144</b>	<b>100%</b>	<b>\$2,798,755</b>	<b>100%</b>	<b>\$6,723,899</b>	<b>100%</b>

Net Expenses	Primary Enterprise and Carolinas HealthCare Foundation <sup>A</sup>		Other CHS Entities <sup>B</sup>		Total Enterprise	
	DOLLAR TOTAL	PERCENTAGE OF TOTAL	DOLLAR TOTAL	PERCENTAGE OF TOTAL	DOLLAR TOTAL	PERCENTAGE OF TOTAL
Wages, Salaries & Benefits	2,217,021	56%	\$1,342,178	48%	\$3,559,199	52%
Materials, Supplies & Other <sup>D</sup>	1,330,000	34%	1,258,741	45%	2,588,741	39%
Depreciation & Amortization	183,491	5%	163,619	6%	347,110	5%
Financing Costs	66,544	2%	37,649	1%	104,193	2%
Funding for Facilities, Equipment & Programs	128,088	3%	(3,432)	0%	124,656	2%
<b>Totals</b>	<b>\$3,925,144</b>	<b>100%</b>	<b>\$2,798,755</b>	<b>100%</b>	<b>\$6,723,899</b>	<b>100%</b>

<sup>A</sup> Only the Primary Enterprise and Carolinas HealthCare Foundation, collectively known as the Obligated Group, have a direct obligation to pay amounts due with respect to CHS bonds.

<sup>B</sup> Other CHS Entities include all other component units and CHS managed facilities.

<sup>C</sup> Consists primarily of investment results.

<sup>D</sup> Includes provision for uncollectible accounts.

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Division President, Northern Group

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Senior Vice President, Facilities Management

*\* Note: Retired in 2012*

## Primary Enterprise Facilities



### Behavioral Health Services

- CMC-Randolph  
Laura J. Thomas, MHA  
*Vice President*

### Cabarrus College of Health Sciences

Dianne Snyder, DHA  
*Chancellor*

### Carolinas College of Health Sciences

V. Ellen Sheppard, BS, MEd  
*President*

### Carolinas Medical Center

Suzanne H. Freeman, RN, MBA  
*Division President, Central Division*

### Carolinas Medical Center-Lincoln

Peter W. Acker, MHA  
*President*

### Carolinas Medical Center-Mercy

D. Channing Roush, MHA  
*President*

### Carolinas Medical Center-NorthEast

Phyllis Wingate-Jones, MHA  
*Division President, Northern Group*

### Carolinas Medical Center-Pineville

Christopher R. Hummer, MHA  
*President*

### Carolinas Medical Center-University

William H. Leonard, MHA  
*President*

### Carolinas Rehabilitation

- Carolinas Rehabilitation
- Carolinas Rehabilitation-Mercy
- Carolinas Rehabilitation-Mount Holly  
Robert G. Larrison Jr., MBA, FACHE  
*President*

### Huntersville Oaks

Tyrone J. Lewis, MPA  
*Executive Director*

### James G. Cannon Research Center

John W. Baker, MD  
*Vice President, Research*

### Levine Children's Hospital

Martha J. Whitecotton, RN, MSH, FACHE  
*President*

### Sardis Oaks

Jamie B. Cicali, MSW  
*Executive Director*



## Regional Enterprise Facilities

### AnMed Health

- AnMed Health Medical Center
- AnMed Health Women's and Children's Hospital
- AnMed Health Rehabilitation Hospital

John A. Miller Jr., FACHE  
*Chief Executive Officer*

### Anson Community Hospital

- Lillie Bennett Nursing Center

Frederick G. Thompson, PhD  
*President*

### Blue Ridge Healthcare System

- Grace Hospital
- Valdese Hospital
- Grace Ridge Retirement Community
- Grace Heights Health & Rehabilitation Center
- College Pines Health & Rehabilitation Center

Kenneth W. Wood, FACHE  
*President & Chief Executive Officer*

### Cannon Memorial Hospital

Norman G. Rentz, MHA  
*President & Chief Executive Officer*

### Carolinas Medical Center-Union

- Jesse Helms Nursing Center

Michael J. Lutes, MHA  
*President*

### Cleveland County HealthCare System

- Cleveland Regional Medical Center
- Crawley Memorial Hospital
- Kings Mountain Hospital
- Cleveland Pines Nursing Center

Brian D. Gwyn, MBA  
*President & Chief Executive Officer*

### Columbus Regional Healthcare System

Henry C. Hawthorne III, MHA, FACHE  
*President & Chief Executive Officer*

### MedWest Health\*

- MedWest-Harris
- MedWest-Haywood
- MedWest-Swain

John Michael Poore Jr., MBA, FACHE  
*President & Chief Executive Officer*

### Murphy Medical Center

- Murphy Medical Center Nursing Home

Mike Stevenson, CPA  
*President & Chief Executive Officer*

### Roper St. Francis Healthcare

- Mount Pleasant Hospital
- Roper Hospital
- Bon Secours-St. Francis Hospital
- Roper St. Francis Rehabilitation Hospital
- Roper Berkeley Day Hospital

David L. Dunlap, FACHE  
*President & Chief Executive Officer*

### Scotland Health Care System

- Scotland Memorial Hospital
- Edwin Morgan Center

Gregory C. Wood, FACHE  
*President & Chief Executive Officer*

### Stanly Health Services

- Stanly Regional Medical Center
- Stanly Manor

Alfred P. Taylor, FACHE  
*President & Chief Executive Officer*

### St. Luke's Hospital

Kenneth A. Shull, FACHE  
*Chief Executive Officer*

### Wilkes Regional Medical Center

J. Gene Faile, FACHE  
*President & Chief Executive Officer*

\* Reflects the organizational structure in effect at the close of 2011