

2010 Novant Health Annual Report

About the cover

(left to right) **Linda Kimbrough**, behavioral health administrative assistant, Forsyth Medical Center and **Nancy Geedey**, RN, chief nursing officer, Upstate Carolina Medical Center are two of many remarkable employees working to make Novant the safest healthcare organization in the country.



Sean Keyser, vice president, organizational improvement, Novant Health and **Kerri Rhue**, administrative manager, clinical improvement, Novant Health

Remarkable People. *Remarkable Medicine.*

Healthcare employees perform what other people often refer to as “miracles.” A skillful surgeon repairs a heart. A nurse administers life-saving cancer treatment. A family physician diagnoses her patient’s stroke. And a physical therapist teaches an individual to walk again. Thousands of these “miracles” happen every day across our country and within our local communities.



Sharon Hudson, RN, labor and delivery,
Upstate Carolina Medical Center

Something else also happens every day in our country, less frequently, but just as significant. Patients are harmed. Some seriously.

Guided by our mission to improve the health of communities, Novant Health and its staff embarked on a relentless journey in 2010 to reduce or eliminate medical errors in our hospitals, physician practices and outpatient centers.

Our goal? To become the safest and highest quality healthcare organization in America. Every community and every patient should expect their healthcare provider to aspire to that goal.



Carol Davis,
medical technologist,
Presbyterian Hospital
Huntersville

Our physician partners and staff are actively engaged in a cultural transformation to “First, Do No Harm.” By practicing five simple behaviors every day, in every interaction, we can become an ultra-safe healthcare system for the people who entrust their care to us.

So how do you judge an organization’s safety and quality? Ask questions and do research. Today more than ever, patients make choices about the type of medical care they receive. Patients want reliable and understandable information about the quality of healthcare in order to make the best decisions possible.

That’s why we post on our website, www.novanthealth.org/quality, comparisons of our nationally reported Centers for Medicare & Medicaid Services (CMS) quality indicators. Novant hospitals consistently rank among the nation’s best on these quality measurements. The website also includes 20 additional quality measures that we voluntarily report to the public:

- MRSA and other infection prevention measures
- Intensive care unit infection rates
- Surgical infection rates for a variety of procedures
- Serious safety event rates

We are committed to providing clear and accurate information about the quality of care that we offer to our communities. We believe that this level of transparency helps patients in their healthcare decisions and it makes us more accountable to the people we serve.

This year’s annual report highlights some of our efforts to improve safety and quality, as well as the people, programs and services that help us deliver on Novant’s not-for-profit mission “to improve the health of communities, one person at a time.”

“Remarkable People. Remarkable Medicine.”

Novant Health agreed to serve as an early adopter and test site for Microsoft's new patient information system, Amalga. Physicians will use Amalga for real-time viewing of patient information, everything from radiology images to medications, labs, emergency department notes, allergy information and pathology reports. This single information source will allow physicians to work more effectively with all patient information in one place.



Stephanie Brown, MD, Franklinton Medical Practice, a Novant Medical Group practice

Improving Health and Communities

Novant Health introduces new programs and expanded services for patients, neighborhoods and communities.

Stroke patients now transition from hospital care to living at home more easily thanks to the **Stroke Bridge Clinic** at Forsyth Medical Center. Nurse practitioners and case workers help patients understand treatment plans, check medications, schedule follow-up care with physicians and make connections with community support groups.

The Presbyterian **Cardio-Oncology Program** brings together experts from the Presbyterian Cardiovascular Institute, Presbyterian Cancer Center and Mid Carolina Cardiology of Novant Medical Group. Program staff identify the risk of heart disease for cancer survivors or patients undergoing treatment for cancer. Specialists then customize an approach to lessen the impact of heart disease.



Jackie Glenn,
patient navigator, The Cancer
Center at Lake Manassas

incision which results in less pain and a faster recovery.

The state of North Carolina approved Novant's plan to **build a surgery center in Holly Springs**, a community near Raleigh, N.C. The surgery center will include three ambulatory operating rooms and one procedure room.

Prince William Hospital established a new heart program for its northern Virginia communities. In conjunction with Novant and Prince William cardiologists, the hospital opened a **heart catheterization laboratory** to better serve patients at the local level.

Forsyth Medical Center introduced a new **minimally invasive hip replacement** surgical option for patients. This muscle-sparing procedure uses a smaller

Emergency department physicians at Thomasville Medical Center and Brunswick Community Hospital utilize the new **teleneurology program** for patients with signs of stroke or other neurological issues. The service provides board-certified neurologists, 24 hours a day, seven days a week, in conjunction with Specialists on Call and Forsyth Stroke and Neurosciences Center.

Presbyterian Hospital Matthews staff were honored to assist the U.S. Department of Veterans Affairs (VA) in the development of a **public service campaign for our nation's veterans**. The 60-second television announcement promotes suicide prevention by encouraging veterans to utilize the VA's mental rehabilitation services.

Rowan Regional Medical Center created a **breast health center** to provide comprehensive breast health services in one convenient location. The multidisciplinary team of medical experts, including a breast health navigator, works with each woman to develop a treatment plan that is unique to her.

Forsyth Medical Center and physician specialists launched **The Limb Preservation Center**, a first of its kind in North Carolina. The center focuses on reducing amputations from wounds related to diabetic foot problems and arterial and venous disease. The care team includes board-certified physicians, nurses, dietitians, wound care specialists, pharmacists, physical and occupational therapists, case managers and social workers.

Heart disease and chronic obstructive pulmonary disease rank among the top five causes of death in Davidson County. Thomasville Medical Center introduced a **new pulmonary rehabilitation program** for patients with lung disease or serious breathing difficulties, in an effort to improve health and reduce mortality from these two conditions.



Matthew Merritt, RN, emergency management,
Novant Health

“Remarkable People. Remarkable Medicine.”

Rowan Regional Medical Center and the Rowan County YMCA partnered to create the **Wellness Connection**, a health and wellness program designed to bring health screenings, health counseling, medication reviews, educational sessions, health risk assessments and physician referrals to YMCA and community members.

Denise Bibb, RN, medical/surgical unit, Rowan Regional Medical Center

Improving Health and Communities

The State of Virginia gave approval to Prince William Hospital for construction of a **60-bed hospital in Haymarket, Va.**, which is a community in western Prince William County. The new hospital is expected to open in 2015.

Presbyterian Hospital and Forsyth Medical Center joined 13 other sites nationwide that are participating in a **clinical trial to treat sudden cardiac death** with the subcutaneous implantable cardioverter defibrillator system. The new option provides a less-invasive, potentially lower-risk method to rescue patients from premature death and possibly extend their years of life.

Thomasville Medical Center created a new **palliative care unit** within the hospital. The unit includes a family room and two patient rooms, one featuring a mountain cabin scene and the other a beach scene. The goal is to ease suffering and provide a respite from the traditional hospital setting for patients and families.

PrimeCare, a Novant Medical Group practice, and Forsyth Medical Center teamed up with the School of Health Sciences at **Winston-Salem State University** to create a mobile clinic. PrimeCare donated a vehicle to house the clinic on wheels and the hospital contributed \$300,000 to help support operations.

The clinic brings preventive health education and screenings to uninsured and underserved residents of Winston-Salem, N.C.

Upstate Carolina Medical Center, Franklin Regional Medical Center and Thomasville Medical Center added **digital mammography**, which brings state-of-the-art diagnostic technology closer to home for residents of their counties.

Kernersville Medical Center, a new Novant hospital outside of Winston-Salem, N.C., and **Brunswick Novant Medical Center**, a replacement hospital for Brunswick Community Hospital in Supply, N.C., underwent the final phases of construction in 2010. The Kernersville and Brunswick hospitals open in 2011.

Presbyterian Hospital Matthews partnered with Union County Public Schools to provide **sports medicine to high school student athletes**.

Three certified athletic trainers started in 2010. Additional trainers will be hired at the beginning of each football season over the next two school years to offer onsite treatment during the school week and game-day medical coverage as well as annual sports physicals, CPR and automated external defibrillator training. Rowan Regional Medical Center and Forsyth Medical Center are also beginning similar local programs.

Rowan Regional Medical Center and Presbyterian Hospital Matthews now offer **percutaneous coronary interventions**, including angioplasty, stent placements and radial artery catheterization. The new services complement the diagnostic and interventional procedures also offered at the community hospitals in conjunction with Novant Medical Group physicians of Mid Carolina Cardiology.

Presbyterian Hemby Children's Hospital **partnered with Victory Junction Gang Camp**. The camp serves children with chronic conditions or serious illnesses. Hemby is the first hospital in the state to partner with Victory Junction on the hospital outreach program, which brings arts, crafts, video and music production to pediatric patients.

The new **Comprehensive Wound Care Center** located at Thomasville Medical Center provides patients with special resources and the care needed to achieve complete healing of complex wound problems.



Evette Law, RN, director of patient care services, Kernersville Medical Center



Brian Hunt, operational improvement, Novant Medical Group

“Remarkable People. Remarkable Medicine.”

MedQuest Imaging consists of 77 diagnostic imaging centers, most of which are located in the Novant Health service area of North and South Carolina, Virginia and Georgia.

Brian Pearce, radiology technologist, Piedmont Imaging

Delivering Quality and Safety

We continually strive to lead the nation in patient quality and safety. Our communities deserve this commitment.

Of the 36 North Carolina hospitals rated as “High Reliable” in 2010 by the **NC Hospital Quality Center**, nine were Novant hospitals: Brunswick Community Hospital, Forsyth Medical Center, Medical Park Hospital, Presbyterian Hospital, Thomasville Medical Center,

Presbyterian Orthopaedic, Presbyterian Hospital Matthews, Rowan Regional Medical Center and Presbyterian Hospital Huntersville. “High Reliable” hospitals consistently achieved 90 percent compliance or higher with best practices in areas such as heart attack care, surgical infection prevention, heart failure and pneumonia.

Consumer Reports named the cardiac surgery programs at Forsyth Medical Center and Presbyterian Hospital as

two of the **50 top-performing cardiac surgery centers in the U.S.** The report card utilizes data from the Society of Thoracic Surgeons which evaluates 11 clinical measures. The society also recognized Forsyth and Presbyterian in 2010 with a 3-star rating for providing consistently excellent cardiac surgery outcomes. This honor places both hospitals in the top 12 percent of all cardiac surgery programs in the nation.

Leigh Younce, MD, a Novant Medical Group physician with Mid Carolina Cardiology, performing a cardiac catheterization at Presbyterian Hospital Matthews

Presbyterian Orthopaedic Hospital received **five national joint and spine certifications from The Joint Commission:** total hip, total knee, hip fracture, spinal fusion and laminectomy. Other Novant facilities with certified joint programs include Forsyth Medical Center and Prince William Hospital.

Rowan Regional Medical Center, Forsyth Medical Center, Presbyterian Orthopaedic Hospital and Presbyterian Hospital Huntersville received national recognition as **Blue Distinction Centers for Knee and Hip Replacement** by Blue Cross and Blue Shield (BCBS). These hospitals demonstrate an ongoing commitment to the quality and safety of patient care. BCBS also designated Forsyth Medical Center, Presbyterian Hospital and Presbyterian Orthopaedic Hospital as Blue Distinction Centers for Spine Surgery.

The Joint Commission **recertified the stroke, hip fracture and joint (hip and knee) programs** at Forsyth Medical Center. Forsyth also achieved Advanced Certification in Heart Failure.



Jim Cook, physical therapist, Rowan Regional Medical Center



Claudia Thomas-Campbell, RN, emergency department, Franklin Regional Medical Center



“Remarkable People. Remarkable Medicine.”

Presbyterian Hospital,
Presbyterian Hospital Matthews
and Presbyterian Hospital
Huntersville achieved **Cycle III
chest pain accreditation**,
the highest level of national
recognition from the Society
of Chest Pain Centers.
Forsyth Medical Center and
Thomasville Medical Center are
also accredited chest pain centers.



Jacquie Tooles, RN, pediatrics, Presbyterian Hospital Huntersville

Delivering Quality and Safety

Franklin Regional Medical Center's diabetes education program received the 2010 **American Diabetes Association Provider of the Year Award**. Only five programs in North Carolina earned this honor for exceeding national standards for diabetes care.

Novant Health ranks 14th nationally among the **Top 100 most highly integrated healthcare networks**, according to SDI, a research firm that evaluates healthcare systems. The ranking is based on eight critical success factors. Novant is the highest nationally ranked health system in the Carolinas.

VHA Central Atlantic honored three Novant hospitals with the Excellence in MRSA Reduction Awards: Presbyterian Hospital Huntersville for having **zero hospital-acquired infections** during the year; and Forsyth Medical Center and Brunswick Community Hospital for achieving a **50 percent reduction in hospital-acquired infections** between a two-year period.

Nine of Novant's North Carolina hospitals received **Red Apple status designation** by North Carolina Prevention Partners for offering healthy food choices for patients and employees, and using cafeteria pricing to incentivize the purchase of healthier food options.

The National Weather Service recognized Brunswick Community Hospital as one of the first **StormReady-certified hospitals** in North Carolina. Hospitals must adopt an active severe weather plan that encompasses all components of hospital operations as well as evidence of practice drills and communication plans.

Richard Scallion, MD,
Brunswick Surgical Associates,
Novant Medical Group



The VHA organization selected Novant's hand hygiene program as its first national **"blueprint model" for MRSA infection reduction**. The blueprint illustrates the practical and cultural steps Novant took to develop its hand hygiene initiative. Other hospitals can use this blueprint to develop similar programs.

Carolina Parent magazine named Novant Health to the **Family-Friendly 50 Companies** list for 2010, making this the 11th year in a row that Novant has been recognized for offering family friendly benefits and emphasizing a work-life balance environment for employees.

The **Carolinas Minority Supplier Development Council** recognized Novant Health as the *Public-Private Sector Organization of the Year* for its commitment to minority business purchasing, technical and managerial assistance to enterprises and its volume of business opportunities dedicated to minority companies.



Sheila Durant, teacher, The Learning Place,
Thomasville Medical Center

“Remarkable People. Remarkable Medicine.”



Sallye Liner, RN, joined the Novant Health executive team as the organization’s chief clinical officer. Her role is to lead innovation efforts at Novant that center around how we deliver patient care across the continuum of care – from our hospitals to outpatient centers to physician practices. Liner brings more than 30 years of nursing and administrative experience to the position, having served most recently as the president of Forsyth Medical Center.

Sallye Liner, RN, chief clinical officer, Novant Health

Recognizing Remarkable People

Among the thousands of remarkable employees serving our patients and communities, here are a few who stood out or received national recognition in 2010.

Novant Health, its employees and physician partners answered the international call for help following last year's devastating earthquake in Haiti.

- The health system donated 57 pallets of medical supplies, equipment, medicine and masks.
- More than 70 employees and physicians volunteered on the ground with medical and community outreach missions.



Shay Collins, warehouse supervisor, and Shawn Stilphen, manager, Novant Health, pack supplies for Haiti relief efforts.

Mark Kremers, MD, of the Novant Medical Group practice Mid Carolina Cardiology, was selected as chair of the Implantable Cardioverter Defibrillator (ICD) Registry Steering Committee. The ICD Registry is a nationwide quality program for all Medicare patients receiving prophylactic ICDs.

Robert Wooten, PA, Forsyth Medical Center emergency department, became president-elect of the American Academy of Physician Assistants.

- Staff donated nearly \$100,000 in cash and vacation time to the American Red Cross for Haiti relief efforts.
- Franklin Regional Medical Center took an additional step and collected 500 pairs of shoes from staff and local residents, and donated the shoes to the Raleigh-based non-profit organization, Share Our Shoes.

Two national professional organizations recognized Novant employees for excellence:

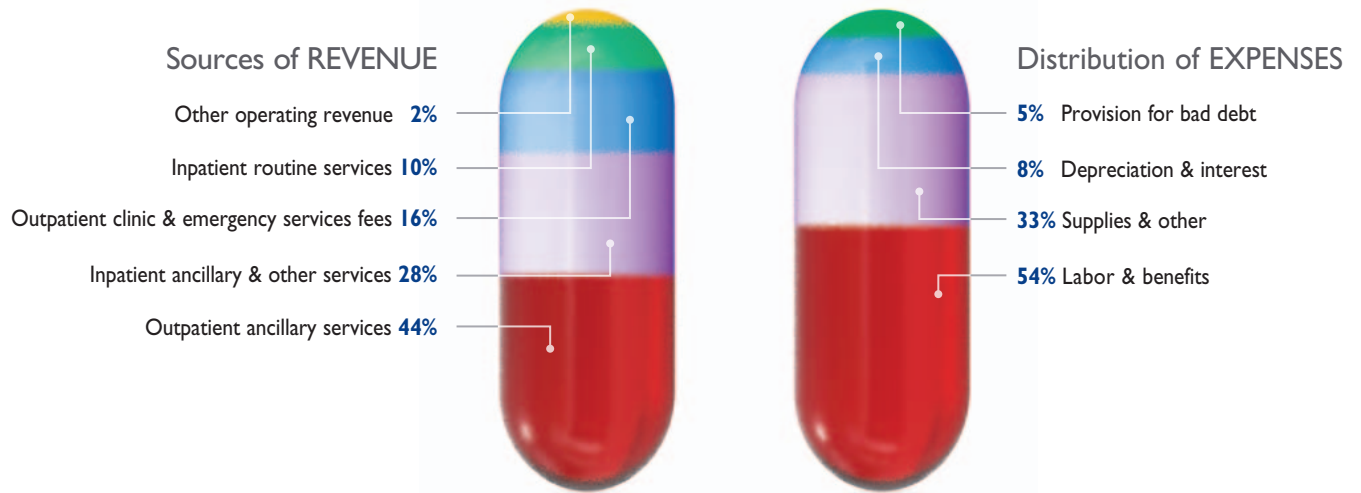
- **Judith Poole**, Ph.D., manager of birthing and special maternity care at Presbyterian Hospital, received the **2010 Distinguished Professional Service Award** from the Association of Women's Health, Obstetric and Neonatal Nurses.
- **Julie Pope**, RN, gastrointestinal cancer nurse navigator at Forsyth Medical Center, was honored as national **GI Cancer Navigator of the Year** by the Academy of Oncology Nurse Navigators.

Richard Reiling, MD, medical director of Presbyterian Cancer Center, was named chair of the Accreditation Council for Continuing Medical Education. This national not-for-profit organization exists to identify, develop and promote standards for quality continuing medical education that improves healthcare for patients and their communities.

The national HealthLeaders Media organization honored Novant Health with the **2010 Top Leadership Teams in Healthcare Award** for large hospitals and health systems. The national program exists to celebrate outstanding teamwork that occurs in healthcare organizations each day, to share what makes top leadership teams successful and to encourage other healthcare leaders to learn more from the best practices of top leadership teams.



Elizabeth Keilhack, RN, Community Cruiser outreach program



Financials

System achieves strong finances during challenging economy

Novant Health reported net income of \$158 million in 2010. The health system’s net income, also referred to as excess of revenues over expenses, breaks down as follows: an operating income of \$65 million and investment income of \$93 million.

“As a group of 13 hospitals, 359 physician clinics and 100 outpatient centers, our health system and its organizations thrived together in a poor economic environment when we might otherwise have struggled as separate entities,” commented Paul Wiles, president and CEO of Novant Health.

He explained that, as a not-for-profit organization, Novant utilizes its net income to fund new technology such as advanced diagnostic imaging, cardiac catheterization laboratories and electronic health records. In addition, a health system’s net income helps fund construction, community outreach services, charity care and other priorities.

“During one of the most significant periods of change in our nation’s economy and in the future direction of healthcare, our organization and our staff have risen to the challenge by prioritizing the right goals in 2010, which are all interconnected and important to short- and long-term success,” Paul emphasized.

Novant Health focuses on four annual goals, one of which is financial. The other three goals involve exceeding national benchmarks in patient satisfaction, employee satisfaction and the quality of medical care.

In 2009, the health system achieved a net income of \$197 million, compared to \$158 million last year. Fred Hargett, chief financial officer of Novant Health, explained that the biggest change between the two years was related to investment income, which was positive last year but below the prior year’s results, which mimicked the stock market performance from 2009 to 2010. Operating income was very strong in 2010 and

would have been higher than the previous year except for several one-time adjustments related to hospitals joining the Novant system through merger and acquisition.

Fred described some of the trends and challenges facing hospitals and healthcare systems in the years and decade ahead. The slow economy, unemployment and related increases in the number of uninsured patients continue to impact people’s utilization of healthcare services. People are cutting back, locally and nationally, on their use of certain services: outpatient surgery primarily attributed to deferrals of elective procedures; diagnostic imaging such as MRI and CT scans, due mainly to higher deductibles in people’s insurance plans; and physician office visits, especially “well visits” which include physicals, preventive screenings and follow-up visits after care and treatment. On the flipside, Novant hospitals and facilities experienced increases in services that tend to be considered more recession-proof: the number of patients admitted to hospitals, inpatient surgeries and emergency department visits.

Charity care increased substantially in 2010. The health system provided \$119 million in free care to individuals who qualified for the organization’s financial assistance programs, up 12 percent from the previous year. Novant provided \$469 million of total community benefit in 2010, which includes charity care, community outreach, support of free medical clinics for the uninsured and poor, unfunded care by state Medicaid programs and Medicare and other expenses.

“Considering all of these converging factors, we’re very pleased with our health system’s financial performance,” Fred concluded. “And as we continue to prioritize quality patient care and outreach to our communities, I think everyone is also accepting the national mandate that our services must become more affordable.”

Novant Health Facilities

Novant Health is a not-for-profit integrated group of hospitals and physician clinics, caring for patients and communities in North and South Carolina, Georgia and Virginia. The Novant Medical Group consists of 1,117 physicians in 359 clinic locations. Hospital affiliates include Presbyterian Hospital, Presbyterian Orthopaedic Hospital, Presbyterian Hospital Matthews and Presbyterian Hospital Huntersville in the Charlotte area; Forsyth Medical Center and Medical Park Hospital in Winston-Salem; Kernersville Medical Center, in Kernersville; Thomasville Medical Center in Thomasville; Brunswick Community Hospital in Supply; Rowan Regional Medical Center in Salisbury; Franklin Regional Medical Center in Louisburg; Prince William Hospital in Manassas, Va.; and Upstate Carolina Medical Center in Gaffney, S.C. Other Novant facilities and programs include diagnostic imaging centers, outpatient surgery centers, medical plazas, rehabilitation programs and community health outreach programs.

SUMMARY BALANCE SHEET

(IN 000's) AS OF DECEMBER 31, 2010

Cash and investments	\$1,580,236
Other current assets	529,426
Property and equipment, net	1,626,548
Other assets	882,877
TOTAL ASSETS	\$4,619,087
Current liabilities	\$646,484
Long-term debt	1,702,154
Other liabilities	318,647
NET ASSETS	
Unrestricted	\$1,917,421
Restricted	34,381
TOTAL NET ASSETS	\$1,951,802
TOTAL LIABILITIES AND NET ASSETS	\$4,619,087



Kernersville Medical Center underwent the final phases of construction in 2010, and opened its doors to the community in March 2011.

SUMMARY STATEMENT OF REVENUE AND EXPENSES

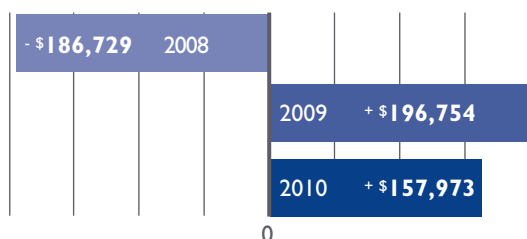
(IN 000's) AS OF DECEMBER 31, 2010

OPERATING REVENUE	\$3,392,215
OPERATING EXPENSES	
Labor and benefits	\$1,772,617
Supplies and other expenses	1,098,655
Provision for bad debt	177,685
Depreciation and interest	267,889
Loss on impairment	16,041
Gain on sale of real estate	(6,118)
TOTAL OPERATING EXPENSE	\$3,326,769
Operating income	\$65,446
Non-operating income	92,527
EXCESS OF REVENUE OVER EXPENSES	\$157,973

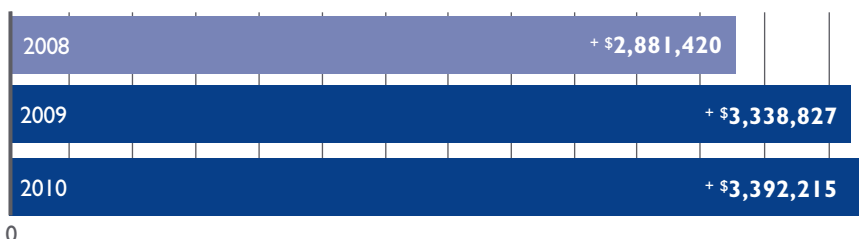
SERVICE VOLUME GROWTH

	2008	2009	2010
Licensed beds	2,660	3,026	3,050
Maintained beds	2,294	2,614	2,594
Inpatient discharges	107,061	118,015	123,637
Adjusted patient days	1,079,645	1,198,468	1,262,081
ER visits	373,156	467,485	495,449
Surgeries	104,411	119,191	119,419
Physician office visits	3,476,673	3,763,954	3,624,864
Newborn deliveries	17,464	18,693	18,698

NET INCOME (in 000's)



NET REVENUES (in 000's)



NOVANT HEALTH 2010 ANNUAL REPORT

Our vision: We, the employees of Novant Health and our physician partners, will deliver the most remarkable patient experience, in every dimension, every time.



Remarkable People. Remarkable Medicine.

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www.NovantHealth.org

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Novant Health does not discriminate against any person on the basis of race, color, religion, sex, national origin, age, disability, veteran's status or sexual orientation with regard to admission, treatment or participation in its programs, services and activities, or in employment. Free foreign language interpreters are available for individuals who are limited-English proficient. Free sign language and oral interpreters, TTYs and other services are available to deaf and hard-of-hearing persons. For further information about this policy, contact: Novant Health's director of internal audit & compliance, 1-704-384-7638 or TDD 1-800-735-8262.