

CHANGING PERSPECTIVE



*Deaconess
Associations
Inc. 2008
Annual Report*

Changing Perspective

The recession of 2008 reverberated throughout all industries — and healthcare was no exception. Like other corporations nationwide, Deaconess Associations focused on doing more with less. In order to make that happen, all entities were encouraged to rethink their perspective. For most, that involved looking at basic infrastructures and identifying where economies could be realized and refit, while still promoting progress.

DEACONESS HOSPITAL

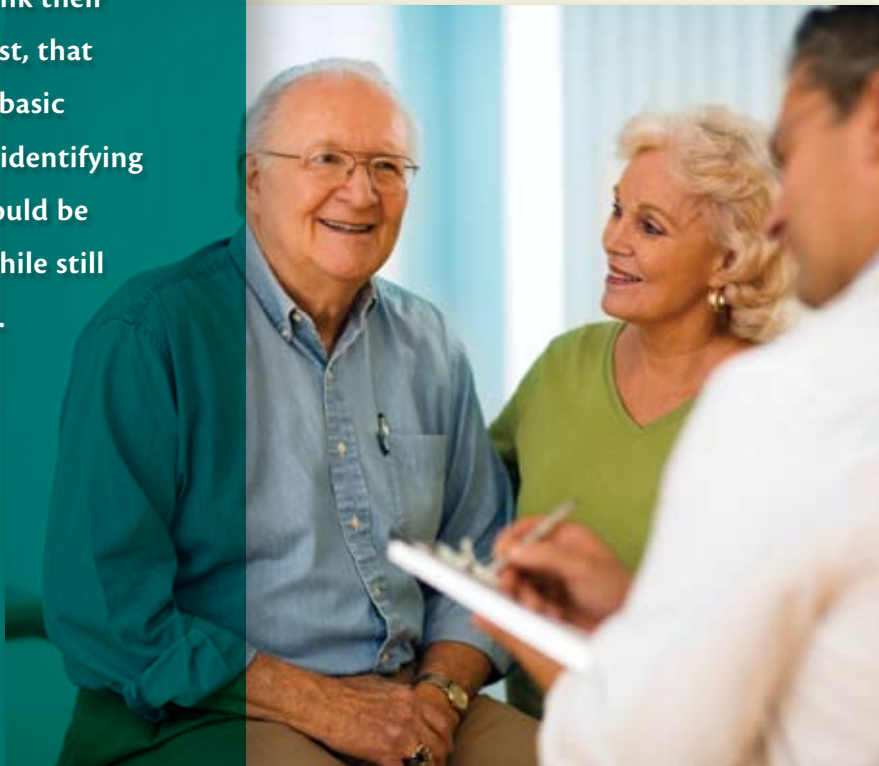
At the beginning of 2008, Deaconess Hospital embarked on an initiative to partner with physicians in a joint hospital venture with doctors. Nationwide, physician alignment with healthcare providers takes many forms. Physician ownership of ambulatory care centers and specialty hospitals is recognized as a common model. The intent behind a “doctors hospital” concept is to more closely align physician and hospital interests. At the onset, our plans generated a great deal of enthusiasm among the physician community and the hospital

proceeded to enlist formal commitments from prospective physician partners. Unfortunately, as the year evolved, concerns over the economy began to impact the decision-making process. Absent the number and composition of physicians needed to make the venture successful, Deaconess suspended the proposition.

At the same time, the healthcare scene in Cincinnati was in a state of flux as a result of a major system unbundling. Physicians shifted loyalties, with some joining a national franchise and others leaving independent practice to become employed physicians. Despite the challenge this created, the hospital continued its efforts to improve business by attracting several specialty physicians who could implement new or rejuvenate existing programs and services for patients.

Current niches are consistent with what has been a Deaconess strength for some time — Advanced Adult Medicine. In addition to older adult mental health, bariatrics, atrial fibrillation and orthopedics, a track dedicated to accommodating the frail elderly, specifically nursing home residents, was reinforced. For the specialties involving surgery, the “minimally invasive” approach has become a standard of care in the Deaconess OR, using only small entry points for instrumentation, which results in a quicker recovery.

Partnership remains the bedrock of the Deaconess strategy. That philosophy continued to be employed at the close of 2008 and into 2009, as a variety of opportunities that may hold promise are evaluated while others are refined.



► DLTCnet provides a valuable internal communications tool for employees of Deaconess Long Term Care.

DEACONESS LONG TERM CARE

In a time of shrinking reimbursements, Deaconess Long Term Care also enhanced their efforts by taking a hard look at infrastructure. DLTCnet, the corporate intranet, continues to evolve, developing efficient ways to facilitate the critical exchange of company and market information among its 23 facilities and the corporate office. Data ranging from daily census to cash flow can be compiled through DLTCnet for real-time analysis. The intranet also offers departments and facilities discussion room capabilities for virtual meetings, with webinars on the horizon.



Another initiative that involved a back-to-basics approach concerned reinforcing documentation that accurately captured services provided. Outside consultants were engaged in 2008 to work with management on fortifying training of staff to assure proper documentation and reimbursement of care. Staff attended “boot camps” periodically to learn the importance of assigning proper Resource Utilization Groups (RUGs) for services. By assessing the needs of residents and documenting the level of services needed and provided, DLTC ensures that residents benefit from the highest level of functioning during their stay in our facilities.

DLTC also proved resilient when it came to the weather. In late March of 2008, a spring tornado swept through the plains of Missouri, damaging homes and businesses. Miraculously, the twister stopped at the driveway that leads to Dallas County Care Center, a DLTC facility in Buffalo, Missouri. Spared from a direct hit, management nevertheless sprang into action, rallying with their community at the command center, while staff back at the facility helped channel food and water to needed areas.

The same resourcefulness was shown at Scarlet Oaks when a windstorm knocked out power throughout Cincinnati in early September. Although some areas, including the hospital, had power restored within hours, Scarlet Oaks went without power for four days. From a command center in the dining room of the mansion, the DLTC corporate team, in conjunction with the Scarlet Oaks team, rallied reinforcements—everything from a supplementary generator borrowed from Deaconess Hospital to hot coffee from the hospital kitchen. Residents weathered the disruption in good humor, supported by the management team that stayed on campus 24/7 to shepherd the facility through a trying time with characteristic durability.



▲ The vans used by the Partial Hospitalization Program/Intensive Outpatient Program offer transportation to the older adults who are not able to drive to Deaconess for the daytime program.

► Although strong winds knocked out the power at Scarlet Oaks Retirement Community in September of 2008, the facility did not suffer any damage.



DEACONESS ASSOCIATIONS FOUNDATION

To kick off Nurses Week, the Deaconess Associations Foundation sponsored the annual Nurses Luncheon for Deaconess Hospital nursing alumnae on Sunday, May 4 in the Goetz Conference Center. The 2008 luncheon honored graduating classes from 1933-1988, in five-year increments. The Foundation also gave special recognition to the class of 1958, who celebrated their 50th anniversary.



◀ Paul Platz (left) of the Finance Department and Rachel Bauman of the Foundation worked with Tony Roderick and Jeff Brinkman, both with Fifth Third Bank, in planning the 2008 Deaconess Golf Outing.

Camaraderie and competition contributed to the success of the 18th annual Deaconess Foundation Golf Outing, held September 4 at Shaker Run Golf Course in Lebanon, Ohio. Loyal Deaconess supporters took to the links on a gorgeous sunny day. All funds raised at the event benefited the services of Deaconess Hospital.

At the end of 2008, an Executive Director was brought on board to set a broader course, identifying and establishing a new vision for the Deaconess Associations Foundation.

▶ Dr. Henry Heimlich (left) of the Heimlich Institute welcomes Pat Ward, who assumed the role of Executive Director of the Deaconess Associations Foundation in November of 2008.

HEIMLICH INSTITUTE

The legacy of the Heimlich Institute continues to save lives worldwide. The year saw many notable “saves” using the Heimlich Maneuver. Robert Pittenger, a Republican candidate for Lieutenant Governor in Alabama, choked while he was laughing and eating during a convention luncheon. Mike Huckabee, also present at the luncheon as a presidential candidate, performed the Heimlich Maneuver, saving Pittenger’s life. In an unusual incident, a Dayton woman was saved by her four-year-old Shih Yzu, who leapt onto her owner’s chest when she began choking and dislodged the food. Many credited the Maneuver and the dog for saving the woman’s life.



Income Statement and Statistics

CORE BUSINESS DIVISION REVENUES

Acute Care	\$48.3 million
Long Term Care	\$93.4 million
Foundation	\$2.2 million
Total Net Revenue	\$143.9 million

EXPENSES

Salaries and Benefits	\$82.1 million
Supplies and Services	\$52.9 million
Depreciation and Interest	\$8.7 million
Other Expenses	\$13.3 million
Total Operating Expenses	\$157.0 million

Operating Income	\$(13.1) million
Net Income	\$1.3 million
Uncompensated Care	\$3.1 million

ACUTE CARE

Facilities	1
Employees	464
Licensed Beds	273
2008 Admissions	2,740
Emergency Visits	9,199
Affiliated Physicians	343

LONG TERM CARE

Facilities	23
Employees	1,944
Licensed Beds	2,621

DEACONESS ASSOCIATIONS, INC. BOARD MEMBERS

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Vice Chairman

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Jacqueline Wiesman

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A. J. McPhie

Rodger V. Reed

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George Raymond Drew

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David A. Ferrell

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Past Pres./Medical Staff

Steven Wunder, MD

Pres. Elect/Medical Staff

Kris Mahalingam, MD

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Emmett O'Neal, MD

President Elect

Kris Mahalingam, MD

Secretary/Treasurer

James Hawkins, MD

Past President

Steven Wunder, MD

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Marilyn Coffaro

Vice President

Jane Hill

Secretary

Ruth Auvil

Treasurer

Sandy Evans

Past President

Nancy Bush

Deaconess Long Term Care Inc.

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Kathleen Gibboney

Chairman of DAI

E. Anthony Woods

Members

Cornelia H. Asbury

George Raymond Drew

Suzanne Lakamp

Dan Meyer

Ex Officio Members

Emmett O'Neal, MD

Patrick Ward

Our Corporate Values

At Deaconess we hold these values as central to our success.

Spiritual Values

We embrace and promote spiritual values of our Christian heritage to guide ethical decision-making and to promote wholeness in our staff and those we serve.

Customer Service

We value an uncompromising dedication to understanding and satisfying our customers.

Valued Employees

We recognize and reward the contributions of our employees, and believe that qualified, committed and caring professionals are our most valuable asset.

Continuous Improvement

We embrace and continually seek ways to provide quality, cost-effective health services that meet or exceed our customers' expectations.

Public Accountability

We are responsive to the needs of our community and are committed to promoting and providing appropriate community-centered services to improve the health status of the people we serve.

Respect

We value an atmosphere of trust and fairness, and hold the highest regard for the worth and rights of others.

Teamwork

We value team accomplishments through collaborative efforts and support the physicians and other professionals who share the responsibility for the care given.

Financial Strength

We practice prudent business planning and cost-management strategies to ensure financial viability and responsible growth.

Compassionate
PEOPLE

R e s p o n s i v e
HEALTHCARE

Excellent
SERVICE

Mission Statement
Deaconess Associations



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