

CONPELLACTIONS

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Welcome to the FIRST EDITION

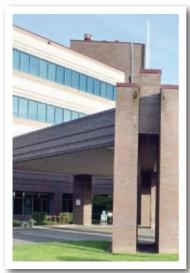
Welcome to the first edition of Capella Connections, Capella's quarterly newsletter that will feature information important to our industry, our company and our hospitals.

We have an extraordinary team across the country. We want to use Capella Connections to share company news, highlight successes from each Capella hospital, and acknowledge the outstanding achievements of physicians, employees, volunteers and board members.

After all, one of the great benefits of being a part of a network of hospitals is the sharing of ideas that work. We hope you will find interesting what your colleague hospitals are doing around the nation.









ECONOMIC STORM

FROM DAN SLIPKOVICH



FLAILING ECONOMY. BAILOUT. RESCUE PACKAGE. RECESSION. DEPRESSION. JOB LOSS.

These are all words and phrases that sound all too familiar of late. No doubt, like me and my family, you are concerned about what today's economic climate means for you and yours.

While I don't have a crystal ball to predict exactly how the markets will swing and impact businesses and individuals, our company is well-positioned to weather this storm. Healthcare, as you well know, is a great necessity. Our industry tends to be less susceptible to economic downturns than others, such as banking, retail and other consumer industries.

But, we are not immune. These are certainly serious times and every one of our hospitals and communities has their own challenges. We must be fiscally responsible as we have always been. As long as we continue to take excellent care of our patients, continue to recruit physicians, and continue to manage our resources efficiently, I feel confident our hospitals will be just fine.

What I ask of you is this: Keep doing what you do best – providing high quality healthcare for patients in your community. And for our part, Capella will remain committed to providing you with the resources you need to be successful.

I have a great deal of faith in our company and in all of you. I thank each and every employee, physician, volunteer and board member for your ongoing commitment to excellent patient care and making each Capella hospital top of mind for your community.

QUALITY TRUMPS ALL ON PRIORITY LIST

CAPELLA'S MISSION:

TO PROVIDE QUALITY HEALTHCARE SERVICES TO THE COMMUNITIES WE SERVE IN AN AFFORDABLE AND EASILY ACCESSIBLE MANNER.

The word "quality" is often overused and carries multiple definitions in our industry. But, what does "quality" really mean? The answer depends on who you ask.

For a patient, quality often means "was my room clean?" or "would I recommend this hospital to my family or friends?" It's about the patient experience. For a nurse or physician, quality is tied almost exclusively to consistency of care, clinical outcomes and core measures.

Both definitions of quality are equally important and must be continually measured. At our hospitals, patient satisfaction is tracked by HealthStream Research surveys that now incorporate the new universal HCAHPS standards. And to evaluate clinical outcomes, Centers for Medicaid and Medicare Services' Core Measures program tracks a variety of evidence-based, scientifically-researched standards of care.

At Capella, our goal is for every hospital to meet or exceed the national average in all measurements of quality and to offer our patients an exceptional experience. Some hospitals are already doing just that:



- PARKWAY MEDICAL CENTER scored several perfect scores in Core Measures' categories falling under the areas of Surgical Care, Heart Failure and Pneumonia.
- WILLAMETTE VALLEY MEDICAL CENTER and NATIONAL PARK MEDICAL CENTER also scored perfect scores under Core Measures' Heart Failure and Pneumonia.
- When surveyed on their "Willingness to Recommend the Hospital," patients at WOODLAND MEDICAL CENTER rated the hospital well above the national average.
- JACKSONVILLE MEDICAL CENTER scored near perfect when patients were surveyed on communication with doctors.

Capella commends these hospitals and challenges everyone to place quality at the top of the patient care priority list.

SPOTLIGHT ON: PHYSICIAN RECRUITING

Our nation is facing an ever growing shortage of physicians. That's why it is so important to Capella that we stay out in front of this issue. We have just completed full-blown physician needs assessment for all 14 hospitals and are actively trying to fill and anticipate any gaps. Based on those assessments and local market dynamics, each hospital CEO is currently working with their medical staff and board members to finalize a physician recruiting plan for each hospital.

BY THE NUMBERS THIS CHART OUTLINES OUR COMPANY-WIDE PHYSICIAN RECRUITING SUCCESS IN 2008 AND OUR GOALS
AND OUR GOALS
FOR THE NEXT FIVE YEARS.

Practice Type	Sub-Specialty	Already Signed 2008	Expected to Sign 4th Qtr 2008	Projected Needs through 2012
Primary Care	Family Practice / Peds	18	4	53
	Internal Medicine	2	1	83
	Hospital-Based (ED, Hospitalist, Radiology)	6	2	8
Sub Total		26	7	144
Specialists	Cardiology	4	0	8
	ENT	1	1	16
	General/Vascular Surg.	6	3	26
	Gastroenterology	1	1	16
	Neurosurgery/Neurology	2	1	14
	OB/GYN	3	3	21
	Orthopedic Surg.	3	1	16
	Urology	0	0	19
	Other	2	2	27
Sub Total		22	12	163
TOTALS		48	19	307

CAPITAL MEDICAL CENTER A MODEL IN ADVANCING THE STANDARD OF CANCER CARE

This summer, Capital Medical Center opened Capital Mammography, a \$1 million state-of-the-art digital mammogram facility. Previously housed at a site across town, the new on-site facility offers digital, as well as traditional film, mammograms.

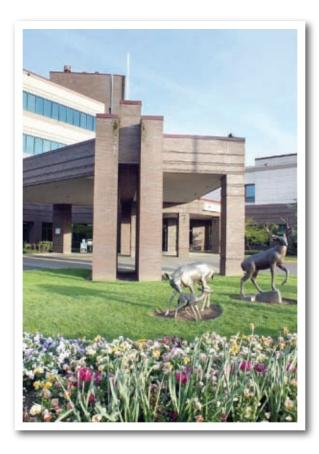
This project is only one example of a larger 16-month, \$19 million initiative leading to a full-service cancer unit at the Olympia, Wash. hospital. With the addition of several new programs, CMC has become the premier cancer center in the region.

MAJOR PROJECT MILESTONES INCLUDE:

- Early Spring 2007: Completion of a build-out on the hospital's second floor to expand offices for general and surgical oncology.
- May 2007: Opening of Capital Oncology, a full-service oncology and hematology clinic specializing in the treatment of cancer and blood disorders.
 The private medical group of six doctors offers diagnostic treatments, including on-site chemotherapy, imaging and laboratory services, receiving referrals from across the state.
- August 2007: CMC became only the fourth community hospital in Washington to be accepted into the Seattle Cancer Care Alliance Network (SCCAN). The network provides a structured program for supporting community-based oncology services, such as continuing medical education and access to clinical trials for local patients.
- **April 2008:** Opening of Capital Radiation Therapy, a facility offering advanced targeted treatment assisted by integrated 3-D system that allows clinicians to obtain images of tumors just before treatment.

"Complemented with our SCCAN affiliation, Capital Medical Center's comprehensive cancer center, including medical, surgical and radiation oncology along with state-of-the-art diagnostic imaging, will make a major impact on the care of cancer patients," said Dr. Randy Sorum, Chief Radiation Oncologist.





WILLAMETTE VALLEY EARNS TOP VALUE AWARD

As businesses and families work increasingly harder to healthcare, it is more important than ever for hospitals to provide high quality care at a reasonable price.

We are proud that one of our own – Willamette Valley Medical Center – was recently recognized as a top-value hospital in the nation. This summer, Willamette was named #20 on the 100 Best Value Hospitals™ list by the Data Advantage Hospital Value Index™.

The Hospital Value Index™ uses the latest objective, publicly available data to specifically measure the key elements that healthcare consumers consider when choosing a hospital— quality, efficiency, patient experience and community reputation.

This award acknowledges Willamette's success in staying on the leading edge of transparency and consumerism shifts in healthcare. Willamette has invested a lot of time and resources to determine how to best meet changing patient needs in their community, and the Hospital Value Index study confirms their triumph in providing quality healthcare affordably.

CAPELLA'S HOSPITAL HIGHLIGHTS



CAPITAL MEDICAL CENTER

Capital Medical Center was recently recognized by HealthStream Research with an Excellence through Insight award for overall Inpatient – OB/GYN Patient Satisfaction for mid-size hospitals. Capital received the highest ratings in Inpatient – OB/GYN patient satisfaction out of more than 1,100 healthcare facilities nationwide, far exceeding industry standards.

GRANDVIEW MEDICAL CENTER

In October, Grandview Medical Center began celebrating its 10 years of service to the Sequatchie Valley community in southeast Tennessee. Grandview opened the doors of its current Jasper facility in October 1998, and will host several community events over the next year to celebrate the milestone.

HARTSELLE MEDICAL CENTER

Hartselle Medical Center was recognized as a 2008 Bronze sponsor for the Relay for Life fundraiser, which raised more than \$80,000 in the Hartselle area. The hospital-wide initiative raised funds by participating in the "Carnival for a Cure," and hosting a bake sale.

JACKSONVILLE MEDICAL CENTER

Jacksonville Medical Center opened the Orthopedic Associates of Jacksonville on October 6, with physician coverage provided by Drs. Daniel, Danny & Dierick Sparks, a father and his two sons. This is the first time JMC has had full-time orthopedic coverage in more than twenty years.

MINERAL AREA REGIONAL MEDICAL CENTER

In August, MARMC announced the appointment of new CEO Bryan Hargis, FACHE, who has over 20 years experience in the healthcare field. Hargis, his leadership team and MARMC employees have recently started studying the book *If Disney Ran*

Your Hospital as part of an effort to enhance MARMC's customer-service focused culture.

MUSKOGEE REGIONAL MEDICAL CENTER

Aspartoftheirnewinterventional cardiology program, Muskogee Regional has added Air Evac helicopter services that will serve a range of 390 miles. Dr. Amer Mahayni, triple board certified in internal medicine, general cardiology and interventional cardiology, has also joined MRMC as part of the interventional cardiology program.

NATIONAL PARK MEDICAL CENTER

CARF International recently announced that the National Park's Rehabilitation Program was accredited for a period of three years for its Adult Inpatient Rehabilitation Program. NPMC Rehab is the only rehabilitation facility in Hot Springs with this highly sought after accreditation.

PARKWAY MEDICAL CENTER

Parkway Medical Center opened the new Community Pre-Natal Clinic on October 15, as part of a joint venture with neighboring Decatur General Hospital. The clinic comes in response to a heightened need for obstetrics in the community and will serve the women of Morgan County.

RIVER PARK HOSPITAL

The newly formed Nurse Council at River Park announced plans to fund a scholarship specifically for nursing students in 2009. They are committed to helping others develop professionally and become part of the work force at River Park. This is the first scholarship funded at River Park internally by the nursing staff.

ST. MARY'S REGIONAL MEDICAL CENTER

Earlier this fall, approximately 450 women from the community attended Saint Mary's Women's Life Festival. The day-long event,

designed to encourage women to live more balanced and healthy lives, featured physician speakers, a motivational speaker, a nutrition workshop, health screenings, and more.

SOUTHWESTERN MEDICAL CENTER

Southwestern Medical Center is ranked #1 in Southern Oklahoma for the Treatment of Stroke for the third year in a row and #2 in the state of Oklahoma by the newest study from HealthGrades, the nation's leading independent healthcare ratings company.

WILLAMETTE VALLEY MEDICAL CENTER

Willamette Valley Medical Center will become a clinical rotation site for Internal Medicine and Family Practice residents starting in 2009. The affiliation with Western University Health & Science Program will foster valuable relationships and create greater opportunity to recruit from within and truly "grow our own" physicians.

WHITE COUNTY COMMUNITY HOSPITAL

In September, White County Community Hospital welcomed a new Magnetic Resonance Imaging unit with the arrival of the 13,000 pound Signa HDe 1.5 T equipment. Lifted and lowered into the hospital via crane, the new unit will see patients five days a week, and provide the highest quality MRI in the region.

WOODLAND MEDICAL CENTER

FocusingonBreastCancerAwarenessMonth, Woodland Medical Center and Woodland Medical Center Radiology sponsored the Importance of Mammography and Breast Cancer Awareness Seminar on October 23. The special event covered fundamental steps that women can take in diagnosing breast cancer during its early stages.

THE FINAL WORD

CELEBRATING LIFE AMIDST WAR

Earlier this year, a U.S. soldier stationed in Iraq was able to be a part of his baby's birth at Southwestern Medical Center, thanks to technology and the organization Freedom Calls. Army Capt. Andrew Riise joined his wife, Katherine, through the entire delivery of their son, Jonah, via Web cam. This was a first for the hospital and the region.



NEXT ISSUE...

Southwestern Medical Center's all new 33,000 square foot Medical Plaza, nearing completion.

Our hospital volunteers and the tremendous impact they have on patient care.

HAVE IDEAS FOR STORIES?

Send us an email at

connections@capellahealth.com