



# CAPELLA Connections

VOLUME SIX

SUMMER 2010

## ALL FIVE PILLARS

### NATIONAL PARK MEDICAL CENTER EARNS STAR AWARD

Congratulations to National Park Medical Center on being named the Star Award winner at Capella's annual Leadership Conference in July! The Star Award annually recognizes the hospital that has achieved remarkable success in all five pillars. For 2009, NPMC achieved:

- **QUALITY** - Core Measures Composite Score of 96 (#2 overall)
- **SERVICE** - Inpatient Satisfaction 50th percentile, up from 43rd percentile last year (#3 overall)
- **SERVICE & PEOPLE** - Physician Satisfaction 94th percentile, up from 30th percentile last year (tie for #1)
- **PEOPLE** - Employee Satisfaction 81st percentile, up from 77th percentile last year (#3 overall)
- **GROWTH** - Adjusted admissions growth of 7%
- **FINANCIAL** - 54% EBITDA\* growth (#1 growth rate overall)

"National Park hit on every cylinder in 2009, showing very strong improvement across all pillars," said Mark Medley, American Division President.

"The leadership team at National Park is constantly challenging the status quo. They are proactive, creative and consistently make tough, yet balanced, decisions in the best interest of their hospital and their stakeholders. They understand what drives the success of a community hospital - outstanding quality care, good and improving patient service, superior physician focus, and positively engaging their employees - all of which drive growth. As more patients and physicians choose NPMC, it all culminates in outstanding financial performance."

Capella is committed to exceeding the expectations of patients, physicians and employees, and by doing so, improving the quality of life in the communities we serve. The Star Award is a celebration of those who truly excel at this commitment.

\* EBITDA stands for "Earnings Before Interest, Taxes, Depreciation & Amortization" which is an approximate measure of a company's operating cash flow.



CEO Jerry Mabry (left) proudly displays the Star Award trophy with a team of employees.

## ADVANCING our MISSION

FROM DAN SLIPKOVICH



As the hottest summer on record is coming to an end, regulators and policy types continue to muddle through the implications of the health reform bill passed in March. And, Capella is wasting no time preparing our company and our hospitals for what's to come.

What we know with certainty is that our world is about to change and what's expected of us will involve a greater focus on proven quality outcomes and system-wide efficiency. So, we must make sure of two things - one, that we have the right tools in place to measure and improve performance (and to help you do your job better and faster), and two, that we are more closely aligned with our physicians as we step into the future.

This summer alone, we made significant strides. Our corporate staff has worked alongside hospital leadership teams and the National Physician Leadership Group - comprised of medical staff leaders from each Capella hospital - to select and invest in a number of clinical and information technology tools, such as the following:

- **athenahealth's Electronic Health Record** - to help our affiliated physicians prepare for emerging incentive programs through the HITECH Act, to help them achieve quality goals and to enhance connectivity.
- **Pro-MED Emergency Department Software** - to improve efficiency and documentation in our hospital ERs.
- **Crimson Physician Support Software** - to allow physicians to drill down to individual encounters and events to gain further insights into their practice patterns.

In order to improve performance, we must first have a clear picture as to where we stand today. With these tools - and others already in place - we are in a strong position to proactively meet the demands of healthcare reform.

Thanks, as always, for your ongoing dedication to our patients. I hope you and your family enjoy the waning days of summer.

Dan Slipkovich

# HEALTHCARE REFORM LAW TO IMPACT BENEFIT PLANS

Though we are still awaiting many details of healthcare reform to be finalized, we wanted to give employees a quick overview of how the new laws will impact health benefit plans, including Capella's, in 2011. We will let you know more detailed information about these and any other medical plan changes during Annual Enrollment this fall.

## Effective January 1, 2011, the following changes will occur:

### Children Eligible for Coverage to Age 26

Natural born, adopted, and step children, **who are not eligible for or covered by another healthcare plan**, will be eligible for coverage up to age 26 on their parent's plan. Dependents of adult children covered under the plan are not eligible for coverage under health reform laws.

### No Reimbursement for Over-the-Counter Medicines under the Health Care Flexible Spending Account (FSA)

Employees will no longer be able to use before-tax dollars from their Health Care FSA to pay for over-the-counter medicines available without a doctor's prescription, even if the expense was incurred in the prior year.

### No Lifetime Coverage Limits

A maximum dollar amount of lifetime expenses will no longer apply to those covered by the Capella Healthcare plan.

### No Pre-Existing Condition Limits for Children Under Age 19

Our plan will not apply pre-existing condition limitations to covered dependents age 19 or under. Pre-existing coverage limits for primary members and adult dependents over age 19 will still apply unless a Certificate of Creditable Coverage is submitted when newly enrolling in the Plan.

### New W-2 Reporting Requirements

The health reform bill requires that the cost of employer-sponsored health insurance coverage be disclosed on each employee's W-2 form though it will not be treated as income for tax purposes.

## Quality Care Begins At Home

"As we continue to evaluate the impacts of the new laws, we are committed to providing the highest level of affordable coverage possible, while incenting you and your family to manage your health and well-being and to spend health care dollars at the facility where you work," says Carolyn Schneider, VP-Human Resources.

Just as each Capella team member has responsibility to take care of their health and make wise decisions about healthcare purchases, the business has a shared responsibility to provide opportunity for best-in-class service partners and care management. To meet our responsibilities, Capella is currently reviewing bids from several national health insurance networks and service partners for the 2011 Plan year.

Adds Schneider, "We look forward to continuing to make progress toward the common goal of building a culture of health and well-being while managing the healthcare costs we share."

The terms and conditions of the Capella Healthcare employee benefit plans are governed by the plan documents. In the event of any discrepancy between this information and the plan documents, the plan documents shall govern. Complete information can be found in the official plan documents. Capella Healthcare may modify, amend, suspend or terminate these benefits at any time and for any reason in its sole discretion. Plan provisions and eligibility for coverage do not constitute a contract of employment with any individual.

## MINERAL AREA EXPANDS SERVICES AND JOBS

SERVICE & GROWTH 

Earlier this year, Mineral Area Regional Medical Center expanded its behavioral health services to meet a community need in Farmington, Missouri.

A half-million dollar renovation project, MARMC's new Behavioral Health Center converted two unused wings of the hospital into two new behavioral/psychiatric care units with a total of 20 beds. One unit is designed for adults, ages 18-54, who are experiencing severe depression or other disorders such as schizophrenia. The second unit, for patients over the age of 55, will specialize in treating forms of dementia, such as Alzheimer's disease.

The Center includes state-of-the-art private and semi-private beds, designed for the specific needs of mental health patients, their families and the staff who care for them. It is designed to

provide a safe and supportive therapeutic environment where a multidisciplinary team of clinicians can develop a customized treatment plan based on a comprehensive mental, cognitive and medical assessment.

"It's important to have a hospital in the area that provides a collaborative healing environment for patients and their families," said Jeannette Skinner, CEO of MARMC. "An important part of our mission, this service combines the best in personalized patient care with sophisticated talent in mental health."

Importantly, this expansion also includes 52 new jobs – not including two new physicians and two nurse practitioners – equating to \$2 million in payroll that will impact the local economy.

# PROFILE ON ANDY SLUSSER

## SVP OF ACQUISITIONS & DEVELOPMENT

Meet Andy Slusser. Co-founder of Capella, longtime healthcare guy, devoted father and husband, rabid football fan and self-described “bean counter.”

As SVP of Acquisitions & Development, Andy leads Capella’s development efforts and his job involves two primary focuses.

First, he works with our existing hospitals to identify opportunities to partner locally with physicians and competitors. For example, he helped White County Community Hospital complete its joint venture partnership with its medical staff last year.

And, secondly, he spends quite a bit of time searching for hospitals across the nation that are in need of a partner like Capella. His work in identifying the right partnerships is key to our ability to grow at the right pace as a company.

“My job affords me the opportunity to visit with different hospitals throughout the country and to see the varying challenges they face,” says Slusser. “I’d say that my favorite part of what I do is figuring out how we can help them – be it through our management expertise or the best practices of our hospitals or our financial resources to enhance and grow services. It’s tough to be a stand-alone hospital in today’s environment.”

Andy is not your typical “sales guy.” His background in healthcare spans operations, finance and development – giving him well-rounded perspective. He would tell you that perhaps the most influential of all his days in healthcare were the ones spent as a hospital controller or CFO.

Adds Slusser, “I wouldn’t trade those years for anything because they give me an appreciation for the everyday challenges our employees face in a hospital – constantly having to strike the balance between meeting the healthcare needs of a community and running a healthy organization in this incredibly complex industry. My hat goes off to our hospitals!”

### ABOUT ANDY:



**HOMETOWN:**  
Arlington, TX

**FAMILY:**  
Married to Karen Slusser for 27 years;  
Daughter Logan (23); Son Andrew (20)

**INTERESTS:**  
Anything to do with his children;  
Fly-fishing; Football (he loves the Longhorns and Titans... and is adopting Alabama since his son is a sophomore there)

**EDUCATION:**  
University of Texas at Austin  
BBA in Accounting  
Certified Public Accountant

# WHAT THE HECK DOES THAT MEAN



You probably heard that Capella completed a high yield public debt financing transaction this summer involving \$500 million in senior unsecured notes, as well as a \$100 million asset-based revolving credit facility. Geez, that’s a mouthful! So, what the heck does that mean and why did we do it? Good questions.

What does it mean? Just like you might borrow money to add a room to your house or take advantage of lower interest rates to refinance your home mortgage, Capella has the same obligation to its hospitals.

Why did we do it? We did this for one reason: to put us in a better position to grow – both through selective acquisitions of other hospitals and through reinvesting in our current hospitals. Though we didn’t have to, we chose to do it now because the market rates were strong in the first half of the year. We weren’t alone. There are a number of well-known companies, like General Mills, Lowe’s, and Air Canada, that elected to do this around the same time.

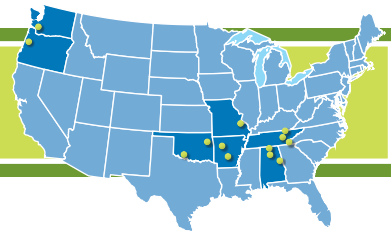
Does anything day-to-day really change? No. Capella is still a private company, with the same team and same philosophy. We are just better positioned to grow in the future.

## WHAT DO YOU THINK?

We want to know what you think about *Capella Connections*. And, you might even get paid for your thoughts! Let us know your opinion by participating in a brief readership survey no later than September 30, and you’ll be entered into a drawing for a \$75 gift card!\* To complete the 11-question online survey, just go to <http://www.SurveyMonkey.com/s/Connections>.

\*For complete rules, including eligibility for prize drawing, see survey.

# CAPELLA'S HOSPITAL HIGHLIGHTS



 Learn more in the next issue about how these three hospitals are bringing the latest in cancer treatment to their regions, thanks to Capella Healthcare's multimillion dollar investments in new technology.

## **CAPITAL MEDICAL CENTER** Olympia, Washington

As part of a joint effort with local physicians, Capital helped provide 407 free comprehensive sports physicals to students of Capital and Olympia High Schools for the third year in a row. The comprehensive physicals give students thorough examinations, as well as an EKG and an IMPACT baseline concussion test.

## **GRANDVIEW MEDICAL CENTER** Jasper, Tennessee

Grandview Chief Quality Officer Shirley Scarlatti, who also works as a member of the Tennessee Disaster Management Team, has been nationally recognized by her peers as DMAT "Team Member of the Year". The Tennessee DMAT works under the auspices of the United States Department of Health & Human Services.

## **HARTSELLE MEDICAL CENTER** Hartselle, Alabama

At Capella's annual Leadership Conference, Hartselle Medical Center was the proud recipient of several Pillar awards, which recognize outstanding achievement in one of our five main focus areas: Quality, Service, People, Finance and Growth. Hartselle achieved Highest HCAHPS/Inpatient Satisfaction and Highest Employee Satisfaction.

## **JACKSONVILLE MEDICAL CENTER** Jacksonville, Alabama

The Radiology Department at Jacksonville is now home to an innovative Siemens SOMATOM CT scanner. Typically only available in large hospitals, this scanner uses the most advanced technology to improve diagnoses and treatments for patients. Among its numerous attributes are an open design, high speed, strong reliability, detailed images and low radiation dose.

## **MINERAL AREA REGIONAL MEDICAL CENTER** Farmington, Missouri

MARMC recently completed a half-million dollar renovation project that converted two unused wings of the hospital into two separate behavioral / psychiatric care units. Read more on page 2.

## **MUSKOGEE REGIONAL MEDICAL CENTER** Muskogee, Oklahoma

Muskogee Regional has earned Quality Respiratory Care Recognition (QRCR) under a national program aimed at helping patients and families make informed decisions about the quality of the respiratory care services available in hospitals. Only about 700 U.S. hospitals, or approximately 15 percent, have received this award.

## **NATIONAL PARK MEDICAL CENTER** Hot Springs, Arkansas

National Park is offering two new innovative surgical techniques. Dr. Christian Latham is one of a few elite surgeons in Arkansas to perform Single Incision Laparoscopic Surgeries (SILS™) for gallbladder removal through single incision. Cardiothoracic surgeons are also offering patients a new alternative to heart catheterization, Transradial access, which originates in the wrist and reduces complications, recovery times and post-procedure pain.

## **PARKWAY MEDICAL CENTER** Decatur, Alabama

In May, Parkway hosted a ribbon-cutting for the grand opening of the hospital's Baugh Wiley Smith Wing, honoring those who worked to transform Dr. W.P. Baugh's Baugh Clinic in downtown Decatur in the 1920s to the full-service community hospital Parkway is today.

## **RIVER PARK HOSPITAL** McMinnville, Tennessee

River Park recently acquired a powerful new full-field digital mammography system: the Senographe Essential from GE. The new digital mammography system provides physicians with clear and precise all-digital images, rather than images on X-ray film and provides patients with a quicker, more comfortable exam.

## **SAINT MARY'S REGIONAL MEDICAL CENTER** Russellville, Arkansas

Saint Mary's has introduced new digital mammography equipment to its diagnostic services for the women of the River Valley. With this new method of breast cancer screening, more women are taking a proactive approach to their breast health and are finding this new technology provides a more comfortable screening experience.

## **SOUTHWESTERN MEDICAL CENTER** Lawton, Oklahoma

As part of the local Chamber of Commerce Community Wellness Challenge, Southwestern recently hosted Family Fun Day, inviting the public to an afternoon of fun – including an obstacle course, moonwalk, slide, bungee run and other children's activities. Pediatricians were on hand to meet with parents and provide valuable information about children's health.

## **WHITE COUNTY COMMUNITY HOSPITAL** Sparta, Tennessee

Dr. Kalyani Kumar, a gynecologist with WCCH, recently traveled to Seoul, South Korea to speak at the World Cancer Expo and Symposium on the Prevention of Breast Cancer. Dr. Kumar has recently implemented the new Halo Breast Pap Test technology, a safe, effective, non-invasive technology that often detects breast cancer years earlier than traditional mammography.

## **WILLAMETTE VALLEY MEDICAL CENTER** McMinnville, Oregon

At Capella's annual Leadership Conference, WVMC received several prestigious Pillar Awards, which recognize outstanding achievement in one of our five main focus areas: Quality, Service, People, Finance and Growth. WVMC took 1st Place in Quality and Physician Satisfaction (tied with NPMC).

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## **FIVE NEW CEOS JOIN CAPELLA FAMILY**

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Since our last issue of *Connections* was published, five hospitals have welcomed new CEOs. To learn more about these outstanding leaders, visit the "News Releases" section of the Capella website. They include:

- Jim Geist at Capital Medical Center
- Jim Edmondson at Jacksonville Medical Center
- Jeannette Skinner at Mineral Area Regional Medical Center
- Steve Hyde at Southwestern Medical Center
- Kevin Fowler at Muskogee Regional Medical Center

## **THE FINAL WORD**

Did you know that as an employee of Capella you could be saving hundreds or thousands of dollars a year on items you are buying anyway? That's because HealthTrust Purchasing Group (HPG), the national group purchasing organization we contract with, has just launched a comprehensive website for employee purchasing.

Check out: <http://values.corpshoppingco.com/affiliates/capella>. Go to the "corporate shopping" link for access. You can even invite family and friends to join! Happy shopping!

Let us know how much you save by emailing us at: [Connections@CapellaHealth.com](mailto:Connections@CapellaHealth.com)