

December 29, 2009

The Honorable Fred Tillman  
The Honorable Sharon M. Ullman  
The Honorable Rick Yzaguirre  
Ada County Commissioners  
200 West Front St.  
Boise, ID 83702

RE: St. Luke's Boise/Meridian 2009 Report of Community Benefits

Dear Commissioners Tillman, Ullman, and Yzaguirre,

St. Luke's is pleased to present its 2009 Report of Community Benefit to the Ada County Board of Equalization. We believe the information contained in this report validates our ongoing and steadfast commitment to our not-for-profit mission that provides real and tangible benefits to our community.

As a community-owned health care provider, the mission of St. Luke's Health System is to improve the health of people in our region. As a not-for-profit organization, St. Luke's is committed to providing all patients with the highest quality of medical care, regardless of their ability to pay. The information contained in this document is intended to supply Treasure Valley citizens, and the county board of equalization with insight into vital benefits our community receives as a result of St. Luke's status as a not-for-profit health system.

The information provided in this report is required by 63-602D, Idaho Code, which states, 501(c)(3) hospitals having 150 or more beds must file a community benefit report with the Board of Equalization by December 31 of each year. According to the Code, the report is to include a description of the process the hospital has used to determine general community needs which align with the hospital's mission. In addition, the report shall include the hospital's amount of:

- Unreimbursed services for the prior year (charity care, bad debt, and under-reimbursed care covered through government programs).
- Donated time, funds, subsidies, and in-kind services.
- Additions to capital such as physical plant and equipment.

To provide consistency and eliminate ambiguity, St. Luke's uses the standards outlined in the Catholic Health Association/VHA Guide for Planning and Reporting Community Benefit as the basis to gather and report data in accordance with 63-602D, Idaho Code.

By providing this data, St. Luke's intends to provide insight into the benefits derived by community through the operations of local not-for-profit, full service community hospitals. Like other safety-net services such as fire and police protection, full service community hospitals, like St. Luke's, provide access to services 24 hours a day, 7 days a week, 365 days per year, to everyone regardless of their ability to pay.

It is important to note, however, that the full value of benefits provided to the community by not-for-profit hospitals cannot be measured solely by statistics, finances, or the data contained in this document. Beyond the benefits defined in this report, Idaho's residents also benefit by having full service not-for-profit hospitals whose missions, visions and values are focused on the needs of patients rather than on providing financial returns to shareholders.

As a not-for-profit, St. Luke's is exempt from some, but not all taxes. For instance, in fiscal year 2008, St. Luke's paid \$624,000 in real property taxes locally and \$184,600 in direct sales tax. Like all employers, St. Luke's also pays normal payroll taxes. St. Luke's was exempt from \$2.5 million in local real property taxes but provided \$174,645,000 of community benefits locally as outlined throughout this report. Additional examples of the benefits provided to the community by St. Luke's are provided in the following pages of this report.

St. Luke's Health System (Boise, Meridian, Twin Falls, and Wood River) is Idaho's largest private employer with 7,500 employees and payroll of \$450 million. According to the University of Idaho, the economic multiplier provided by St. Luke's generated more than \$1.87 billion in sales, and \$36.7 million in sales and property taxes. St. Luke's Boise/Meridian is also fortunate to have 600 volunteers in Ada County, more than 634 physicians on our medical staff, and dedicated governing board comprised of independent civic leaders who volunteer their time to serve. Members of the St. Luke's Boise/Meridian Board of Directors during the time frame of this report include:

A.J. Balukoff  
Thomas J. Coffman, MD  
Jim Everett  
Gary L. Fletcher, CEO  
Thomas R. Huntington, MD  
George S. Iliff  
John D. Jackson  
J. Patrick McMurray  
Mike Mooney, Secretary  
Jan B. Packwood  
Rich Raimondi  
Cathy R. Silak  
Gay Simplot  
Peter Langhus, MD  
Avery Siefert, MD  
Bishop Brian Thom  
Carolyn Terteling-Payne  
Barbara L. Wilson, Chair  
Charles H. Wilson

- 1. NAME:** St. Luke's Regional Medical Center, Ltd.  
St. Luke's Mountain States Tumor Institute, Inc.

**2. FEDERAL 501(c)(3) TAX ID NUMBER:** 82-016 1600, 82-029 5026

**3. GENERAL DESCRIPTION OF SERVICE AREA:**

St. Luke's primary service area includes Idaho's Ada County, with its secondary service area covering southwest and south central Idaho and Eastern Oregon. Certain tertiary service areas routinely provide care to residents from throughout Idaho and into its surrounding states.

**4. SOURCE OF DATA:**

Fiscal Year September 30, 2009 unaudited financial reports plus un-audited internal records

**5. UNREIMBURSED SERVICES:**

a. Total amount of charity care and bad debt at cost:

**\$30,418,000 (charity care: \$13,923,000; bad debt: \$16,495,000).**

St. Luke's provides health care to eligible patients without charge or at a reduced rate. Eligible patients include all patients, regardless of race, color, national origin, gender, age, disability, creed or religion, or ability to pay, which meet the financial guidelines, and are not eligible for any other form of assistance. The amount eligible for charity care is determined by established hospital policy and is based upon a sliding scale derived from the Federal Poverty Guideline.

b. Cost of under-reimbursed services provided to patients covered by Medicare, Medicaid, County Indigency, and other government programs:

**\$55,751,000 (Medicaid: \$9,601,000; Medicare: \$46,150,000).**

c. Cost of other unreimbursed services not accounted for in other sections of this report: **\$0**

**6. COMMUNITY BENEFIT SERVICES, PROGRAMS AND OTHER SPECIAL SERVICES OPERATED BELOW ACTUAL REIMBURSEMENTS:**

The total unreimbursed value of "community benefit" services and programs operated by the hospital, donations or subsidies or in-kind services to other 501(c)(3) organizations. Value noted here excludes any figures referred to in other sections of this report: **\$20,821,000**

**Examples of Community Services:**

**\$5,376,000 – Education of Health Professionals**

A growing challenge for community hospitals is the shortage of qualified nurses, pharmacists, technicians, physicians and other health care professionals. To help address this challenge, St. Luke's invests in the education of health professionals. Examples of this investment include: scholarships for nursing students, support for faculty positions at Idaho universities, financial support of educational conferences, and investment in capital projects at Idaho universities that provide facilities for the education of future medical professionals.

**\$1,406,000 – Family Medicine Residency of Idaho**

The Family Medicine Residency of Idaho has been serving the citizens of Idaho and the surrounding Intermountain West since 1974. In that time period, there have been more than 230 graduates, approximately 56% of whom are serving the State of Idaho, and approximately 42% of those are in the rural, under-served parts of Idaho. St. Luke's collaborates with Saint Alphonsus Regional Medical Center to provide financial support and clinical opportunities to the Residency.

**\$1,597,000 - Community Health Improvement Services**

Community health improvement services are an integral element of the benefits not-for-profit hospitals bring to the regions they serve. St. Luke's provides a vast number of these services to residents, many of them for free or at low cost. Examples of these health improvement services include: community health and prevention education such as birth and parenting classes, outreach services to rural health care providers through Rural Connection, free community cancer screenings, pharmacy support at the Garden City community clinic, St. Luke's Women's Celebration and many others.

**\$8,157,000 – Local Health Clinics and Programs**

St. Luke's mission is "to improve the health of the people in our region". We fulfill this mission in part by supporting other not-for-profit organizations that provide valuable community health care services that would otherwise be provide in St. Luke's Emergency Departments. For example, subsidies to local free or reduced cost clinics (Terry Reilly and the Garden City Community Clinic) help to improve access to primary care services and reduce the burden on area Emergency Departments. Other examples of these types of services include: Diabetes education and outreach through Humphreys Diabetes Center, Internal Medicine physicians for Medicare patients through St. Luke's Internal Medicine clinics, the Idaho Cytogenetics Laboratory (previously a service funded by the State), Health Access Clinic, Treasure Valley Children's Mental Health Program, CARES (Children At Risk Evaluation Service for abused and neglected children), and FACES (Family Advocacy Center and Education Services).

**\$1,021,000 – Medical Research**

St. Luke's participates in a number of advanced clinical trials and community health research. The research benefits both adults and children. Mountain States Tumor and Medical Research Institute (MSTMRI) coordinates the majority of this medical research. MSTMRI is the only biomedical research institute in the State of Idaho. This unique consortium brings together St. Luke's, Boise Veterans Administration Medical Center, and research scientists from area colleges and universities; creates a central site for the generation of basic science research grants and request; and encourages new scientists to come to the community by providing valuable research resources. Making an investment in advancing medical knowledge and improving outcomes through research is an important aspect of our mission as a community-based health care system and our commitment to providing the best care possible to our patients. The amount listed above is the amount of subsidy provided by St. Luke's.

**7. VALUE OF DONATIONS**

Idaho's not-for-profit hospitals and the communities they serve benefit from the philanthropic support the hospitals receive each year. Charitable donations often enable the hospital to start needed new services, subsidize programs, fund research and outreach activities, and keep their rates lower than may otherwise be necessary. Some donations are given to hospitals without restrictions, allowing the

hospital to use those funds where needed most. Restricted gifts, often related to specific program grants, research or capital projects are used by hospitals only as specifically directed by the donor.

Donations received: \$ 5,302,000

Number of volunteer hours contributed to the hospital: **91,310**

## **8. ADDITIONS TO CAPITAL**

Additions to capital including all expenditures for land, facilities, equipment and other capital supporting the hospital's mission: \$ 50,177,000

As a not-for-profit organization, 100% of St. Luke's revenue after expenses is reinvested in the organization to serve the community in the form of staff, buildings, or new technology. Examples of capital investments in FY09 include:

- Completed construction of new crew quarters for Ada County Emergency Medical Services (EMS)
  - As St. Luke's planned its new facility in Eagle, representatives for Ada County EMS approached St. Luke's regarding constructing a new crew quarters on the St. Luke's Eagle campus. The location was optimal – allowing EMS to serve the population better by improving response time. Larger, dedicated facilities allowed for the addition of sleep quarters for the crew, which meant the agency was able to expand its hours of service from 12-hours per day to 24-hours per day. The new facility was dedicated on September 11, 2009. In 2005, Ada County EMS served 800 people from the Eagle area. In 2008, the number grew to 1,400 – a significant increase in emergency medical services for the Eagle community.
- Completed reconfiguration/renovation project in St. Luke's Boise Inpatient Pharmacy
  - Industry standards related to storage, dispensation, and security of pharmaceuticals change continuously and new technologies to support these efforts continue to emerge. In order to remain in compliance with these regulations, implement emerging technologies, and ensure St. Luke's pharmacy operates as efficiently and safely as possible, a reconfiguration/renovation project was implemented. The project also allowed for the addition of a pharmacy clean room outfitted with state of the art air filter exchanges and compounding benches in which pharmacists can compound sterile intravenous products.
- Completed Children's Hospital expansion project – 4-East Pediatric Annex
  - The final phase of multi- year, \$22 million expansion project for St. Luke's Children's Hospital was completed in FY 2009. The goal of the project was to create a more family centered care area. The project added 5 new patient rooms; physical therapy space for in-patient services; a Family Resource Center to support families in researching medical information; space for support groups to meet; consult rooms for physicians to hold discussions with families; as well as a private grieving area. A newly constructed family kitchen area was also added that enables families to recreate a home-like atmosphere and eat meals together.

## 9. COMMUNITY NEEDS DETERMINATION PROCESS

Below is a description of the process(es) used to identify general or specific community needs which coincide with the hospital's mission.

St. Luke's determines community needs in three primary ways. First, we conduct a bi-annual community survey covering the organization's primary service area of Ada and Canyon counties. This is a structured survey tool that is randomly administered to health care decision makers in individual households. This survey is used as a development tool for our strategic planning process. It provides both perception and anecdotal information about health needs in this community. The timing of the survey is significant as we reflect on the mission as the cornerstone of the organization and the strategies that will address the identified needs to support that mission. We also glean this type of information during other times through specialty surveys (either written, telephone, or focus group) focused on a specific community or hospital service.

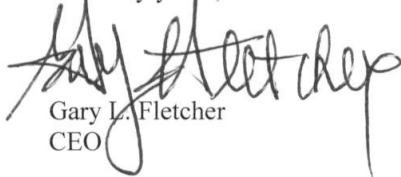
Secondarily, we analyze data provided through such agencies as Ada Planning Association (COMPASS), United Way, Kids Count, Blue Cross of Idaho, and the State of Idaho. These bodies report various socio-economic facts or identify key needs, which help further develop the picture of health challenges and existing needs across our service area.

Finally, we create forums for members from different walks of life to dialogue about the health needs of the community and the opportunities to address those needs. These individuals range from the volunteers that provide an on-going source of ambassadorship between St. Luke's and the community we serve, to the members of affiliated services (i.e. Humphreys Diabetes, and Family Medicine Residency Program), to the leadership of affiliated medical facilities (i.e. McCall, Mountain Home, Gooding, Challis, Wood River, Stanley, and Weiser) and community support organizations (i.e. Healthy Community Access Program, the United Way, Central District Health Department, and Terry Reilly Health Services), to our formal and informal Board leadership (Children's Advisory Board, Medical Center Board of Directors, Women's Forum, and Strategic Initiatives Committee), to our own staff who participate in a variety of health related volunteer roles.

All of these inputs are routinely reviewed and discussed, relative to St. Luke's current efforts, to address issues and/or our ability to initiate or enhance community support. Our process also reviews the organization's fiscal ability to continue its subsidy or support of existing community benefit activities. This process identifies capital-related needs, such as facility expansion, which are necessary for St. Luke's to continue to serve the growing health care needs of our service area.

If you have any questions or would like to discuss this report further, please give me a call.

Sincerely yours,



Gary L. Fletcher  
CEO

cc: St. Luke's Boise/Meridian Board of Directors  
St. Luke's Health System Board of Directors

St. Luke's Community Benefit Report Receipt

St. Luke's Community Benefit Report was received in the

Ada County Commissioner's office at (time)

1:05 PM and

(date) 12/29/09.

Received by: (signature) Pamela Woodie