Dignity Health

Contact: Tricia Griffin
(415) 438-5524

DIGNITY HEALTH POSTS 2012 FINANCIAL RESULTS
Health system grows nationally, continues partnerships in accountable care, technology investments, and community benefit in advance of health reform.

SAN FRANCISCO – October 5, 2012 – Dignity Health, the fifth largest health system in the nation, today announced the results of its 2012 fiscal year, posting a net income of $132.5 million for the year ended June 30. Results were released following a standard audit of financial statements.

The national health system posted an operating income of $59.1 million on $10.5 billion in revenue. Investment earnings totaled $73.4 million. Both earnings figures were lower than FY11, notably because of lower volume, continued underpayments from government payers, and a weak investment market.

During FY12, Dignity Health also provided more than $1.6 billion in community benefits and free care for the poor, including charity care, community grants, discounted care and the unreimbursed costs of government and other indigent programs.

Lloyd H. Dean, Dignity Health's president/chief executive officer, said the organization has remained focused on reducing costs while improving the quality of care in the transition to a reformed health care environment.

"The Affordable Care Act makes it possible to modernize the health care delivery system and that will require us to go beyond the acute care setting," said Dean. "We are growing to work more closely with doctors, insurers, employers, and individuals to transform our health system and deliver higher quality, more efficient care."

Dignity Health has grown to 16 states with the August 2012 acquisition of U.S. HealthWorks, a leading operator of occupational health and urgent care centers. Dignity Health has also acquired a majority interest in SimonMed Imaging, adding 11 new imaging sites, and continues to partner with United Surgical Partners, Inc. for the operation of ambulatory surgery centers.

The organization received national recognition and an $8 million grant from the Centers for Medicare and Medicaid Services for a pilot program to reduce hospital-acquired conditions and preventable readmissions. The organization has also achieved significant progress with quality programs to reduce hospital-acquired pressure ulcers, sepsis mortality, and surgical complications.

Dignity Health continues to cope with the impact of the soft economy, where many of its service areas have some of the nation's highest unemployment rates. The downturn intensifies the impact on Dignity Health operations as economic hardship increases claims for charity assistance as well as shifting more patients from commercial insurance to government programs.

Even when the economy revives, health care providers will continue to face revenue challenges as reimbursement models for government programs change, said Michael Blaszyk, Dignity Health's senior executive vice president/chief financial officer. More than 60 percent of the people Dignity Health cares for are insured through Medicare or Medicaid.

"As we evolve from a fee-for-service to pay-for-performance system, reducing costs and achieving efficiencies will become even more critical," Blaszyk said. "We will continue to look for growth opportunities that help provide scale and integration so that we can continue to provide quality, compassionate care."

As a not-for-profit system, Dignity Health reinvests its operating and investment income in hospital improvements, technology enhancements, charity care, and community health programs. Dignity Health's on-going investment also includes building upgrades, new medical equipment, and clinical information systems.

During the 2012 fiscal year, Dignity Health invested more than $660 million in capital improvements, including the completion of a replacement hospital for Marian Regional Medical Center in Santa Maria, Calif., ongoing construction for the Alex G. Spanos Heart & Vascular Center at Mercy General Hospital in Sacramento, Calif., and the implementation of electronic medical records across the system.

About Dignity Health
Dignity Health, one of the nation's five largest health care systems, is a 16-state network of nearly 10,000 physicians and 56,000 employees who provide patient-centered care at more than 300 care centers, including hospitals, urgent and occupational care, imaging centers, home health, and primary care clinics. Headquartered in San Francisco, Dignity Health is dedicated to providing compassionate, high-quality and affordable patient-centered care with special attention to the poor and underserved. In 2012, Dignity Health provided $1.6 billion in charitable care and services. For more information, please visit our website at www.dignityhealth.org. You can also follow us on Twitter and Facebook.