Dignity Health

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DIGNITY HEALTH POSTS 2013 FINANCIAL RESULTS
Health system continues to take leadership role in implementing reforms, improving quality, and innovating to ensure the patient is at the center of health care.

SAN FRANCISCO – October 17, 2013 – Dignity Health, one of the five largest health systems in the nation, today announced the results of its 2013 fiscal year, posting a net income of $812 million for the year ended June 30, up from $135 million in 2012. The national health system posted an operating income of $284 million on $10.4 billion in total revenues, up from $62 million on $9.5 billion in total revenues in 2012. Investment earnings totaled $528 million. Results were released following a standard audit of financial statements.

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, but that more needs to be done across the industry to ensure that the transition to a reformed system truly benefits the people who depend upon it.

"Long before the passage of the Affordable Care Act, we were calling for reforms that would improve quality and access and enhance the wellbeing of the people we serve," said Dean. "We want to help steer what has become a divisive debate back to this common purpose, so our industry can implement reform in a way that brings the healing power of human connection back to health care."

Health Reform Will Continue to Challenge the Industry
Dignity Health officials noted that health care providers will continue to face revenue challenges as reimbursement models for government programs change. Given that more than 60 percent of the people Dignity Health cares for are insured through Medicare or Medicaid, the organization predicts that it will face ongoing challenges as it adjusts to reform measures and works to establish a sustainable cost structure.

"As we evolve from a fee-for-service to pay-for-value system, reducing costs and achieving efficiencies will become even more critical," said Michael Blaszyk, SEVP/Chief Financial Officer for Dignity Health. "We are encouraged by the launch of the health care marketplaces and the expansion of Medicaid, as we think these will be important and meaningful ways to stabilize the system by allowing more people to obtain health insurance."

Capital Investments
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 2013 fiscal year, Dignity Health invested more than $640 million in capital improvements, including ongoing construction at Sequoia Hospital in Redwood City, Calif., the Alex G. Spanos Heart & Vascular Center at Mercy General Hospital in Sacramento, Calif., and the implementation of electronic medical records across the system.

During FY13, Dignity Health also provided nearly $1.7 billion in community benefits and free care for the poor, including charity care, community grants, discounted care, and the unreimbursed costs of Medicare, Medicaid, and other indigent programs.

Innovating to Improve the Patient Experience
In July 2013, Dignity Health entered into an agreement with OptumInsight, LLC to form a new company, Optum360, which combines the operational excellence of Dignity Health and the technology of OptumInsight to deliver end-to-end revenue cycle services.

"Our goal is to modernize health care billing so that it is more intuitive and easier to manage for everyone involved – but most importantly for patients," Dean said. "We believe that with Dignity Health's expertise in revenue cycle management, combined with Optum Insight's technology, we can better serve our patients by improving information flow, transparency, and the overall integration of processes between doctors, hospitals, and health plans."

Optum360 will provide revenue cycle services for Dignity Health and will offer these services to other prospective health care delivery systems.

Improving Quality of Care
Dignity Health was one of the first health systems in the nation to sign the Partnership for Patients pledge and was one of only 26 to receive status as a Hospital Engagement Network. With an $8 million grant from the Centers for Medicare and Medicaid Services the system has been piloting a program to reduce hospital-acquired conditions and preventable readmissions. All Dignity Health hospitals have set out to reduce hospital acquired infections by 40 percent and re-admissions by 20 percent over three years in all of the HEN areas of focus.

"We have always been dedicated to high-quality patient care and to making the entire health system work better for patients and their families," said Dr. Robert Wiebe, EVP/Chief Medical Officer for Dignity Health. "Our work in this program is proving that by working together and devoting the right resources to improvement we can deliver better care at a lower cost."

As of the end of September 2013, Dignity Health achieved cost savings of approximately $27 million and is estimating 7,158 avoided hospital-acquired infections and preventable readmissions.

About Dignity Health
Dignity Health, one of the nation's five largest health care systems, is a 21-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. For more information, please visit our website at www.dignityhealth.org. You can also follow us on Twitter and Facebook.