

2008

Annual Report

PERIOD OF SEPTEMBER 1, 2007 - AUGUST 31, 2008

**SUBMITTED TO THE
CONGREGATION FOR INSTITUTES OF CONSECRATED LIFE AND
SOCIETIES OF APOSTOLIC LIFE**



**BON SECOURS
MINISTRIES**

BON SECOURS MINISTRIES

2008 Annual Report

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Introduction

The Congregation for Institutes of Consecrated Life and Societies of Apostolic Life conferred public juridic personality of pontifical right on May 31, 2006 to Bon Secours Ministries, located in Marriottsville, Maryland in the Archdiocese of Baltimore, United States of America.

The purpose of Bon Secours Ministries is to carry forward the healing mission of Jesus Christ in the Catholic Church through the ownership, management and governance of health care facilities, programs and services intended to improve the health of individuals and the communities served. Bon Secours Ministries and its charitable works are dedicated to bringing “Good Help to those in need,” through compassion, healing and liberation. Bon Secours Ministries strives to relieve misery and address its causes with Christian compassion for suffering people, especially those who are poor and dying. The activities of Bon Secours Ministries are conducted in a manner consistent with the teachings and laws of the Roman Catholic Church. Bon Secours Ministries adheres to the *Ethical and Religious Directives for Catholic Health Care Services* as approved by the United States Conference of Catholic Bishops, as applied by the diocesan Bishop and as amended from time to time, as well as by any guiding principles which may be given to Bon Secours Ministries by the Participating Entities. (cf *Canonical Statutes*, Bon Secours Ministries, Article II)

The *Canonical Statutes* for Bon Secours Ministries specify that “[a]n annual report of the activities of *Bon Secours Ministries*, including an external audit, shall be submitted to the Holy See by the Members, giving evidence that the integrity of faith and morals is preserved and that the use of the temporal goods and the apostolic activity of *Bon Secours Ministries* are in accord with its purposes.” (*Canonical Statutes*, Bon Secours Ministries, Article V, Section 2). The purpose of the Fiscal Year 2008 (FY2008) Annual Report is to provide accountability from Bon Secours Ministries of its oversight of the Catholic ministry of Bon Secours Health System.

As the report details, a significant amount of work occurred within the Bon Secours Health System. We are deeply proud and grateful for the significant advances made in furthering the healing mission of Jesus Christ in the communities we serve. Of special note in this year’s report is the inclusion of some additional areas that we believe are significant and we want to share: ecology and development of global ministries; clinical transformation initiatives; and advances in nursing.

Bon Secours Ministries

Sponsorship Statement

ADOPTED OCTOBER 18, 2006

RESPONDING TO A CALL, FAITHFUL TO ITS MISSION

Bon Secours Ministries carries forward the healing ministry of Jesus Christ in the name of the Catholic Church. Bon Secours Ministries is the legacy of the Sisters of Bon Secours, USA and their desire that the ministry of “good help” be faithfully sustained long into the future. In collaboration with the laity, this ministry finds expression in the Bon Secours charism of compassion, healing and liberation.

Bon Secours Ministries, as a canonically approved public juridic person, is the sponsor of Bon Secours Health System, Inc. and its subsidiaries, which are healthcare ministries within the Catholic Church.

Bon Secours Ministries establishes structures and policies to fulfill its canonical responsibilities to safeguard these ministries for service to the community and the church, the people of God. These structures and policies hold the healing mission of Jesus as central, and are designed to animate all to be true to this mission. They are grounded in the Catholic theological tradition, characterized by collaboration, foster communion with church leadership and demonstrate accountability to the church and the communities served. In this way,

Bon Secours Ministries expresses its commitment to the trust placed in them by the communities served.

Faithful to the desire to sustain its sponsorship of ministries for the present and the future, Bon Secours Ministries also participates in partnerships with religious congregations and organizations with shared values in order to promote justice in radical solidarity with all those in need, with special attention to people who are poor, suffering, or dying.

Members

CLASS A MEMBERS

The Class A Members of Bon Secours Ministries, appointed by the Founding Participating Entity are:



Sr. Patricia Dowling, CBS

(Term: 1/1/2008-12/31/10)

Sr. Patricia Dowling, CBS serves as vocation director for the Sisters of Bon Secours in the USA.

She has served on various health care boards since 1985 including the Bon Secours Health System board for nine years. Sr. Pat has served in various capacities as an administrator in long term care and in human services in the USA, and as a missionary in Ecuador, SA, she served an administrator of both a parish with no priest and a multi-service health

clinic. Sr. Pat earned a Bachelor of Science in Hotel, Restaurant and Travel administration from the University of Massachusetts, Amherst, and a master's degree of Health Care Administration from George Washington University in Washington, DC.



Sr. Patricia Eck, CBS

(Term: 11/1/06 – 12/31/09)

Sr. Patricia Eck, CBS is Chairperson of the Bon Secours Health System Board of Directors.

Sr. Pat entered the Congregation of the Sisters of Bon Secours in 1966. She has since built nearly a 40-year health care career with positions in nursing, management and sponsorship for the Bon Secours Health System. She has served on the Leadership Team of the Sisters of Bon Secours in the USA for a number of terms. Sr. Pat is a recognized leader in the Catholic health care industry, and is a past chairperson of the Catholic Health Association Board of Trustees. She currently serves on the board of directors of Mercy Housing and Catholic Medical Mission Board. Sr. Pat has a master's degree in nursing from the Catholic University of America and a master's in health administration from the Medical College of Virginia Commonwealth University.



Sr. Rose Marie Jasinski, CBS

(Term: 11/1/06 – 12/31/09)

Sr. Rose Marie Jasinski, CBS serves as Senior Vice President of Sponsorship for

Bon Secours Health System. She has served in a leadership position on more than 10 health care boards within Bon Secours Health System for the past 30 years. She served on the Leadership Team of the Sisters of Bon Secours in the USA from 1995-1999 and 2003-present. Sr. Rose Marie has served as a health care professional for 45 years, holding various positions in direct health care service, management, governance and administration. A registered nurse, Sr. Rose Marie obtained her Diploma in Nursing from the Bon Secours Hospital School of Nursing and her Bachelor of Science in Nursing from Virginia Commonwealth University in Richmond. She later received her master's degree in Christian Spirituality from Creighton University in Omaha, NE. In the past, Sr. Rose Marie also served as Formation and Novitiate Director for the Sisters of Bon Secours for 12 years and Director of the Bon Secours Associates for 7 years.



Sr. Anne Lutz, CBS

(Term: 11/1/06 – 12/31/08)

A health care administrator with more than 30 years of experience in acute and geriatric care, Sr. Anne Lutz, CBS serves as

Executive Vice President of Sponsorship for Bon Secours Health System. Prior to joining Bon Secours Health System in 1987, Sr. Anne served as an administrator for St. Francis Country House, a 318-bed skilled nursing facility in Darby, Pennsylvania. Prior to this position, she held several management and staff positions at three Bon Secours hospitals in Michigan and Maryland. Sr. Anne received

her nursing certification from the Bon Secours School of Nursing. She later obtained a bachelor of arts degree in administration from the University of Detroit and a gerontology certificate from St. Louis University.

CLASS B MEMBERS

The Class B Members of Bon Secours Ministries, appointed by Class A Members through delegation from the Founding Participating Entity, are:



Charles H. Brown III, CPA
 (Term 1/1/08-12/31/10)
 Charles Brown graduated from Mount St. Mary's College in Emmitsburg, MD in 1968. He was employed by Price Waterhouse & Co.

after graduation. In 1981, he joined Ellin & Tucker, Chartered and he is presently a stockholder, director and officer with the Firm. He served on the Board of Directors of the Bon Secours Baltimore Health System from 1983-1991, as well as various committees and related Boards, and was Chair of the Board during his final three years. He served on the Bon Secours Health System Board of Directors from January 1, 1997 to December 31, 2006. As a Board member, he served on various board committees and chaired the Audit Committee from 2001 through 2006. He continues to serve as a member of the Audit Committee. Past board and committee memberships include the Investment Committee of the Sisters of Bon Secours, USA; the Board of Christian Formation of the Archdiocese of Baltimore; the Archbishop's Task Force studying financing of Catholic schools

(Archdiocese of Baltimore); and the Finance Committee of Immaculate Conception Church.



Regina Clifton
 (Term: 11/1/06 – 12/31/09)
 Regina M. Clifton is a Catholic lay woman who has ministered in Catholic health care most of her life, working at the system, hospital and

nursing home levels in management as an executive and in leadership in mission integration and the system, integrated delivery network levels. She is a nurse, an administrator and has a degree in theology. Before her retirement she served as Vice President of Mission for the Catholic Health Association of the United States. In the last three years, she had done consulting with the Catholic Health Association in the area of sponsorship and other Catholic health organizations on mission, mission competencies and the future role of the mission leader. Regina has been involved developing materials that will facilitate the formation of others in the ministry of sponsorship and mission leadership.



Donald Seitz, MD
 (Term: 11/1/06 – 12/31/08)
 Dr. Donald Seitz graduated from St. John's University in Collegeville, Minnesota in 1962 and from Marquette University School of Medicine in

Milwaukee, Wisconsin in 1967. After completing an internship at the University

of Iowa in 1968 and a residency in orthopedic surgery at the Medical College of Virginia in 1974, he entered the private practice of orthopedics in Richmond, Virginia. He served as Chair of the Medical Care Evaluation and Improvement Committee of St. Mary's Hospital, Richmond, VA from 1991-1994 and as President of the Medical Staff in 1994-1995. Additionally, he served on the Bon Secours Richmond Board of Directors from 1996 until the end of 1999. In 2000 he retired from his orthopedic surgery practice. He has served on the Bon Secours Health System Board of Directors since January 1, 2000 and chaired the Board's Quality Improvement Committee. Since 2005, Dr. Seitz has served as a member of the Catholic Health Association Board of Directors. He also serves as a volunteer physician at Crossover Ministries, a free clinic in Richmond, VA since 2005.

Officers

The officers appointed by Bon Secours Ministries, with the exception of the Chair who is appointed by the Founding Participating Entity, are:

- Chair: Sr. Patricia Eck, CBS (appointed by the Participating Entity)
- Vice Chair: Sr. Rose Marie Jasinski, CBS
- Treasurer: Sr. Anne Lutz, CBS
- Assistant Treasurer: Laura Ellison
- Secretary: Thomas H. Morris, PhD
- Assistant Secretary: Martha Riva, Esq.

Finance Committee

The canonical bylaws (*Canonical Bylaws*, 7.4) of Bon Secours Ministries provide that Bon Secours Ministries shall have a Finance Committee composed of at least three persons appointed by the Members of Bon Secours Ministries, and further provide that the Treasurer of Bon Secours Ministries shall be the Chair of the Committee. The Bon Secours Ministries Finance Committee is to be consultative in nature, and shall review the budget of income and expenditure for the coming year, as well as review and approve financial statements for the auditor.

Sponsorship Report

Founding Participating Entity of Bon Secours Ministries

With the creation of Bon Secours Ministries, the Founding Participating Entity is the Congregation of the Sisters of Bon Secours of Paris, United States Province (*Canonical Bylaws*, 2.1). As the Founding Participating Entity, the Sisters have certain responsibilities reserved to them as described in the canonical statutes and the canonical bylaws not only to ensure the integrity of the ministry of Bon Secours Ministries, but also to influence the direction of the ministry.

ACTIONS OF FOUNDING PARTICIPATING ENTITY

During 2008, the Founding Participating Entity took these actions with respect to its relationship with Bon Secours Ministries:

Appointment of Members

(*Canonical Statutes*, III, 5e; *Canonical Bylaws*, 2.5a)

- *Appointment of Class A Members.* The Leadership Team of the Sisters of Bon Secours, USA appoint the Class A Members for Bon Secours Ministries. The Class A Member appointed for 2008 is: Sr. Patricia Dowling, CBS.
- *Appointment of Class B Members.* This has been delegated to the Class A Members (*Canonical Bylaws*, 3.2)

Appointment of Chair

(*Canonical Statutes*, Article III, 5f)

- Sr. Patricia Eck, CBS is appointed

Chair of Bon Secours Ministries.

Preparation and Formation of Bon Secours Ministries

(*Canonical Statutes*, Article III, 5i; *Canonical Bylaws*, 2.5i)

- This has been delegated to Bon Secours Ministries (*Canonical Bylaws*, 4.3.1c).

Monitor application of Ethical and Religious Directives within Bon Secours Ministries-sponsored Organizations

(*Canonical Statutes*, Article III, 5k; *Canonical Bylaws*, 2.5g)

- This has been delegated to Bon Secours Ministries (*Canonical Bylaws*, 4.3.1b).

Guiding Principles of Healthcare

(*Canonical Bylaws*, 2.5a)

A key function of the participating entities is to give direction to the ministry of Bon Secours Ministries through the articulation of guiding principles of healthcare. In order to do this, the Sisters of Bon Secours reviewed foundational documents from the Catholic Church and the Congregation of Bon Secours to provide these principles. The following documents, as amended from time to time, provide guiding principles for the initiation, administration and oversight of healthcare ministries sponsored by Bon Secours Ministries.

- *Ethical and Religious Directives for Catholic Healthcare Services*, United States Catholic Conference of Bishops (1971, current version 2001). This document from the bishops of the United States provides guiding principles on the implementation of Catholic healthcare within the United States.

- *Statement on Catholic Healthcare*, The Catholic Healthcare Association of the United States (2000). This statement summarizes the key aspects of the distinctiveness of the ministry of Catholic healthcare.
- *Charism of Bon Secours, Sisters of Bon Secours, USA (2006)*. This statement articulates the contemporary expression of the founding charism of the Sisters of Bon Secours in a manner that is inclusive of all ministries animated by this charism.
- *Statement of Sponsorship*, Bon Secours Ministries (2006). This statement provides the core dimensions of Bon Secours Ministries' understanding of its sponsorship of Catholic ministries.
- *A Theology for Bon Secours*, Sisters of Bon Secours, USA (1985). This document is a summary statement that provides a theological reflection on the dual presence of Christ (present in those served and present in the minister of care) that is the grounding for Bon Secours.
- *Justice Statement for Bon Secours*, Sisters of Bon Secours, USA (1987; current version 1999). Rooted in the understanding that the struggle for a more humane world is not an option but an integral part of spreading the Gospel (Constitutions n. 7, Sisters of Bon Secours; Justice in the World, n. 6, Synod of [Catholic] Bishops, 1971), this statement expresses the commitment to education and action for justice.
- *Preferential Option for the Economically Poor*, Sisters of Bon Secours, USA (1992). This statement articulates an understanding and commitment to witness with integrity to a preferential option for the economically poor, both personally and communally.
- *Ministerial Stand on the Care of Those Who Are Poor*, Sisters of Bon Secours, USA (1992; current version 1999). This document expresses the commitment to serve those who are poor by addressing systemic issues, particularly in regard to healthcare.
- *Statement on Care of the Dying*, Sisters of Bon Secours, USA (1991, current version 1999). This statement articulates guiding principles to ensure compassionate and holistic care for those who are dying, with particular focus on quality of life issues that attend to all areas of need for the individual and the family.
- *Spirituality Statement*, Sisters of Bon Secours, USA (1983, current version 2007). This statement expresses the essential aspects of ministry of Bon Secours as rooted within the prayerful experience of God's presence and love that finds expression in the compassionate response to those in need.

Meetings and Actions of Bon Secours Ministries

Bon Secours Ministries met regularly throughout FY 2008. During that time, the following actions, in addition to approval of Minutes, were taken by Bon Secours Ministries:

- Appointment of Bon Secours Ministries Class B Member by Class A Members: Charles Brown III.; Bon Secours Ministries Officers (with exception of Chair); Bon Secours Ministries Finance Committee.
- Approval to support the recommendation of management in pursuing a course of action with regard

- to Altoona Regional Health System.
- Approval of reappointment of Officers of Bon Secours Ministries and Bon Secours Ministries Finance Committee
- Approval of FY2007 Annual Report of Bon Secours Ministries
- Revised Bon Secours Ministries Sponsorship Policy BSM-09: Reserved Powers and Purpose: Inclusion in Governing Document
- Approval of Sponsorship and Mission Organizational Structure

Preparation and Formation of Members of Bon Secours Ministries

COLLABORATIVE FORMATION PROGRAM FOR PUBLIC JURIDIC PERSONS

Bon Secours Ministries is a member of the *Collaborative Formation Program for Public Juridic Persons*. This formation program was developed to respond to the formation needs of other newly established public juridic persons in health care in the United States (Bon Secours Ministries, Catholic Health Care Federation, Catholic Health Ministries, Covenant Health System, Hope Ministries and St. Joseph Health Ministries). During 2008, the third offering of the two-year program was initiated, with four participants sponsored by Bon Secours Ministries.

EDUCATION AT MEETINGS OF BON SECOURS MINISTRIES

As part of preparation for its role as sponsor, Bon Secours Ministries engaged in the following education sessions at its meetings:

- Overview of the Bon Secours Health System Center for Ministry Leadership

- Mission and Customer Satisfaction, Physician Satisfaction and Employee Satisfaction survey scores
- Discerning future ministry in Altoona Regional Health System and Bon Secours Baltimore
- Collaborative Formation Program for Public Juridic Persons review
- Review of Bon Secours Ministries Strategic Vision Statement for Bon Secours Health System
- Succession Planning: Sponsorship and Mission
- Organizational Spirituality
- Qualifications for Senior Vice President of Sponsorship and Mission Leaders
- Mission Leaders Leadership Capability Review process.

OTHER LEARNING OPPORTUNITIES

In addition to the offerings noted above, members of Bon Secours Ministries participated in various learning opportunities provided by other organizations in 2007:

- **Catholic Health Care: Answering the BIG Questions** (Loyola University Chicago. School of Law - Center for Catholic Healthcare and Sponsorship)
- **Sponsorship Institute** (The Catholic Health Association)
- **Assembly** (The Catholic Health Association)
- **Sponsorship Gathering prior to Leadership Conference of Women Religious** (The Catholic Health Association)

Bon Secours, Inc.

Bon Secours Ministries carries out its Apostolic Works through various civil entities, and more particularly through Bon Secours, Inc. (*Bylaws*, 1.4)

Bon Secours, Inc. is the Member of Bon Secours Health System, Inc. and provides oversight, on the behalf of Bon Secours Ministries, to the civil structures and processes necessary for right, ethical and just operations of the sponsored ministries of Bon Secours Ministries.

BOARD OF DIRECTORS

The Board of Directors of Bon Secours, Inc. are:

- Charles Brown III
- Regina M. Clifton
- Sr. Patricia Dowling, CBS
- Sr. Patricia Eck, CBS
- Sr. Rose Marie Jasinski, CBS
- Sr. Anne Lutz, CBS
- Donald Seitz, MD

OFFICERS

The Officers of Bon Secours, Inc. are:

- Chair: Sr. Patricia Eck, CBS
- Vice Chair: Sr. Rose Marie Jasinski, CBS
- Treasurer: Sr. Anne Lutz, CBS
- Assistant Treasurer: Laura Ellison
- Secretary: Thomas H. Morris, PhD
- Assistant Secretary: Martha Riva, Esq.

ACTIONS OF BON SECOURS, INC. IN FY2008

In FY2008, Bon Secours, Inc. took action on the following resolutions, in addition to approval of Minutes, with regard to Bon Secours Health System:

- Support the recommendation of management in pursuing a course of action with regard to Altoona Regional Health System.

- Withdrawal of Michigan Entities from Obligated Group.
- Sponsor Board Appointment and Board President Appointments.
- Bon Secours Health System Board Appointments and Reappointments
- Series 2008 Financing
- Approval of Additional Capital Budget for FY08
- Resolutions Regarding Revenue Bond Mode Conversions
- Approval of Employment and Support for Physicians Currently Practicing Through Upstate Cardiology, P.A. by St. Francis Physician Services, Inc.
- Approval of Board President and Director Designations for Bon Secours-St. Francis Xavier Hospital, Inc.
- Ratification of Transfer of Funds from Long-Term Investments to Short-Term Operating Cash
- Bon Secours Charity Health System, Inc. Delegation of Authority
- St. Francis Health System Millennium Project
- 2008 MBIA Refinancing
- Expedited Approval Policy
- Bon Secours Health System FY2009 Operating and Capital Budget
- Reimbursement for Capital Projects
- FSA/Assured Refinancing
- Bon Secours St. Francis Health System, Inc. Millennium Project Development of Medical Office Building Space
- Bon Secours, Inc. FY2009 Budget

Healthcare Environment in USA

Bon Secours Health System is operating in a financially challenging environment of rising numbers of uninsured patients, growing regulation of not-for-profit charity care levels, workforce shortages, physician/hospital relations, quality, patient safety, and health care reform changes. Within this context, consumers are taking more responsibility for decisions about their health insurance, prescription drugs and health care providers while more government regulations are requiring public disclosure of quality, safety and costs. The demands of fulfilling ministry and business imperatives in this environment require the board, sponsors and management of Bon Secours Health System to take a broad view to assess the near and long term priorities and risks in a complex and competitive healthcare marketplace. Below is a synopsis of key challenges faced in FY 2008.

THE UNINSURED

The United States is the only developed country that does not provide health insurance or access to affordable care for all its residents. It is estimated that over 46 million Americans are currently uninsured. An estimated 16 million adults are “underinsured.” Most uninsured people are in working families who do not have a regular source of health care outside the emergency room, are more likely to go without screenings and preventive care, often postpone needed medical care, and fail to fill needed prescriptions. Improving access to care continues to be the most important domestic issue behind the economy. With the rising cost of health care, universal health coverage has

reemerged as an appealing solution to provide care to this population and could likely yield high social returns that permit all to lead healthier lives.

INDUSTRY REGULATION

The United States Internal Revenue Service Form 990 was revised to promote transparency and standardization in reporting charity care and to prevent abuses by tax exempt organizations through enhanced reporting of community benefit programs and contributions. The debate around the Hospital Community Benefit Report is heightened by the renewed and critical focus on the covenant between a hospital's not-for-profit tax status and the ensuing benefit to the community. PricewaterhouseCoopers Health Research Institute reported that “hospital charity care is uniquely American; a safety net that is often unnecessary in nations with universal health coverage.” Bon Secours Health System is proud of its commitment to providing quality health care to all despite ability to pay and has provided millions of dollars in uncompensated care and programs to communities where Bon Secours Health System facilities are located.

WORKFORCE SHORTAGES

A nationwide shortage of hospital personnel is predicted by 2020 due to nurse and physician retirements. If current trends continue the healthcare workforce will experience a shortage of approximately 24,000 doctors and nearly one million nurses. Recruitment, training and retention remain a challenge to support efficient planning and coordination of complex care

models to meet the needs of an aging and increasingly diverse population. Recent legislation from state governments to establish minimum patient/nurse staffing ratios adds to the current staffing and retention dilemma.

PHYSICIAN/HOSPITAL RELATIONS

In its vision statement, Bon Secours Health System strives to create a work environment that not only affirms and develops those within Bon Secours Health System but that also provides the basics of an intentional community that allows all those engaged with our work to experience personal value and hope for the future. This vision is deeply woven throughout the fabric of our culture as Bon Secours Health System engages physicians in the work place to build productive and sustainable relationships and joint business ventures. Physicians are involved in improving the practice environment and patient care; encouraged to implement team training to improve communication and patient safety; and assist in the development of recruitment and retention strategies to sustain a competitive advantage.

QUALITY

Patients have become better educated about their choices of goods and services and demand a higher level of quality and lower costs for health care. Health care providers must compete on the basis of both price and quality to win the business of these consumers. Innovation is imperative to continuously improve treatment, efficiency and outcomes. The demand for convenient and low cost medical care has evolved into alternative care sites in community settings. Retail clinics staffed by nurse practitioners or physician assistants may be points of access for services to meet critical patient need. It is hoped that through this process viable medical homes are

identified for all, especially those most at risk.

PATIENT SAFETY

Bon Secours Health System has made significant investments in patient safety programs by deploying evidence based medicine to establish a culture of innovation and quality that will lead to improved health outcomes and the highest quality care. These programs ensure adherence to best practices in clinical trials and increase the use of information technology to monitor, track, and investigate potential quality and safety issues.

HEALTH REFORM

Health care is the most important domestic issue facing the U.S. population. The recent 2008 presidential election has triggered a major debate on the nation's commitment to making significant changes to the health care system. Polls suggest most Americans believe the health care system needs major changes but not a major overhaul. The Democratic approach includes the goal of universal coverage; building on the employer based system and existing public programs; subsidies for low-income families; purchasing pools and insurance market reforms. The Republican approach relies on tax incentives for buying insurance; expansion of the individual insurance market; replacing the current exclusion of employer provided insurance from taxable income and working with states to create a federally supported insurance pool. Given these difference, political researchers have found that extending coverage to the uninsured and enacting reforms to moderate rising health care costs are clear priorities for the American public.

CONCLUSION

In this difficult financial environment, Bon Secours Health System continues to rejoice in the challenge to be Jesus Christ's healing compassion in the world. Through a significant and comprehensive commitment to quality improvement, including development of standard quality measures and implementation of ConnectCare®; a system-wide approach to

quality assurance and excellence, Bon Secours Health System has demonstrated "best in class" strategies for improving patient care and advancing our mission. These efforts have also resulted in operational, financial and quality excellence with an unwavering commitment to provide good help to those in need.

Ministry Oversight

Founded in 1983 by the Sisters of Bon Secours, the not-for-profit Bon Secours Health System, Inc. is a Catholic health ministry sponsored by Bon Secours Ministries. Bon Secours Health System includes 18 acute-care hospitals with over 4,000 licensed acute beds, one 54-bed psychiatric hospital, two independent living, five assisted living facilities, numerous ambulatory and community health services, and five long-term care facilities with over 1,000 licensed beds. To fulfill its commitment to providing compassionate healing and hope within the communities it serves, the Bon Secours Health System also includes fifteen community-based home care and hospice services, and physician practice management and strategic support services, all dedicated to the mission of providing ***Good Help to Those in Need***[®] [Appendix A and Appendix B].

Headquartered in Marriottsville, Maryland, the system is governed by a Board of Directors, which includes representatives of Bon Secours Ministries, Sisters of Bon Secours USA, physicians, health care executives, and national leaders from throughout the business community. The system currently employs more than 16,000 health care professionals, volunteers, management and support staff.

History

The Sisters of Bon Secours established their first hospital in Baltimore in 1919 and opened their second, in Grosse Pointe,

Michigan, in 1945. By 1980, the sisters had established or assumed responsibility for several Catholic hospitals, long-term care facilities and other health care services, and the system began as a loose affiliation of these facilities, which served primarily as a resource center. The Bon Secours Health System was formed in 1983 to provide skilled, unified management and professional resources for all Bon Secours health care operations while preserving Bon Secours' Catholic tradition of providing quality care to all, especially those who were the poor and sick. Over the past 25 years, the system added hospitals, long-term care, assisted and independent living, subsidized housing, senior living and outpatient facilities in states predominately along the East Coast through acquisitions and joint ventures with other religious and nonsectarian organizations. Currently, the system has presence in New York, Pennsylvania, Maryland, Kentucky, Virginia, South Carolina and Florida.

Bon Secours Health System as Envisioned by Bon Secours Ministries

As we envision the future of Bon Secours Health System in 2009 as a ministry of the Catholic Church, continuing the healing mission of Jesus Christ, we see the following:

- Spirituality in health care, especially as it relates to healthcare as a ministry,

will be a distinguishing mark of Bon Secours Health System. This abiding sense of spirituality will be linked to the originating passion and desire of those who come to Bon Secours Health System to serve as physicians, board members, management and staff.

- The core Gospel values that demand of us to co-create a more humane and just world will be evident in how we provide care to all patients and residents, treat our employees, provide outreach to those in need – especially those who are poor – and challenge structures within society.
- A strong commitment to the development and formation of people within Bon Secours Health System, both leaders and employees, in Catholic social teaching and charism of Bon Secours.
- A work environment that not only affirms and develops those committed to serve within Bon Secours Health System, but that also provides the basics of an intentional community that allows all those engaged with Bon Secours Health System to experience personal value and hope for the future.
- As a welcoming community of service, access to care and opportunity for employment within Bon Secours Health System will truly reflect the inclusive community of the Gospel we profess to be, thus demonstrating no disparity in service or employment to anyone.

Mission and Vision

In keeping with its Catholic identity, as well as striving for excellence in quality of care and service, Bon Secours Health System has key foundational documents that guide and direct its work. In addition

to the *Guiding Principles of Healthcare* already addressed, these include Mission and Vision Statements.

MISSION

The Mission of Bon Secours Health System is to bring compassion to health care and to be good help to those in need, especially those who are poor and dying. As a System of caregivers, we commit ourselves to help bring people and communities to health and wholeness as part of the healing ministry of Jesus Christ and the Catholic Church.

LONG-RANGE VISION

Inspired by the healing ministry of Jesus Christ and the charism of Bon Secours, Bon Secours Health System will be recognized for its leadership in justice, transforming the communities in which we serve and work into places of health and hope, and being a prophetic voice for systemic United States health reform and a more humane world.

THREE-YEAR VISION

We will redesign our care processes to provide health care that is compassionate, safe, and high quality. Consistent with the needs of our communities, we will grow our ambulatory services and community-based services for the elderly.

VALUES

Eight core values — respect for the individual, justice, integrity, stewardship, innovation, compassion, quality and growth — guide the system as its leadership responds to community needs by improving and refocusing its services.

Cultivating Organizational Spirituality

In 2007, both Bon Secours Ministries and the Board of Directors of Bon Secours Health System identified three organizational capabilities that should distinguish Bon Secours Health System in the communities we serve: talent management, accountability and organizational spirituality.

Over the course of 2008, interactive presentations and conversations took place with over 1500 co-workers from throughout Bon Secours Health System on the topic of organizational spirituality: what is it and what does it look like within Bon Secours Health System? In particular, the day-long gatherings focused on the charism of Bon Secours as the particular gift for the service we provide: *“The charism of Bon Secours is to bring God's healing, compassion and liberation to people in need. Special attention is given to those who are poor, sick or dying by helping to alleviate their suffering and bringing them a message of hope and assurance that there is a God who loves them.”*

The goal of these days of conversation was not to develop a final and definitive statement on the Bon Secours spirituality. Rather, it was to tell the stories that inspire, challenge and impel the co-workers to continue in this important work and profound ministry. Based on these stories, a preliminary sense of the charism as it is lived today is emerging for the people of Bon Secours Health System. This sense of the charism is being collected in order to share the insights and experiences with

others throughout Bon Secours Health System.

Mission Services

The sponsorship policies of Bon Secours Ministries specify the scope and services of the mission function throughout Bon Secours Health System. Vice Presidents / Directors of Mission are in place at all institutions, as well as a Department of Mission staffed at the Health System Office to provide system-level support for implementing Bon Secours Health System's mission.

At the local facility level, mission leaders have responsibility for the integration of mission and values within the healthcare services, lead the implementation of mission functions, programs and activities, and participate in strategic planning. During 2008, Bon Secours Ministries, along with Bon Secours Health System leadership, engaged in a process of review and succession planning for all the mission leaders within Bon Secours Health System. Bon Secours Ministries further clarified the important role of the mission leader within Bon Secours Health System and re-affirmed that mission leaders need to be members of the Catholic faith.

The Health System Office also maintains a Mission Department that provides direct support to the mission leaders as well as executives throughout the health system. In the past year, the Mission Department offered several services, including the following:

INTRODUCTION TO BON SECOURS HEALTH SYSTEM ORIENTATION

Staff coordinated and facilitated executive and senior leader orientation programs for

25 new leaders within Bon Secours Health System. This program includes: an overview of the Catholic health ministry, including Catholic Social Teaching and *Ethical and Religious Directives for Catholic Health Care Services*; the history and charism of Bon Secours; elements of leadership in a sponsored ministry; the history and development of Bon Secours Health System; and Bon Secours Health System strategic direction and operations.

MISSION ORIENTATION

The Mission Department ensured a system-wide implementation of a newly revised Mission Orientation program and resources that provided a consistent message regarding Bon Secours Health System's mission. Additionally, staff from the department supported the local mission leaders in their implementation of the updated mission orientation process. locations.

SPECIAL MISSION AND VALUES PROGRAM

Department leadership assisted in the development and deployment of a special introduction to the mission, values and culture of Bon Secours Health System for vendor partners.

BON SECOURS LEADER HANDBOOK

Staff completed and distributed a comprehensive revision of the *Leader Handbook* to over 1,500 Bon Secours leaders. Providing essential organizational and leadership information, the *Leader Handbook* includes sections on Bon Secours Health System, Sponsorship, Catholic Health Care, Strategic Quality Plan, Other Quality Plans, Resources, Continual Development System, and System Office Services.

MISSION ASSESSMENT

The mission department staff conducted formal Mission Assessments and presented comprehensive reports for each Bon Secours Health System ministry. Based on Catholic Identity and Mission Interests policies, the process included six areas of analysis: Mission Services, Ethics and Ethical Cultural, Values-based Decision Making, Human Resources and Justice in the Workplace, Holistic and Pastoral Care and Community Commitment and Advocacy. Over 475 co-workers throughout the System participated in interviews or focus groups. Areas of strength and opportunities for mission enhancement were identified for each Local System. In light of these mission assessments, Local System Chief Executive Officers and Missions Leaders will establish plans in FY2009 to advance mission effectiveness.

ANNUAL MEETINGS & SUPPORT

Staff provided support to local system mission leaders by coordinating and facilitating two face-to face Mission Leaders meetings on October 3, 2007 and March 5-6, 2008. Key themes of the meetings included holistic and pastoral care, Mission Orientation, ethics case consultation process, nursing ethics, Mission Leader succession planning and corporate responsibility. In addition, three update meetings were held by audioconference on topics related to ethics, *Ethical and Religious Directives*, Pastoral Care, and Mission Due Diligence. Additionally, staff provided consultation and support to Mission Leaders on roles and responsibilities, leadership influence, promotion of mission interests, and clinical and organizational ethics.

DAILY PRAYER AND REFLECTION

The mission department provides a daily

prayer and reflection that is sent to System office staff via email. The response to this simple gesture has been overwhelmingly positive.

Pastoral Care

PASTORAL CARE MEASURES

Over the course of the year, mission department leadership was able to work with local pastoral care leaders in establishing more effective lines of communication and process for data collection of three dashboard measures: *Care of the Dying*, *Spiritual Assessment of the Critically Ill*, and *Spiritual Assessment of Long Term Care Residents*. These important dashboard measures are now part of the monthly review process for each Local System.

PASTORAL CARE – PATIENT SATISFACTION

Pastoral care leaders reviewed the data from a piloted patient satisfaction survey question: “*During your stay, did you have an opportunity to visit with a member of the Pastoral or Spiritual Care team? If yes, how would you rate your satisfaction with that visit. Would you say excellent, very good, good, fair or poor?*” It was agreed by the pastoral care leaders that the questions have statistical reliability and validity, and therefore will be used routinely in patient satisfaction surveys. It is hoped that other health systems would seek to use the question in their surveys thus increasing the scope of how we rate in comparison to others.

PASTORAL CARE POLICY

Mission staff reviewed the Bon Secours Health System Pastoral Care Policy with the pastoral care leaders and submitted a revision of the current policy for approval

of administration. There is continued emphasis placed on credential standards and appropriate staffing levels.

OTHER PASTORAL CARE RESOURCES

Additionally, mission office staff provided support to the system pastoral care leaders by initiating the development of a *Pastoral Care Resource Guide*, coordinated system-wide efforts to celebrate National Pastoral and Spiritual Care Week, and facilitated an annual meeting of the System pastoral care leaders to discuss issues of concern to them.

Ethics

ETHICS QUALITY PLAN

Fully implemented four years ago, the *Ethics Quality Plan* continues to guide all system-wide and local ministry ethics initiatives. In FY2008, focus continued to be on refinement of organizational ethics structures and education, and assisting with system-wide and local ministry responses to current ethical challenges and issues, with special focus in the clinical ethics realm on artificial nutrition and hydration and case consultation processes, and in the organizational ethics realm on values-based partnerships, compensation and benefits and charity care. The Ethics Advisory Group, which meets annually, provides guidance and support to the implementation of the *Ethics Quality Plan*. During its annual meeting, the advisory group discussed issues such as artificial nutrition and hydration, ethical decision making, organ donation, Institutional Review Boards and ethics education.

ETHICS EDUCATION PROGRAMS AND RESOURCES

Staff developed and delivered ethics education programs, including

collaborating in the refinement and delivery of twelve-part, *National Ethics Champions* program with other Catholic health systems. Additionally, the staff edited and published a monthly ethics newsletter for leaders, co-workers, medical staff and board members. The newsletter focuses on special issues in organizational ethics, and is designed to build system-wide capacity in making organizational ethics decisions. Among the topics covered in FY2008 were organization ethics competencies, unnecessary treatment, moral distress, and physician relationships. The staff also provided support for System and Local System ethicists, as well as coordinating and facilitating a semiannual ethics coordinators meetings. Among the themes discussed were the role of ethics committees, ethics education, artificial nutrition and hydration, and FY2008 planning and education.

AD HOC ETHICS CONSULTATIONS

Department leadership provided numerous ad hoc ethics consultations with Local System leaders on matters related to *Ethical and Religious Directives* compliance, case consultations, Catholic identity, organizational ethics structures and new organizational relationships. Staff also assisted in the continued review Patient Financial Services Policy (formerly Charity Care Policy), and ongoing issues related to Local System requests for policy modifications related to regional cost of living and potential implementation of emergency room copayments.

*Community Benefit and Care
for Those Who Are Poor*

As members of the Catholic health

ministry, we are called to live the teachings and promises of Jesus Christ and address the social and economic injustices in our society. Whether in our local communities, our nation or our world, Bon Secours Health System is taking steps to treat the symptoms of injustice, and to create systemic change in the quality of life and holistic health.

HEALTHY COMMUNITY INITIATIVE

To contribute to the transformation of economically poor and vulnerable communities into places of health and hope, Bon Secours Health System draws on its Catholic social tradition. Our tradition teaches us that the person is not only sacred but also social. How we organize our society — in terms of economics and politics — directly affects the capacity of each person to grow and develop.

Therefore, the Bon Secours Health System is preparing to participate in a healthy community initiative in each community served. A healthy community initiative is founded on long term, collaborative relationships in which service organizations engage and empower members of a defined geographic community to support them in improving their quality of life and holistic health.

To begin the healthy community initiatives in the other communities served, over the last several years' education has been provided to all senior leaders and Boards of Directors. In each market served, the Health System conducted an analysis to identify the most vulnerable communities. Unfortunately in most markets there are many vulnerable communities. Therefore to select a community of focus, the System used other selection criteria such as the number of co-workers that live in the

community and the importance of the Bon Secours Health System institution to the stability and economy of the community.

Dedicated healthy community initiative leaders have been hired in five of the seven local systems. The other local systems are actively recruiting for a leader. These leaders will engage diverse individuals and organizations to create a common vision and to identify the priorities for improving the quality of life to which all can contribute.

PATIENT FINANCIAL ASSISTANCE SERVICES

Bon Secours Health System is committed to ensuring access to needed health care services for all. To formalize the commitment that all patients are treated with dignity, respect and compassion throughout admission, delivery of services, discharge and billing and collection processes, the Bon Secours Health System Board of Directors approved a *Patient Financial Assistance Policy*.

The financial assistance program aids uninsured patients who do not qualify for government-sponsored health insurance and cannot afford to pay for their medical care. Insured patients may also qualify depending upon family income, family size and medical needs. The program provides 100% financial assistance for families that fall at or below 200% of the federal poverty level, which is adjusted by the Medicare geographic wage index for each community served to reflect that community's relative cost of living.

For uninsured and underinsured patients with annual incomes greater than 200%, as adjusted by the Medicare geographic wage index, the patient financial assistance program offers a reduction to the amount

of the full charges for medically necessary services. The financial assistance program uses data from the Tax Foundation to set a maximum annual family liability to receive needed health care services to ensure that no family suffers a catastrophic financial burden.

OTHER COMMUNITY BENEFIT SERVICES

For Bon Secours Health System, creating an option for those who are poor and disadvantaged cannot be simply providing free or discounted services to those who come to our health care facilities in crisis without financial means to pay. Our call to live the teachings and promises of Jesus Christ requires that we nurture the growth of individual and community capacities and create opportunities for each individual to assume a meaningful role in defining and pursuing holistic well being, peace, and hope.

The following provides illustrative examples of the community health partnerships in which Bon Secours Health System participates.

Children Services

Bon Secours Health System has a special concern for children from low income families. In FY2008, Bon Secours Health System served over 1500 children by providing free primary care, mental health or dental services. In addition, we worked to identify and enroll children who are eligible for in government health care insurance programs.

Baltimore, Maryland

Bon Secours Baltimore Health System, located in an urban area with a high incidence of poverty, crime and disease, has long understood the value of a healthy community initiative. Over 10 years ago, Bon Secours Baltimore was the catalyst in

forming *Operation ReachOut South West*. This partnership is a broad-based coalition comprised of over 65 organizations. Committees are addressing six issues (economic development, education, health, physical planning, public safety and special needs). The last bank in southwest Baltimore closed in 1998, leaving only check cashing outlets, pawn shops, and predatory home mortgage lenders to meet the residents' needs for financial services. To fill this void, the *Operation OutReach Economic Development Committee* and the Bon Secours of Maryland Foundation developed *Our Money Place*, a community-owned, full service financial center that provides a range of needed services from transactional (check cashing, money orders) to asset building (homeownership counseling, credit counseling.)

Suffern, Warwick and Port Jervis, New York

Bon Secours Charity Health System serves three very different communities located in southern New York State along the borders of New Jersey and Pennsylvania. The *Perinatal Bereavement Partnership* offers support through the various stages of grief and healing after the death of an unborn or newborn child. The partnership offers to bereaved parents, siblings, and other relatives and friends a variety of mutual help groups and special services including a parent network for one to one sharing, lending library and telephone support.

Riverdale, New York

Bon Secours New York Health System located on the east bank of the Hudson River in the Bronx, provides a continuum of long-term care services. *Interfaith Caregivers of the Northwest Bronx* is a community-based program that provides

volunteers to the homebound and frail elderly residents living in the community. Bon Secours New York supports nine faith communities of diverse denominations to recruit and train volunteers to assist homebound elderly in such essential activities of daily living as shopping, home repairs, respite care for families and companionship visits.

Newport News, Norfolk and Portsmouth, Virginia

Bon Secours Hampton Roads Health System serves three very different communities located in Hampton Roads area of eastern Virginia. Mary Immaculate Hospital, a joint venture between Bon Secours Health System and the Bernardine Sisters of the Third Order of St. Francis, is a founding partner of *Family Focus*. *Family Focus* is a broad coalition of private and public organizations that provide a continuum of education, prevention and support programming to Newport News and surrounding communities to encourage healthy child development and assist parents and caregivers in providing nurturing environments in the home and community.

Richmond, Virginia

Bon Secours Richmond Health System participates in several partnerships that are addressing health and well being throughout the metropolitan area. One of these is focused on asthma. The vision for a healthy community for the *Asthma Self Management Partnership* is that any child suffering from asthma is fully supported in the management of the condition by parents, health care providers and schools. The partnership includes schools, students, parents, the American Lung Association, Bon Secours Richmond Home Medical, private physicians, pharmaceutical companies, and supportive services to help

improve the children's health and the quality of life. The partnership is a member of the Central Virginia Asthma Coalition.

Ashland, Kentucky

Bon Secours Kentucky Health System is located on the Ohio River where Kentucky, Ohio and West Virginia meet. *Community Health Watch* is a faith-based community health ministry in which Bon Secours Kentucky provides preparation and coordination to nurse volunteers in 55 area churches. Bon Secours Kentucky assist the faith communities in developing health and wellness activities that blend with existing ministries and meet the unique needs of each congregation. In all programs, the relationship between physical and spiritual health is emphasized.

Greenville, South Carolina

Bon Secours St. Francis Health System serves the Greenville-Spartanburg area of nearly one million people. The Access to Oral Health Care Program is a collaboration of Bon Secours St. Francis Health System, the Community Health Alliance, Greenville Technical College and New Horizon Family Health Services, Inc. The collaboration is working to improve access to oral health care. The target population includes low income, uninsured and Medicaid-covered children and adults in Greenville and surrounding counties. The overall objective is to improve their oral health status by ensuring access to comprehensive and sustainable oral health services. The services are provided on a mobile dental unit that travels to churches, schools, shelters, and other sites.

St. Petersburg, Florida

Bon Secours St. Petersburg Health System provides skilled and long-term nursing and assisted living to Tampa Bay area. The purpose of Project Healing and

Hope is to provide needed medical and social service navigation for low-income persons with little or no insurance with re-occurring health conditions and who frequent St. Anthony's Health Care's emergency room. These services are provided through a partnership of St. Anthony's Health Care, Catholic Charities of the diocese of St. Petersburg, Bon Secours St. Petersburg, and 12 other organizations. Medical navigation consists of direct services, rehab referrals, and guidance for insurance coverage as well as clinical options.

Community and Social Investments

COMMUNITY INVESTMENT FUND

The Bon Secours Health System Community Investment Fund was established, along with parameters for the use of investments in the community. The fund will invest in local system and international communities through financial intermediaries with the purpose of creating jobs, affordable housing, providing necessary infrastructure, microfinance loans and other necessary economic activities. Return will be measured through social impact on the community. Fund intends to invest between \$5-8 million in FY2009.

MISSION FUND

The Bon Secours Health System Mission Fund mission and purpose were revised to focus on (a) supporting development of healthier communities, (b) addressing health conditions in conjunction with public health initiatives in local systems,

and (c) improving access for uninsured populations as well as addressing health disparities among minority populations.

In FY2008 the Mission Fund provided \$1,294,860 in grant assistance through twenty awards across 10 communities in the United States and three international countries. The Bon Secours Health System Community Grant Fund for Southwest Florida also awarded \$285,725 in 15 grants across the communities of Venice and Port Charlotte, Florida.

SHAREHOLDER ADVOCACY

Health System efforts were focused on gaining corporation support for health reform of the United States health system domestically and increasing access to medications for health conditions internationally. Health System representatives attended conferences conducted by the Interfaith Center on Corporate Responsibility and the United States State Department on human trafficking. Bon Secours Health System hosted a summer conference attended by members of the Interfaith Center on Corporate Responsibility to plan the 2009 strategy for the engagement of United States corporations on health reform policy.

UNITED STATES HEALTH REFORM

Bon Secours Health System representatives continue to collaborate with the Catholic Health Association *Covering a Nation* committee and St. Joseph Health System's Center for Healthcare Reform to provide materials and opportunities for Catholic health system engagement of grassroots populations to reflect on and articulate the need for comprehensive transformation of the United States health system. Documents produced include the four part *Vision and Voice* materials for faith

communities, Catholic Health Association's *Vision for US Health Care*, and local system print ads during Cover the Uninsured Week.

MERCY HOUSING

Bon Secours Health System further developed relationship with Mercy Housing Incorporated in collaboration with opening of Mulberry Court in Greenville, South Carolina (42 units for family housing) and preparation of affordable housing investments through the Mercy Loan Fund.

Quantifiable Community Benefit

This financial information was prepared in accordance with the Catholic Health Association's community benefit reporting guidelines. As a tax-exempt entity, Bon Secours Health System is exempt from federal and state taxation. However Bon Secours Health System contributes value to the community that consistently exceeds the benefit of this tax exemption.

The System periodically has an independent analysis performed by outside consultants knowledgeable of tax law. The consultants help quantify the value of tax exemption including income, unemployment, real estate, property and excise taxes, and the benefit of being able to borrow at tax-exempt interest rates. This independent analysis provides the System with a baseline methodology to compare cost of community benefit services and the taxes that it would pay if it were a taxable entity.

For the fiscal year ending August 31, 2008,

Fiscal Year Ended August 31, 2008

Charity care – <u>at cost</u>		\$ 62,056,000
Government Sponsored Health Care - <u>net expense</u>		\$ 81,131,000
Other Community Benefit Services - <u>net expense</u>		\$ 35,110,000.
Community Health Services	\$ 15,555,000.	
Health Professions Education	\$ 6,266,000.	
Subsidized Health Services	\$ 7,000.	
Community Health Research	\$ 2,000.	
Financial and In-Kind Contributions	\$ 3,263,000.	
Community Building Activities	\$ 6,746,000.	
Community Benefit Operations	\$ 3,271,000.	
Total Quantifiable Community Benefit		\$ 178,297,000.

Bon Secours Health System provided over \$178 million in community benefit services at a cost well in excess of the value of its potential tax obligation.

Advocacy

As a member of the Catholic Health Ministry, Bon Secours Health System is compassionately reaching beyond the walls of tradition to improve our communities by becoming a visible and effective advocate to influence and guide legislation and policy on behalf of health care and social justice. National Advocacy Initiatives provide opportunities to join with coalition partners to influence the development of just and equitable legislative and public policy.

NATIONAL ADVOCACY INITIATIVES

Bon Secours Health System distributed Catholic Health Association’s *Vision for Health* Framework to Local System advocacy leaders and briefed Health System office staff on its major tenets. Bon

Secours Health System also participated with industry leaders in the introduction of the American Hospital Association’s *Health for Life – National Framework for Change Initiative*.

Staff facilitated Health System-wide participation in *Covering the Uninsured Week* through support of media and print advertisements. Bon Secours Health System partnered with Catholic Health Association to host a one day advocacy briefing for Bon Secours Health System Sponsors, and Local System advocacy leaders on Capital Hill attended by Republican House Representatives and newly elected Clerk of the House.

SUPPORT FOR STATE AND REGIONAL ADVOCACY

Staff developed a list of the members of the 110th Congress and their respective Committee participation from the legislative districts in which the Local Systems operate. As a legislative advocate, staff shared action alerts from coalition partners with local advocacy coordinators,

Sponsors and executive leadership on universal coverage; quality; health equity; health professional workforce; and new Internal Revenue Service Tax Directives regarding lobbying.

A representative sample of action alerts are listed below:

- CLC MC 42 – Opposed Governor’s damaging long term care cuts proposal
- Supported Bill to Block Medicare Fee Cuts – Bon Secours New York
- Medicare wage index for Orange County hospitals
- Partnered with American Association of Homes and Services for the Aging to oppose new Centers for Medicare & Medicare Services rating system for Nursing Homes
- Mandatory workforce shortage legislation
- Federal Medical Assistance Percentage Relief
- New Internal Revenue Services directive on Political Activity via the Internet – Bon Secours Virginia
- Senate Special Hearing on Services for Older Citizens – Bon Secours St. Petersburg
- 110th Bon Secours Health System Congressional Members information
- Support State Children’s Health Insurance Program/Medicaid Funding
- Support Alliance to Protect 340 B Pharmacy Program
- Protect fair reimbursement
- Ensure Non-profit tax exempt status
- Joined Catholic Relief Services in support of the reauthorization of President’s Emergency Plan for AIDS Relief
- Supported the National Call -In Day to Stimulate the Economy and National Housing Trust Fund
- Opposed Centers for Medicare & Medicare Services Proposed Rating

System for Nursing Home

- Support Medicaid and State Children’s Health Insurance Program increased funding

PUBLIC POLICY BRIEFINGS

Staff analyzed the impact of pending federal legislation on the Bon Secours Hampton Roads local community and/or Local System through a Sponsor briefing on TRICARE, the United States federal government’s health insurance program. Bon Secours Health System General Counsel led a briefing to advocacy leaders on the Catholic Health Association/American Hospital Association’s Legal Advisory regarding Legal Issues for Non-Profit Organizations- Advocacy, Political Activity and Lobbying. Staff provided health reform statistics to Bon Secours St. Petersburg for presentation at the St. Petersburg Diocesan Council of Catholic Women.

EXTERNAL LEARNING OPPORTUNITIES

Staff maintained liaison with state health association and national advocacy organizations through participation and conference attendance at Catholic Health Association Trustee Board participation; Catholic Health Assembly; American Public Health Association; American Hospital Association; the Atlantic Information Services, Inc. and Premier, Inc.

Ecology and Global Ministries

ECOLOGICAL STEWARDSHIP INITIATIVE

The Ecological Stewardship Initiative was established in October 2007 to support the implementation of ecological stewardship for the Bon Secours Health System,

including the development of policies and practices that promote care for the earth and a Health System-wide culture of sustainable functioning.

Research and Preparation

Extensive research was conducted to determine the nature and extent of ecological efforts in other Catholic and not-for-profit health care systems based in the United States. Through this work, a network of strong relationships was developed which served as a base for sharing of knowledge and best practices. In addition, visits were made to each Local System. Meetings were held with individuals and departments whose functions would be pivotal in the developing of this initiative, including building engineers, environmental services, nursing, public relations and marketing, mission, finance, purchasing, administration, food services, materials management and community outreach.

Development of Team

A Bon Secours Health System Green Team was developed that is representative of each local system and various and related disciplines. This team met in early spring 2008 and, with the help of a facilitator, developed an action plan for the initiative, a team charter and assumed responsibilities to help move the Initiative forward.

Narrative and Action Plan

A working document was developed to provide a context for Ecological Stewardship within the Bon Secours Health System's mission and values, including guidelines and a proposed phased-in approach. The Action Plan, developed with the Green Team, details specific activities, definition of responsibilities and a time line for the next three years to coordinate with the Health System's

Strategic Quality Plan.

Partnering

Partnering both within Bon Secours Health System and with outside groups has been essential. The first major system-wide green initiative — the HWS waste stream management initiative — emerged from Supply Chain Operations. This base will provide the opportunity for broad based recycling.

The 2007 Ministry Leadership Formation Team on Greening offered their work and energy as a base to build on. Several local system building engineers provided information regarding implementation of Energy Star practices. Health System-wide membership in Practice Greenhealth is providing the tools and consultation for evaluation of the Health System's carbon footprint and priorities for change. Other areas of partnering include Clean Med and the Global Health Safety Initiative.

Support Mechanisms

Among the other mechanism and collaborations supporting this initiative are:

- **Ecology Video.** Using the 2007 Ministry Leadership Formation presentation on Greening, a video has been filmed and is being edited and prepared. This will be used with Board of Directors and local system groups to articulate the Health System's activity and interest and engage people in this effort.
- **Earth Day 2008.** Celebration of Earth Day included a week of focused prayers and a presentation on the Health System intranet, displays of the earth day flag and poster at each Health System Office site, and distribution of copies of the Earth Charter to all Health System Office employees.

- **William and Mary Collaborative.** A collaborative plan for development of an electric power efficiency management model is being developed through a collaboration between Bon Secours Health System and the Masters in Business Administration program at William and Mary College. Results are expected in late spring 2009.

GLOBAL MINISTRIES INITIATIVE

The Global Ministries Initiative was established in October 2007 to develop and international mission outreach including coordinating efforts for supporting delivery of health care and social services in developing countries with particularly focus on Peru, Haiti and South Africa.

Research and Preparation

Research was conducted to determine the nature and extent of global ministries in United States-based Catholic health systems. Exploration led to connection with the Catholic Consortium for International Health Care, a voluntary group of directors and vice presidents predominately from Catholic Health Care Systems whose systems were actively involved in outreach health care efforts to developing countries. Their guide to developing an international ministry became the base for the Bon Secours Health System's plan.

These relationships provide consultation, a referral base, areas for partnering around the delivery of services and vehicles for development of the necessary infrastructure to accomplish international work. Meetings were held at each local system to share information and determine the extent of interest and involvement in this work. It was determined that a high level of interest with several commitments already in process existed within the Health System.

Development of Team

A Global Ministries Team was developed. Members were gathered from the 2007 Ministry Leadership Formation Team and staff with previous international experience. The team met in the spring 2008 and developed an action plan and mission statement in the context of the Bon Secours Health System's values and Strategic Quality Plan.

Narrative and Action Plan

A working document was developed to provide a context for Global Ministries with the Bon Secours Health System's mission and values, including guidelines and a proposed phased-in approach. The action plan, developed with the Global Ministries, details specific activities, definition of responsibilities and a time line for the next three years to coordinate with the Bon Secours Health System Strategic Quality Plan.

Partnering

The development of an infrastructure, skills and knowledge needed for a Global Ministries requires partnering in several areas. Within Bon Secours Health System, the 2007 Ministry Leadership Formation team created a focus and presentation on immersion experiences with developing nations toward a conversion of mind and heart, an essential posture for effective collaboration with those who are poor.

Related external partnerships presently include:

- Catholic Consortium for International Health Care
- CHUMA collaborative warehouse (Providence Health, Peace Health, Ascension Health, Catholic Medical Mission Board, and Catholic Health West) on the West Coast to prepare, transport and negotiate to sending

equipment, supplies and medications to developing countries.

- Catholic Medical Mission Board
- Catholic Relief Services

Transportation of Equipment

The infrastructure to transport equipment and supplies is in its initial stages of development in collaboration with the Catholic Medical Mission Board and Caritas Peru. The first shipment of a General Electric donated ultrasound machine with probes is now en route to the Sisters of Bon Secours in Trujillo, Peru. Also, an electric scooter is being researched for electric compatibility and will be sent to Zambia. Other donations include: multiple hospital beds and IV poles and a significant donation of supplies and medications to Haiti by two local systems. A training program on the preparation of equipment for international donation will be held at local systems in the near future.

Donations

Disaster relief has been sent to Haiti following the devastating 2008 hurricanes through Catholic Medical Mission Board, Catholic Relief Services and the Diocese of Richmond Haiti Health Care Foundation. Relief for food and water has been sent to the Sisters of Bon Secours in Tzaneen, South Africa in response to overwhelming numbers of orphans and young adults dying from HIV/AIDS coming in from Zimbabwe. Efforts to develop a strategic plan for assistance in Tzaneen will begin in the near future.

Immersion Experiences

Plans are in process for developing a potential immersion experience in one of the following countries: Haiti, the Dominican Republic, or Peru. Possible partners include Catholic Medical Mission

Board or Catholic Consortium for International Health Care.

Collaborations

A number of collaborations are underway, including:

- Work is in process to develop a business plan with the “Creaciones Potel”, a micro-clothing business sponsored by the Sisters of Bon Secours in Peru to help develop capacity in this effort
- Working on a project of the Catholic Health Care System executives and the Catholic Consortium for International Health Care to develop joint international projects in developing countries.
- Working on a subcommittee comprised of representatives from Bon Secours Health System, Christus Health and Trinity Health System to develop a joint project in Peru. Reviewing a proposal from the Catholic Medical Mission Board to focus on a World Health Organization program called the Integrated Management of Childhood Illnesses as a possible joint endeavor.

Clinical Transformation

In our pursuit of optimal patient care for every patient, every day, Bon Secours Health System has undertaken clinical transformation to move our ministry toward providing the ideal patient experience and showing a positive financial downstream impact of improved quality. With its success dependent on the collaborative work of clinical quality, finance, and operations, Bon Secours Health System decided the first areas of focus for clinical transformation would be sepsis and palliative care.

Sepsis was selected as an area of focus for FY2008 because of the devastating impact it has on our patients. Often difficult to diagnose and treat in its early stages, sepsis was one of the highest volume diagnoses in FY2007 and a leading cause of mortality within Bon Secours Health System. Additionally, sepsis was chosen because of the high variability in cost and the potential for savings related to reducing the incidence of hospital-acquired sepsis.

Through the creation of interdisciplinary teams, evidence-based order set development, knowledge-transfer throughout the Health System and education among other initiatives, Bon Secours Health System was able to decrease the mortality of patients with sepsis present on admission to the Emergency Department from 13.38% to 9.83% and reduce the incidence of hospital-acquired sepsis from 5.42% to 3.50%. Although more work is needed to further decrease sepsis incidence and mortality, there have been great improvements during the first year of the clinical transformation efforts and there is excitement about the future of the initiative.

To assist the success of clinical transformation, the Local System executives have entrusted clinical leadership (i.e., Chief Nursing Officers, Vice Presidents of Medical Affairs/Chief Medical Officers) and finance (Chief Financial Officers) from across the Health System to form an interdisciplinary team and spearhead clinical transformation for FY2009. With a broader scope in the coming year, the group is dedicated to improving the patient experience and the financial bottom line as Bon Secours Health System aims to be the best provider of care in our markets and “good help to those in need”®.

Palliative Care

Holistic palliative care is core to the history and mission of Bon Secours Health System, and continues to grow into an established service across the Health System and be integrated into initiatives across the continuum of care.

Accomplishments achieved in FY2008 include an increase in access to palliative care services, expanded use of advanced directives, integration into ConnectCare® and other Health System programs, increased educational opportunities for our clinicians, improved financial performance and quality metrics, and contributions to collaborative learning and publications at the national level.

Palliative care services embraced an enterprise wide Strategic Quality Plan goal of Zero Preventable Deaths. We expanded the Institute for Healthcare Improvement’s mortality review process to include palliative care services earlier in the episode of care and identify required support strategies to reduce preventable deaths, while supporting the death of appropriate end of life patients with earlier intervention from palliative care clinicians. This effort resulted in improved the average time of advanced directive determination from our baseline of day of death to ten days prior, and increased palliative care bundle compliance rates to 90%.

Our action items continue to expand as we have focused a task force of clinical and legal experts on improving our advanced directive compliance and documentation in seven states through the advancement of our electronic medical record clinical information system of Connect Care®.

Operationally our services have increased access to services in our intensive care units that were identified most in need of palliative care support. We have improved collaboration with our intensive care units by increasing education and establishing new processes and benchmarks, resulting in an increase in consultation rates by 10%.

Bon Secours Health System is the first multi-state Catholic Health System to have a national contract providing free online palliative care education with The Education on Palliative and End of Life Care Project and the first free online palliative care education offered to its healthcare professionals.

Bon Secours Baltimore Hospital is one of the hospitals in the Washington, D.C. region chosen by The George Washington Institute for Spirituality and Health to implement innovative programs designed to change the culture of health care institutions towards more effective integration of spirituality and health. This project will test models for fostering spirituality and spiritual care in interdisciplinary health care teams to increase compassionate and patient centered care in participating health care institutions.

Schervier Center for Research in Geriatric Care at the Bon Secours New York Health System is a recipient of a New York State Department of Health Palliative Care Dementia Grant. The Schervier Center developed *Best Practices in Palliative Care for Dementia Residents: Steps for Success Training and Resource Manual*. The resource has been distributed to over 700 nursing homes in New York State and to all of the Bon Secours Health Systems nursing homes and palliative care hospital teams.

The result of a financial pilot analysis validated palliative care's cost savings potential projected cost savings target of \$1,925,758 would be reached by the end of the FY2008 fiscal year based on all palliative care collective results. This reduction of costs was integrated as one of the focuses into the system wide initiative of Clinical Transformation where comprehensive inter-disciplinary approach to achieve care delivery excellence throughout the patient care continuum measurably improves quality, creates holistic, patient centered care experiences, and reduces healthcare costs by reducing waste and optimizing the value proposition. Year-end results exceeded expectations at \$4,172,100.

The Bon Secours Health System has been nominated for the 2009 American Hospital Association's Circle of Life Award: Celebrating Innovation in Palliative and End-of-Life Care.

The Bon Secours Health System will be published and will present at the National Center to Advance Palliative Care conference *From Concept to Critical Mass: Building, Growing & Sustaining Today's Palliative Care Program: Build to Sustain Programs by Multiple Data Collection*.

Nursing

Nursing is at the core of Bon Secours Health System. As a formal commitment by the Bon Secours Health System Board of Directors and executive leadership, a system chief nursing officer position was created as part of the system executive management team. The focus of the role is to integrate nursing practice across system and assure and drive patient care activities

to achieve clinical transformation. The implementation of Connect Care® is our tool for achieving clinical transformation. Clinical leaders will promote coming together to develop new ways of caring for our patients and communities through the optimization of the power of an advanced clinical information system. The integration of clinical leadership will make it possible to link all clinical and financial and quality outcome information.

To drive the work for nursing across the system, a Nursing Leadership Collaborative was formed this year. The Nursing Leadership Collaborative has been designed to bring together the collective experience and intellect of nurse leaders to facilitate and guide the direction of nursing practice and affect changes that will be realized across the entire enterprise to achieve our collective vision of nursing practice excellence. The Nursing Leadership Collaborative will provide access to leading clinical practices and information to enhance our ability to provide excellent care and services to our patients and physicians, resulting in an enhanced operating performance and outcomes. It is about creating an excellent standard of care across the Bon Secours Health System System.

Comprised of nursing leaders from across the system, the Collaborative has created a shared vision for nursing practice and established key strategic priorities. The role for nursing leadership is to create transformation by challenging current ways of doing things and adopting latest evidence, innovation, and best practices in order to achieve clinical practice excellence.

Throughout FY2008, nurse leaders from across the Health System have come

together to establish a common vision and identity for a system-wide Center for Nursing Practice.

The Vision for the Center for Nursing Practice is: *Bon Secours Health System will be recognized as a national leader for delivery of high quality compassionate nursing care, offering a practice environment that attracts and retains competent, highly engaged nursing staff. Nurses at Bon Secours Health System are leaders and innovators of patient care.*

The Collaborative has created the Center for Nursing Practice to serve as the system framework to align and integrate the nursing activities across the system. The charter of the Center, to create the future of nursing, is tightly linked and aligned with Clinical Transformation. This process gave us the opportunity to bring together a divergence of opinion and to challenge our thinking to a new way of providing our care.

In June 2008, a Health System-wide strategic priority setting was conducted using the 2008 American Association of Certification for Nursing Magnet Framework. The framework provides a unifying framework for assessment and strategic planning. This work will be led by the Nursing Leadership Collaborative.

The strategic goals established by the Collaborative are established to support professional practice and clinical transformation. They are:

- **Leadership:** Establish a Bon Secours Health System Nurse Manager Academy; Adoption and pilot testing of the American Organization Nurse Executive Competency Model for Nurse Managers
- **Quality:** Establish the measures to define and evaluate Nursing-Sensitive

Quality Measure; Health System-wide adoption of National Database Nursing Quality

- **Clinical Transformation:** Pressure Ulcer Reduction Initiative
- **Recruitment & Retention:** Develop a Bon Secours Health System brand for nursing that embodies the competencies to deliver holistic, high-quality care.

Bon Secours Health System's commitment to achieving clinical transformation is driven by the responsibility to deliver the right care at the right time every time. Clinical transformation is about service to our patients, their families, and our clinicians. Ultimately it is about our mission to provide care that matches our patients' needs. In order to meet those needs our clinicians and other care givers need real time access to critical information in order to make that goal a reality. The goal of the Nursing Collaborative is to achieve a community where professional nurses are empowered to influence decisions regarding their practice; work in healthy environments that support work-life balance and flexibility, provide state-of-the-art science and technology to support evidence based practice, and whose value is viewed as a strategic asset. This will occur through the creation of practice environments where nurses can practice the art and science of nursing, structures and processes to transform the way we deliver care by integrating technology into bedside care and providing more time for the nurse to focus on the patient experience and to develop and implement clinical/nursing education and leadership capabilities to assure Bon Secours Health System nurses have the skills and knowledge that will result in continuous learning and development.

The primary purpose of the Nursing Leadership Collaborative and the Center

for Nursing Practice is to carry out the mission of Bon Secours Ministries and Bon Secours Health System, drive changes in delivery of bedside care, and promote the image of professional nursing.

Human Resources

Liberating the potential of all of our Bon Secours Health System employees is core to our identity as a Catholic health care ministry. Talent Management is recognized as an integral part of carrying out the initiatives within our Strategic Quality Plan.

In 2007, Talent Management was identified as a core organizational capability because of the importance of continuing to develop our leadership. We understand that the success of our health care organization is based upon the talents, skills and abilities of our leaders and our employees. Through our Talent Management processes we are able to position ourselves to recognize, develop and build the talent we need today and into the future. Talent Management is a structured approach to attract, retain, develop and engage our employees.

Each employee in Bon Secours Health System has the opportunity to have performance discussions with his or her manager. The purpose of these Talent Management discussions is to:

- Set performance goals and objectives
- Review performance and determine competency levels
- Discuss career aspirations and future opportunities
- Create development plans and implement them.

Significant accomplishments in the area of Talent Management have included the

following:

PERFORMANCE PLANNING AND REVIEWS

Performance Planning and Reviews are the annual discussions when employees and their immediate supervisors meet to document performance objectives. In these discussions they discuss and assess present and future career interests, document development objectives and monitor progress and accountability throughout the year. The process was developed in 2003.

LEADERSHIP CAPABILITY REVIEWS

Also in 2003, Leadership Capability Reviews were introduced. Leadership Capability Reviews are an integral part of assessing our executive and senior leaders. This assessment involves careful review of the performance and potential of the talent of our leaders against current and future organizational needs.

SUCCESSION PLANNING AND TALENT POOLS

In 2005, a structured process to determine potential successors for key positions and specific actions to fill any talent gap was developed and is updated on a regular basis.

EMPLOYEE ENGAGEMENT

An important representation of our commitment to the dignity of every employee is the opportunity for each employee to participate in a survey measuring his or her work engagement. Scores continued to improve in 2008 going from the 56th to the 65th percentile of Gallup's national database.

Center for Ministry Leadership

The Center for Ministry Leadership completed its second year of ministry formation at Bon Secours Health System with the following achievements:

MINISTRY FORMATION PROGRAMS

Further development of programming within the 4-level design of ministry formation including a collaborative effort with the Bon Secours Institute to begin the design of a ministry formation program for Clinical Leadership, specifically physician and nurse executive leaders from the local systems and the health system office

32 senior and executive leaders from across the health system completed a newly designed Level II offering entitled, *Legacy and Leadership Empowering the Ministry*. The participants gathered six times during the year for a two-day module in a retreat setting to build upon the Level I prerequisite, *Foundations of Catholic Healthcare Leadership*. This collaborative effort included a shared design and faculty from two other Catholic healthcare systems (Catholic Health East and Covenant Health Systems). The five areas for study, prayer and reflection were: Biblical Foundations, Church, Ministry, Catholic Social Teaching and Organizational and Clinical Ethics. The program closed with an integrative retreat

The Center for Ministry Leadership at Bon Secours Health System has responded to requests from other Catholic institutions who do not have the resources of a ministry formation center and who desire programming for their leaders, including a

smaller Catholic health system, a Catholic Institution of Higher Education, and a religious congregation seeking formation programs for their governing and sponsoring bodies. Formal agreements have been implemented for Level I and Level II offerings described above

Bon Secours Institute

The Bon Secours Institute, part of the Talent Management, Human Resources, function of Bon Secours Health System, provides leadership development and training. Our particular focus is on areas that have system-wide impact on the growth and education of leaders. The Institute designs and facilitates leadership training, assists local systems to develop their capacity to provide leadership training and development, and ensures alignment of these educational initiatives with the Bon Secours Health System educational philosophy, the Continual Development System, and the Bon Secours Strategic Quality Plan.

In FY2008, the Institute hired a fulltime Director, two Leadership Trainers/Designers and an eLearning Designer. There are now three core lines of service established, outlined below. The following has been accomplished in each of these service lines:

LEADERSHIP DEVELOPMENT CURRICULUM

Design and delivery of core Bon Secours Health System leadership curriculum

- Designed a new learning program for first-line leaders – “Great START Good Help” — based on input from over 200 leaders throughout Bon Secours Health System. This program offers robust tools and just-in-time

learning designed to help new first-line leaders thrive during their first six months of leadership. The Institute formed a local system Community of Practice Team to assist and provide feedback during the design process.

- Continued oversight of the *Foundations of Management* curriculum, including units on Interviewing, Leading Performance and Financial Management. Through participant and facilitator feedback, the Institute coordinated redesign of Financial Management content to ensure it met the learning needs of leaders.
- Offered several workshops of *Facilitative Leadership*. This workshop, sponsored by Interaction Associates, presents seven practices to tap into the power of participation, and assists all leaders to fully engage their team in the work of their unit / department and the ministry of Bon Secours Health System.

LOCAL SYSTEM SUPPORT

Increasing local systems’ capacity to deliver leadership training

- **Great START Good Help:** The Institute held a kick-off with local system facilitators to introduce and further the understanding about the program, facilitation techniques, and key strategies for implementation, marketing and communication. A Community of Practice was established to include facilitators from each local system and the Institute team to meet regularly. The purpose of this group is to build a community, and to provide updates on program design, materials and roll-out across Bon Secours Health System.
- **Foundations of Management:** The Institute sponsored a Financial Management unit pilot in one local

system to test revisions and to provide local system leadership with this education. In addition, Institute trainers have co-facilitated Foundations units within local systems to support new trainers. The Institute continues to provide support to all local systems as they offer Foundations workshops.

- **Facilitative Leadership:** The Institute offered training-for-trainer workshops in order to bring this workshop to the entire health system. Trainers attended from across Bon Secours Health System and several are in the process of becoming certified to facilitate on their own. The Institute also works with local system to staff Facilitative Leadership Workshops.

Strategic Planning

STRATEGIC QUALITY PLAN FISCAL YEAR 2007-2009

The 2007-2009 *Strategic Quality Plan* [Appendix C] has six strategic goals to enable the fulfillment of the three-year vision noted earlier:

- **Build Healthier Communities:** Bon Secours Health System's mission calls us to enhance the quality of care for patients and residents but also to make a substantial contribution to improve the quality of life in each community where Bon Secours Health System has a presence.
- **Liberate the Potential of People:** Bon Secours Health System must assure its mission, values and operating principles are integrated into the fabric of the organization.
- **Deliver Clinical Excellence:** Quality, service and safety are fundamental to the ministry.
- **Align with Premier Practitioners:** Physicians are critical partners in the

success of the health care enterprise. When physicians feel economically disadvantaged or disenfranchised, this partnership is broken and a disconnect results.

- **Pursue Focused Growth:** Growth is essential to the future of the ministry.
- **Achieve Operational Excellence and Strengthen Financial Position:** Bon Secours Health System's ability to assure the sustainability of its mission is based upon its operating and financial performance.

Financial

Bon Secours Health System continued to experience volume and revenue growth during fiscal year 2008. Volume, as measured by adjusted discharges, increased 2.8% over prior year. Operating revenue of \$2.6 million increased 8.5% over prior year. Even with this growth, Bon Secours Health System was challenged during fiscal year 2008 both internally by operations and externally by the capital markets. Operating income from continuing operations of \$40.8 million was significantly less than prior year's operating income of \$92.7 million. The operating margin of 1.5% was less than prior year's 3.8%.

In 2008, Bon Secours Health System's operations in Richmond, Virginia and Greenville, South Carolina were strong and provided \$99 million in operating income. During this same time, Bon Secours Health System experienced significant operational challenges in the Charity, New York, Baltimore, Maryland, and Hampton Roads, Virginia markets. Operating losses in these three markets totaled \$60 million. Volume declines were experienced in Baltimore and Hampton Roads due to

changes medical necessity for admissions as well as lost market share. Charity volumes increased over prior year but expenses grew at a higher rate anticipating more growth than was realized.

Significant efforts have been deployed to improve operations in these markets, including management changes and realignment, reductions in force, cost reduction programs from external experts and renewed program expansions. Focus will continue to ensure these markets continuously strengthen their performance in FY 09.

Bon Secours Health System experienced non-operating losses of \$116 million compared to \$58 million in prior year gains. Investment earnings dropped with the U.S. and international capital market declines, ending the year with a \$42.6 million loss compared to a \$73 million gain in the prior year. The extraordinary U.S. investment and debt market fluctuations also required the recording of mark-to-market accounting valuation losses of \$36 million. Finally, \$20 million of bond issuance costs paid in prior years and being amortized over the life of the bonds were written off in January as Bon Secours Health System retired these bonds to restructure its bond portfolio to significantly reduce annual interest expense and debt service requirements.

During the first quarter of 2008, Bon Secours Health System finalized the transfer of the Michigan operations in Grosse Pointe, Michigan to William Beaumont Hospitals and Henry Ford Health System, resulting in an infusion of \$63 million cash.

The consolidated balance sheet as of August 31, 2008 indicates assets of \$2.7 billion exceeded liabilities of \$1.9 billion for a net asset position of \$864 million [Appendix D]. Net assets declined \$96.4 million over prior year due primarily to the non-operating investment losses discussed above. Long-term debt outstanding of \$1.1 billion remained virtually unchanged. The unchanged debt position paired with a declining net asset position caused total capitalization of 56.8% to increase from 54.7% last year.

At August 31, 2008, total unrestricted cash and investments of \$770 million represented 113 days of daily cash operating expenses. Days cash declined from prior year's 135 due to the declines in investment market values.

With the volatility of the investment market, management continues to focus on strengthening operations and maximizing investments that will improve financial performance in relation to long-term debt.

Conclusion

We celebrate the gift from God through the healing ministry of the Church. Catholic Health Care in the United States makes a significant contribution not only to reveal the healing love of God, but also to witness to God's on-going presence with God's people. As the sponsor of Bon Secours Health System, we consider ourselves blessed to be able to participate in this sacred work of God.

As this report reflects, so much has happened in the course of a year in the ministry of Bon Secours Health System. And we recognize the significant contribution of all the co-workers within Bon Secours Health System who trusted God's call to be "good help" to all in the communities we serve.

The ministry of sponsorship as a public juridic person comes with great

responsibility for the vitality and fidelity of the ministry entrusted to the sponsor. We affirm with great confidence the stewardship of the ministry of Bon Secours Health System as it is lived day-to-day.

As we write this report reflecting on FY2008, we are deeply aware of the significant changes that have happened in recent times that will deeply affect the delivery of health care in the United States: the election of Barack Obama as President of the United States, the economic downturn and crisis, and the efforts at health care reform, to name a few. We face the future with caution and trust — caution to be attentive to the challenges before us, and trust in the abiding presence of the healing Christ who walks with us into a new future, filled with wonder and hope. We know we are not alone in this ministry.

Appendix A

1-Altoona Regional Health System

- Altoona Hospital Campus, Altoona, PA (H)
- Bon Secours Campus, Altoona, PA (H)

2-Bon Secours Kentucky Health System, Inc.

- Our Lady of Bellefonte Hospital, Ashland, KY (H)

3-Bon Secours St. Francis Health System, Inc.

- St. Francis Hospital, Greenville, SC (H)
- St. Francis Women's and Family Hospital, Greenville, SC (H)

4-Roper St. Francis Healthcare

- Bon Secours St. Francis Hospital, Charleston, SC (H)
- Roper Hospital, Charleston, SC (H)

5-Bon Secours St. Petersburg Health System

- Bon Secours Maria Manor Nursing and Rehabilitation Center, St. Petersburg, FL (N)
- Bon Secours Place at St. Petersburg, St. Petersburg, FL (A)

6-Bon Secours Charity Health System, Inc.

- Bon Secours Community Hospital, Port Jervis, NY (H)
- Good Samaritan Hospital, Suffern, NY (H)
- Mt. Alverno Center, Warwick, NY (A)
- Schervier Pavilion, Warwick, NY (N)
- St. Anthony Community Hospital, Warwick, NY (H)

7-Bon Secours New York Health System

- Schervier Nursing Care Center, Riverdale, NY (N)

8-Bon Secours Baltimore Health Corporation

- Bon Secours Hospital, Baltimore, MD (H)

9a-Bon Secours Virginia - Richmond

- Bon Secours Memorial Regional Medical Center, Mechanicsville, VA (H)
- Bon Secours Richmond Community Hospital, Richmond, VA (H)
- Bon Secours St. Francis Medical Center, Midlothian, VA (H)
- Bon Secours St. Mary's Hospital, Richmond, VA (H)
- Bon Secours Retirement Community at Ironbridge, Chester, VA (A)

9b-Bon Secours Virginia – Hampton Roads

- Bon Secours DePaul Medical Center, Norfolk, VA (H)
- Bon Secours Maryview Nursing Care Center, Suffolk, VA (N)
- Mary Immaculate Hospital, Newport News, VA (H)
- Maryview Medical Center, Portsmouth, VA (H)
- Province Place of DePaul, Norfolk, VA (A)
- Province Place of Maryview, Portsmouth, VA (A)
- St. Francis Nursing Center, Newport News, VA (N)

A = Assisted living facility
H = Acute care hospital
N = Nursing care center

