“This 2005 PeaceHealth Community Report gives special recognition to 70 years of medical excellence and compassionate care at Sacred Heart Medical Center.” 1936-2006
This past year has seen numerous examples of the organization carrying on its healing mission and fulfilling its commitment to provide exceptional medicine and compassionate care. Continuous improvement of health care quality, intelligent financial management, enhancement of the patient and physician experience, progress at the RiverBend campus, escalating charity care, and the Hilyard campus renewal are just a few of the issues we have faced. It has been an exciting beginning to my tenure with PeaceHealth, and I wouldn’t have wanted it any other way. The rewards of providing exceptional medicine and compassionate care always far outweigh the obstacles that must be hurdled to achieve them.

The RiverBend campus is six months into construction, building toward a remarkable hospital of the future. The Hilyard campus renovation plans have been adjusted to complement changes at RiverBend and meet the needs of the community.

Our quality improvement efforts continue to enhance the patient experience at Sacred Heart Medical Center and PeaceHealth Medical Group. Cottage Grove Community Hospital is exceeding the expectations of the local community. The entire PeaceHealth system is in the midst of the 100K Lives Campaign, a national program spearheaded by the Institute for Healthcare Improvement to save 100,000 lives in American hospitals by June 2006.

At PeaceHealth, stewardship and controlling healthcare costs are key to fulfilling our mission to the patients and families we serve. However, charity care costs increased 33% from last year while bad debt increased 60%.

We continue to develop an alliance with Oregon Health & Science University and the University of Oregon to bring a medical academic campus back to Eugene. A clinical base for this medical student program is planned for the renovated Hilyard campus and the UO campus.

All of this is cause for celebration, especially as we observe in 2006 the 70th anniversary of Sacred Heart Medical Center’s founding as a non-profit healing resource in the community. We’ll be sharing many anniversary stories with you during the year, beginning with this annual report. These are stories that have shaped who we are and lay the foundation for the next 70 years of compassionate care in the Oregon region.

Sincerely:

Mel Pyne, CEO and Chief Mission Officer
It was not at all unusual for her to telephone friends late at night, tell them about a poor family waiting in the hospital lobby while one of their members received free medical attention… No one knows how many mothers leaving Sacred Heart with new babies received anonymous gifts of swaddling clothes because Sister had learned through the hospital grapevine they could not afford basic layettes.”

The Register-Guard, in its eulogy for Sister Margaret Anne upon her death in 1966.

One of four nuns who arrived to take over the hospital’s operation in 1936, she was known throughout Eugene as “The Voice of Sacred Heart” through her roles as switchboard operator, receptionist, patient registrar, and unofficial community liaison. “In this capacity she had a great deal to do with breaking down the strange prejudices that existed about a Catholic hospital here,” said Carl H. Phetteplace, MD.

“None of the equipment we used was disposable, so we were boiling equipment all night long. The units always smelled like rubber. We spent all day Saturday getting equipment ready for Monday, sharpening needles on an emery board, making lines from rubber tubing… Equipment was always in short supply. I can still hear Sister Delores’s Irish accent, saying, “Improvise, child, improvise!”

Martha Gimpl, RN, graduated from the Sacred Heart School of Nursing in 1946 as a member of the U.S. Cadet Nurse Corps. After a few years’ service at Sacred Heart and several years away raising a family, the Springfield resident returned to nursing where she was an Intensive Care Unit nurse manager in 1969. She retired in 1986, but continued to work at the hospital as a volunteer.

Lane Co. Population | 63,255 | Beds | 75 | Patient Admits | 3,000
---|---|---|---|---|---
Hospital News:
The Sisters of St. Joseph of Newark bought Pacific Christian Hospital for $50,000 and renamed it Sacred Heart General Hospital
New in Medicine:
Sulfa drugs, electron microscope

Lane Co. Population | 103,104 | Beds | 175 | Patient Admits | 11,270
---|---|---|---|---|---
Hospital News:
Six-story wing completed; School of Nursing opened
New in Medicine:
Blood banks, penicillin
“\[\text{I was raised to never work on Sundays. Well, we had to work Sundays. I had a hard time with that. A big grown woman crying because she had to work Sundays! But we had to do it… The old kitchen was so small, no air conditioning; it was very hot. We did all our own baking, and oh, that baker would get so hot! But I had the advantage, because I made salads, so I had the refrigerator behind me to open up now and then, cooling me off.\]"

In 1953 Opal Neeley walked up to the back door of the kitchen at Sacred Heart and asked Sister Christina, then in charge of the hospital’s food services, for a job. The job she landed was her first job ever -- and her last. She stayed on for more than 30 years, washing dishes, preparing patients’ trays, fixing salads. Eventually, she became a cook, coming in at 3 or 4 a.m. to prepare breakfast. She remained a cook until her retirement in 1983, though she continued to work on call for several more years.

Volunteer’s connection stretches way back

John Tupper and Sacred Heart Medical Center go back a long way. You might say they grew up together. John has been involved in some way with the hospital since before it even opened as Sacred Heart.

John was born February 27, 1929, in the old Pacific Christian Hospital, at the site now occupied by Sacred Heart, which officially opened on July 7, 1936.

Being born at Sacred Heart has become somewhat of a Tupper family tradition. Although John’s wife, Carol, was born in Salem, all four of their sons came into the world at Sacred Heart, along with eight of their 12 grandchildren and all four of their great-grandchildren.

John has also been a patient at Sacred Heart throughout his life for various minor health problems. And, since he retired in 1992, he has been in the hospital some 15 times for treatments for prostate cancer, a shop accident, and a heart condition, which required four bypass surgeries. The care John received touched his heart in more ways than one.

He now volunteers with the Heart to Heart program at the hospital.

As a volunteer, John meets with heart patients before and after their surgery to offer comfort and the voice of experience.

“I can relate to them because I’ve been down that same road,” he says. John also volunteers in the Intensive Care Unit. Altogether, he puts in about 10 hours a week.

“Just being able to be here and see smiles on people’s faces has given me a whole new perspective,” John says. “I hope to be here as a volunteer for a few more years.” So do a lot of other people.
When I started we didn’t have cardiac monitors or blood pumps or any of those technological things; we had to ask maintenance to modify existing equipment. The only way we knew if a person’s heart was beating, or how it was beating, was by feeling the pulse… Sometimes it seemed like forever; getting down from the sixth floor helipad on the elevator. We didn’t have things like portable suction. It was like you couldn’t get where you needed to go fast enough. I remember many times thinking, “Oh, can’t this elevator go any faster?”

Lorna Roberts, RN, worked in Sacred Heart’s Emergency Department after graduating from the hospital’s School of Nursing in 1959. She also worked in Medical Records coding emergency patients’ charts. She retired in 1998 after 38 years at Sacred Heart.

“Here we are in the summer of 1971: We have thousands of dollars worth of new equipment, never been used. We have a group of eager nurses who have probably never seen a beating heart. We couldn’t just start operating on people. I said we needed to start with some big dogs, some 80-pound dogs…

Robert P. Hodam, MD, formerly an assistant professor of cardiopulmonary surgery at the University of Oregon Medical School, pioneered open-heart surgery at Sacred Heart in the fall of 1971 (after six successful surgeries on dogs). He performed some 65 heart operations himself that first year. By the time he retired in 1993, he and three fellow cardiac surgeons were performing about 650 open-heart surgeries a year at Sacred Heart.
DELIVERING THE BEST CARE

“Visiting patients in Blue River and Oakridge, it was so scenic and beautiful, and my patients were so happy to be home and out of the hospital. Most of them are really ready to get better… In my work with children I used to have to cajole and tease them a lot to get them to participate. Working with an older population, you explain to them what needs to be done, and they either do it, or they say, ‘Forget it!’ In that way it’s much easier!”

In 1980 Anita Belonger, RPT, moved from Wisconsin, where she had been working with children in school systems and hospitals, to Eugene, where she joined Home Health, then an independent agency. Four years later Home Health became part of Sacred Heart and has since become one of the hospital’s fastest-growing services. Belonger continues to work there as a visiting physical therapist.

THE BIRTH OF THE COMPUTER AGE

“There were times in the hospital when I felt like what I was doing was so insignificant. But if the computer didn’t run, suddenly it was significant, because people might not get the patient data they needed. That’s when I realized we were really pioneering a new effort in our delivery of patient care. It was a whole new world for a guy who was used to sitting at his desk pounding away eight hours a day.”

Rich Wood, MBA, joined Sacred Heart in 1991 as a computer operator working in the hospital basement. Since then the number of employees in Information Services has nearly quadrupled, following the expanded use of computers throughout the hospital, including patient care areas. Today Rich is on the PeaceHealth Corporate Network team. His wife, Caryn, also works at Sacred Heart as an evening charge nurse in Labor & Delivery.

Lane Co. Population 279,830
Beds 422
Patient Admits 20,830

Hospital News:
Neonatal Intensive Care Unit opened; six-story story main building replaced 200 outdated patient care beds; Emergency Department and Patient Registration relocated and expanded; Oregon Rehab Center established; Home Health became part of Sacred Heart; Oregon Heart Center and Cancer Care Center opened; Lifeline program and Hospice established

New in Medicine:
Balloon angioplasty, MRI, hepatitis B vaccine, isolation of HIV virus

Lane Co. Population 303,769
Beds 432
Patient Admits 21,734

Hospital News: Major renovations in surgery, intensive care, progressive cardiac care, labor and delivery, and neonatal intensive care; Prenatal Clinic opened; Fetal Diagnostic Center opened; birth of Sacred Heart Health System (later renamed PeaceHealth); Eugene Clinic and some Oregon Medical Group internists joined with PeaceHealth to birth PeaceHealth Medical Group; rollout of electronic medical record

New in Medicine: Hepatitis A vaccine; expanded use of laparoscopic surgery, coronary artery stents, gene therapy
REVOLUTIONARY TECHNOLOGY

“With our new 64-slice CT scanner, the biggest differences we see are in imaging speed, image clarity and patient comfort. For some tests, patients would have to hold their breath for 40 seconds and try not to move. Now we’re down to 11 seconds for the same tests. Plus, imaging has become a much bigger part of diagnosing patient illness for referring and ER physicians.”

Tom Ebling, Lead CT Technologist, started in Diagnostic Radiology at Sacred Heart in 1987. Back then, it took three minutes to process each film. Referring physicians had to visit Radiology to view these images or have them mailed to their offices. In March of 2004, Sacred Heart launched PACS, the Picture Archival Communication System. With PACS, images are immediately available and can be instantly shared via computer with specialists across town or in other parts of the country. The state-of-the-art 64-slice computed tomography scanner installed at Sacred Heart in October 2005 has revolutionized the CT imaging process for Tom. And for patients who no longer have to hold their breath while ticking off the seconds, it’s a huge sigh of relief.

Tom Ebling prepares Deborah Stephens for a pass on the 64-slice scanner

PEACEHEALTH: WIRED FOR THE FUTURE

A review of the last decade at Sacred Heart Medical Center and, indeed, the PeaceHealth Oregon Region, wouldn’t be complete without highlighting the role of information technology in supporting our mission. In 1996, PeaceHealth developed an electronic medical record that gives providers secure access to patients’ medical information any time from any location.

“Our vision goes beyond the PeaceHealth network to support the delivery of high-quality care to all communities served by PeaceHealth,” says John Haughom, MD, senior vice president, Healthcare Improvement Division. “We wanted a true community-wide patient record that could be used by specialty clinics and rural physicians in our service region.”

The electronic medical record includes:
• A base of 16,000 providers
• 1.5 million patient records
• Applications that record nurses’ notes, medications, allergies, and images
• A data warehouse to support management programs for many diseases
• Physician order entry to sift through data and remind doctors of important patient information
• Software to order prescriptions
• Patient access to their medical records and to their doctor

The benefits to patients and providers are impressive. The time it takes each patient from check-in to check-out at a clinic has decreased by about 20%. Access to patients’ medical histories, medicines, and allergies is available in the emergency room and in specialists’ offices, which decreases the chance of medical errors. Nursing documentation time has been reduced by 40% on some inpatient units. Documentation of hospital patients’ drug allergies is close to 100%. And outpatient clinics have seen an 83% drop in adverse drug events.

Hospital News: RiverBend planning and Hilyard renewal began; Pediatrics unit designated; Emergency Department and Behavioral Health expanded; No One Dies Alone, Handprint Project, and Strings of Compassion began; Oregon Heart & Vascular Institute opened; renewed focus on interdisciplinary care; Palliative Care program introduced; Thurston shooting tested quality of Trauma Care Team; medical academic campus plans began with PeaceHealth, University of Oregon and OHSU; minimally-invasive surgical suites opened; first endograft repair of thoracic aortic aneurysms; Picture Archival Communication System went online; Heart Failure Center opened; first CardioSEAL, Mini-Maze, and cryoablation procedures performed; 64-slice CT scanner installed

New in Medicine: Carotid stenting and drug-eluting stents introduced

Lane Co. Population 335,911  Beds 432  Patient Admits 28,241

PeaceHealth has received the Most Wired award from Hospitals & Health Networks every year since it was initiated in 1999
This year Sacred Heart Medical Center will see a change of guard at the highest level. Vern Katz, MD, steps down as chief of staff and David DeHaas, MD, takes over. During his two-year tenure, Dr. Katz helped lay the groundwork for the development of the RiverBend facility, the renovation of the Hilyard campus, and medical education at Sacred Heart.

“I’m one of the strongest advocates of RiverBend,” says Dr. Katz. “It’s been wonderful to work on its development, and I will continue to work every way I can to help bring this facility along.”

Dr. DeHaas is equally enthusiastic about his role in RiverBend. “It’s a unique opportunity to be on the ground floor of developing a regional referral center,” he says. “A hospital like this is something the community can be very proud of.”

This next year will see the first medical students from Oregon Health & Science University (OHSU) rotate through the Hilyard campus, as Sacred Heart strengthens its educational partnerships with OHSU and the University of Oregon on its way to becoming a full medical academic campus in the near future.

“The Hilyard campus will be a wonderful setting for teaching and research,” Dr. Katz says. “I hope to do some teaching myself.”

The transition to chief of staff from vice chief should be a smooth one for Dr. DeHaas. “Administrators, chief, vice chief, and division chiefs of surgery and medicine traditionally work together as a team,” he explains. “Dr. Katz set a high standard with a real emphasis on quality within the hospital. I hope to expand on that and continue along those lines.”

FAST STATS
July 1, 2004 – June 30, 2005
Sacred Heart Medical Center

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td>Doses of medication administered</td>
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<tr>
<td>Lab tests</td>
<td>779,245</td>
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<tr>
<td>Days of inpatient service</td>
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<tr>
<td>Emergency visits</td>
<td>55,526</td>
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<tr>
<td>Diagnostic imaging procedures</td>
<td>89,733</td>
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<tr>
<td>Surgeries performed</td>
<td>20,449</td>
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<tr>
<td>Babies delivered</td>
<td>2,460</td>
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<tr>
<td>Knee replacements</td>
<td>464</td>
</tr>
<tr>
<td>Total/partial hip replacements</td>
<td>390</td>
</tr>
</tbody>
</table>
OPPORTUNITY CREATES A CALLING

Since 1997, Sacred Heart Medical Center has been investing in the future of young people through the Youth Mentorship Program.

“Many kids need an adult who is interested in them, who isn’t a teacher or parent, and who isn’t being paid. That makes such a difference in a child’s life,” says Sister Barbara Haase, Community Access Coordinator for PeaceHealth Oregon Region, who oversees the program.

Every fall two students from each of six Lane County high schools enter the two-year program upon meeting requirements based on age, need, and commitment. They go to work, at minimum wage, photocopying, answering phones, changing light bulbs, and other basic, but important, tasks around the hospital. They work 10 hours a week during the school year, 20 during the summer. Sacred Heart employees volunteer to work with — and mentor — the students, who learn to be honest, dependable workers functioning in an adult world.

A third of the students’ wages, along with a matched amount from Sacred Heart, is invested for their future education. Some take vocational training. Others enroll in college. And some, such as Jeremy Arnold, go on to medical careers.

Jeremy is in his second year of medical school at the University of Rochester, New York. His career began in the Youth Mentorship Program. He worked in the biomedical department, returning repaired medical equipment to sites in the hospital.

“The Youth Mentorship Program is a great opportunity for any student, whether or not you go into medicine,” Jeremy adds. “You will not find more caring and compassionate people than those involved in the program.”

“Back in the Swing of Things

Gerry Gaydos is a busy guy. He practices law with the firm of Gaydos Churnside & Balthrop, PC. He volunteers countless hours with organizations such as the Oregon State Bar, Eugene Area Chamber of Commerce, and United Way. He works out several hours a day. He fishes, hikes, gardens, and dances.

“I’ve always led an active life,” he says. “A full life allows me to grow and understand more.”

Gerry’s active life changed three years ago when he was diagnosed with osteoarthritis in his right hip. He gave up running and other activities while trying to live with the chronic condition. Eventually, Gerry decided on having a minimally invasive complete hip replacement with Orthopedic Healthcare Northwest (OHN).
BETTER CARE THROUGH TEAMWORK

A team of doctors led by Brian Jewett, MD, at Orthopedic Healthcare Northwest, has set out to make the orthopedic surgery experience a positive one for hip and knee replacement patients. In collaboration with an orthopedics team from Sacred Heart, they have established new standards of care and completely redesigned the portfolio of patient education materials.

The care criteria, or standard order sets, were developed to create consistency for the patient, doctor, and every caregiver associated with any given case. Standard order sets are based on best medical practices and proven procedures adapted to the unique situation of each patient. They provide a benchmark for quality that improves clinical outcomes, reduces patient recovery time, and enhances the overall patient experience.

Patient input has been the driving force behind these changes. New surgical information books and an educational DVD explain what to expect before, during, and after joint replacement surgery. Patients also attend a class. Education for medical staff and patients alike is vital to the program.

An interdisciplinary team of patients, physicians, nurses, therapists, medical social workers, and medical educators has made this possible. They also trained staff at skilled nursing facilities and rehabilitation programs to implement the same standards and improve quality of total joint replacement care community wide.

“I didn’t want to limp and live with the pain anymore. Besides, my son was planning to get married, and I wanted to dance at his wedding.”

Brian Jewett, MD, his orthopedic surgeon with OHN, replaced Gerry’s hip last June. The operation was a success and a positive experience for Gerry.

“To the extent you can enjoy that kind of experience, I actually enjoyed it,” he says with a smile. “I really appreciated Dr. Jewett’s knowledge and patience. He answered all my questions honestly and openly. Everyone at Sacred Heart was really concerned about me, from therapists to nurses to anyone who popped their head in the room. The whole experience was comfortable, safe, and secure.”

While recovering, Gerry remained active. He participated in a collaborative study conducted by the University of Oregon and OHN, which compared the outcomes of several hip replacement procedures. Gerry says he was glad to be part of the research to improve outcomes for others having total joint replacement because of his own positive outcome.

“I can fish and dance, and I’m pretty flexible,” he reports several months after the surgery. “No more pain. No more limp. It was well, well worth it.”

Dr. Brian Jewett performs an anterior approach to total hip arthroplasty
QUALITY IN EVERYTHING WE DO

“This last year, staff at PeaceHealth Medical Group, led by member physicians, came together around a new vision with an unflinching focus on quality,” says Tom Ewing, MD, a family physician and medical director of PeaceHealth Medical Group.

That focus on quality is evident through unique services we offer. One such service is the award-winning Diabetes Wellness Assessment Program. This ongoing service provides education and care based on best evidence for patients with diabetes.

Another service that received additional focus this year was the medication reconciliation process, a complete and current electronic record of medications, vitamins, and herbal remedies a patient may be taking. When patients show up at the hospital or any of PHMG’s seven clinics, their medication record is readily available to physicians and nurses. Patient safety is tied directly to our knowing all medications they are taking.

Patients can access their medication record, and other information, electronically through PatientConnection at www.peacehealth.org/patientconnection, another innovative service at PeaceHealth Medical Group. PatientConnection is a user-friendly secure Web site. Through it, patients can refill prescriptions, see results of lab tests, update information on their allergies and medications, make appointments, pay bills, obtain educational materials, and generally communicate easily with their doctor about their medical needs.

PURSUITING EXCELLENCE IN SENIOR CARE

A four-year study funded by the John A. Hartford Foundation at the Senior Health & Wellness Center has wrapped up and the results strongly suggest that a team approach to caring for seniors — one that addresses the medical, psychological, social, and spiritual needs of the patient — produces better health outcomes. Led by Ron Stock, MD, a specialist in senior health care, the study found that this comprehensive model of care improved immunization rates, reduced the rate of patient falls, enhanced the management of depression, improved the management of medications, helped seniors maintain quality of life despite physical function decline, and reduced the use of health care services such as hospital lengths of stay and ED visits among other improvements.

“Patients express a huge appreciation and satisfaction for these services, and we pay attention to what they are telling us,” Dr. Ewing says. “Patients and their families are absolutely central in improving the quality of everything we do.”
“Cottage Grove Community Hospital is one of the most impressive critical access hospitals that I have encountered. Its emphasis on excellence in every aspect of the organization, as well as its focus on quality improvement and patient safety, has made it a national model.” – Terry J. Hill, Executive Director, National Rural Health Resource Center

Cottage Grove Community Hospital and Clinics
PeaceHealth

A VITAL COMMUNITY RESOURCE

It may have a short history, but Cottage Grove Community Hospital already has made an impact in south Lane and north Douglas counties, and throughout Oregon.

In 2005, Cottage Grove Community Hospital received an $85,000 grant from the U.S. Department of Health and Human Services, Health Resources and Services Administration. With the grant, staff members are working on plans to create a network among 35 Oregon rural hospitals. Hospitals in the network will share information on best practices, collaborate on peer and protocol reviews, and combine clinical outcomes for accurate reporting of data on federal standards.

“The goal of the network is to enhance providers’ ability to serve their patients through sharing of information and resources,” says Tim Herrmann, hospital administrator. “Rural hospitals have their own unique set of challenges, and it’s easier to work among ourselves to address the quality initiatives that are so important in health care.”

The hospital also continued its work with the Community Health Consortium, a group of government agencies, nonprofit organizations, and private businesses. The consortium concentrates on access to health care and overall community health.

This next year Cottage Grove Community Hospital will acquire a digital mammography machine, the first in Lane County. With this new equipment, the Radiology Department will be 100 percent digital, a distinction among critical access community hospitals nationwide.

“The past year has gone very well, and the future looks promising,” Tim says. “We will continue to recruit the best medical professionals and to make sure people in this community have access to the best care possible.”

(A front row from left) Connie Lowery, RN; Cheryl Thomas, ERTII - Paramedic; Misha Amagasu, MD; Julie Sato, MD; Kimberly Cronin, MD; (Back row from left) Thomas Gerow, MD; Paul Norris, MD; Marjie Schofield, RT

FAST STATS
July 1, 2004 – June 30, 2005
Cottage Grove Community Hospital and Clinics

- Emergency visits 10,854
- Patients admissions 400
- Lab tests 79,569
- Diagnostic imaging procedures 14,283
Here were many innovations at the Oregon Heart & Vascular Institute this past year, and partner physicians continued to add to their achievements. Here are highlights of a very good year:

Cardiovascular surgeon, David Duke, MD, and electrophysiologist, James McClelland, MD, performed the first Mini-Maze procedure in Oregon in December 2004. This revolutionary procedure cures atrial fibrillation through minimally invasive surgery on the beating heart. Our doctors have been so successful that the Oregon Heart & Vascular Institute has become just one of three training centers in the nation for the technique.

The Heart Failure Center, under the medical direction of Jerold Hawn, MD, opened in April 2005. The center provides comprehensive treatment for patients with heart failure to help them improve and maintain optimal quality of life.

The Oregon Heart & Vascular Institute became the first medical center in Oregon to offer cryoablation for the treatment of arrhythmias that occur near the AV node. Cryoablation neutralizes diseased tissue in the heart by “freezing” it. It is safe and effective. Until now, patients in Oregon have had to travel to San Francisco for this procedure.

In November 2005, we added 25 new outpatient beds. Most are individual rooms that offer patients privacy. The additional outpatient beds help us provide better care, allow more beds for acute inpatient heart and vascular care, and meet the needs of our growing community.

The Oregon Heart & Vascular Institute scored above the national average on most clinical performance measures. We are nearing our goal of being among the top 10% of major heart hospitals in the country in providing patient care. Even after 36 years of heart and vascular medicine, we continue to improve our processes for better outcomes.

We continued our successful program of disease prevention services. The program includes free blood pressure screenings, sponsorship of a weekly walking group, menu-labeling for the Sacred Heart Medical Center cafeteria, classes offered through the OASIS Education Center, the annual Heart Fair, a women’s health initiative with informational seminars and teas, and comprehensive information at www.ohvi.org.

**FAST STATS**

<table>
<thead>
<tr>
<th>July 1, 2004 – June 30, 2005</th>
<th>Oregon Heart &amp; Vascular Institute</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Angiograms</td>
<td>1,383</td>
</tr>
<tr>
<td>• Heart surgeries</td>
<td>710</td>
</tr>
<tr>
<td>• Special procedures</td>
<td>5,657</td>
</tr>
<tr>
<td>• Vascular Surgeries</td>
<td>803</td>
</tr>
</tbody>
</table>
A team from the Oregon Heart & Vascular Institute performs a Mini-Maze procedure (from left): Adam Specht, PA-C; Ralph Peterson, PA-C; David Duke, MD
FINANCIAL STEWARDSHIP

The demand for quality health care continues to increase for all members of our community. We strive to maintain medical excellence through state-of-the-art technology and highly trained and educated medical staff. As we shoulder an increasing burden of uncompensated care, our mission never wavers.

The number of days of inpatient service has climbed almost 30% since 2001, and we have handled that growth without expanding our existing facilities. However, we are poised to meet the future needs of a growing and aging population to assure a healthy outlook for our community.

SOURCES AND USES OF FUNDS

July 1, 2004 - June 30, 2005

Where the funds came from:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>%</th>
</tr>
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<tbody>
<tr>
<td>Service to hospital inpatients</td>
<td>$478,520,805</td>
<td>57%</td>
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<tr>
<td>Outpatient visits to hospitals and clinics</td>
<td>$265,427,790</td>
<td>33%</td>
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In addition, PeaceHealth received income from:

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<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>New Long Term Debt</td>
<td>$50,000,000</td>
<td>6%</td>
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<tr>
<td>Investments</td>
<td>$21,014,182</td>
<td>3%</td>
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<tr>
<td>Foundation donations</td>
<td>$537,537</td>
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<tr>
<td><strong>TOTAL FUNDS RECEIVED</strong></td>
<td><strong>$815,500,314</strong></td>
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How the funds were used:

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<tr>
<th>Item</th>
<th>Amount</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Unpaid costs of Medicare, Medicaid, and other insurance programs</td>
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<td>32%</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>$238,136,814</td>
<td>29%</td>
</tr>
<tr>
<td>Purchase supplies, food and drugs</td>
<td>$82,010,562</td>
<td>10%</td>
</tr>
<tr>
<td>Purchase services</td>
<td>$65,380,165</td>
<td>8%</td>
</tr>
<tr>
<td>Upgrade facilities, technology and buy new equipment</td>
<td>$51,121,049</td>
<td>6%</td>
</tr>
<tr>
<td>Purchase utilities and other expenses</td>
<td>$43,616,698</td>
<td>5%</td>
</tr>
<tr>
<td>Uncompensated care</td>
<td>$42,005,328</td>
<td>5%</td>
</tr>
<tr>
<td>Increase savings for future capital needs</td>
<td>$31,151,894</td>
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</tr>
<tr>
<td>Pay principal and interest on debt</td>
<td>$7,417,762</td>
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<tr>
<td><strong>TOTAL FUNDS USED</strong></td>
<td><strong>$815,500,314</strong></td>
<td></td>
</tr>
</tbody>
</table>

FAST STATS

July 1, 2004 – June 30, 2005
PeaceHealth Oregon Region

- Inpatient service days: 119,948
- Outpatient visits: 576,337
- Medical staff: 796
- Full- and part-time employees: 4,361
- Volunteers: 1,006
- Volunteer Hours Contributed: 112,908
Sacred Heart Medical Center strives to keep the costs of medical care low. An analysis of our charges in 2005 shows that we were less expensive than other hospitals in our five-county service area and even less expensive than Oregon hospitals of similar size.

Data Source: Oregon Hospital Discharge Database 2005: Six months ending June 30, 2005

This award from the National Research Corporation is given to fewer than 6% of the 3,000 hospitals studied whose consumers rate them as having the best doctors, nurses, quality, image, and reputation. This is the fifth consecutive year Sacred Heart has received this award.

Trudy Bogg, Glen Fogelstrom, and Noje Shepard, just three of the 1,006 dedicated volunteers at PeaceHealth.

Group #1:
Oregon hospitals outside SHMC's service area with similar tertiary services and/or discharge volumes

Group #2:
All community hospitals in SHMC's five county service area
CARING FOR OUR COMMUNITY

Part of our stated mission is “to promote personal and community health.” Through our support of some 45 community charitable organizations and social services programs, we willingly accept our responsibilities as a community member and carry out our mission. Financial contributions — the numbers so easy to count and display — are only part of that support. The many hours of volunteer work gladly donated by PeaceHealth employees, physicians, and nurses, while less obvious, also demonstrates our commitment. We are your neighbors, your friends, your partners in the community. Together, we build a healthy community for all of us.

CHARITY CARE AND BAD DEBT

Too many of our neighbors are underinsured. From 2001 to 2005, PeaceHealth has assumed a 333% increase in total uncompensated care, which consists of charity care and bad debt. Charity care is the charged amount of supplies and services for those who are unable to pay their medical bills. Bad debt is the charged amount of supplies and services for those who are unwilling to pay their medical bills. These unrecoverable charges have increased at a phenomenal rate over the last five years, from just under $10 million to over $40 million. *Source: Oregon Association of Hospitals and Health Systems

Charity care has increased more than sixfold since 2001, from $4.1 million to $25.5 million. Bad debt has more than tripled during that same period, from $5.6 million to $16.5 million.

PEACEHEALTH COMMUNITY BENEFIT

BENEFITS TO THE POOR

- Traditional Charity Care at cost $13,531,370
- Unpaid costs of public programs: Medicaid 18,524,843
- Other indigent programs 633,991
- Non-billed services for the poor: Social Services 1,647,452
- Total quantifiable benefits for the poor $34,337,656

BENEFITS FOR THE BROADER COMMUNITY

- Unpaid costs of Medicare $277,655
- Community services (detailed next page) 9,668,936
- Total quantifiable benefits for the broader community $9,946,591
- Total quantifiable benefits $44,284,247
### Community Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ask-A-Nurse</td>
<td>$888,804</td>
</tr>
<tr>
<td>4J Wellness Center</td>
<td>76,942</td>
</tr>
<tr>
<td>Birthing Center</td>
<td>385,133</td>
</tr>
<tr>
<td>Care Coordination</td>
<td>438,986</td>
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<tr>
<td>Cascade Medical Team</td>
<td>5,000</td>
</tr>
<tr>
<td>Center for Community Counseling</td>
<td>10,000</td>
</tr>
<tr>
<td>Center for Senior Health</td>
<td>703,408</td>
</tr>
<tr>
<td>Centro LatinoAmericano</td>
<td>25,000</td>
</tr>
<tr>
<td>Children’s Miracle Network Telethon</td>
<td>256,644</td>
</tr>
<tr>
<td>Community Access Initiatives</td>
<td>133,278</td>
</tr>
<tr>
<td>Community Mental Health</td>
<td>188,544</td>
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<tr>
<td>Community Relations</td>
<td>238,129</td>
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<tr>
<td>Cottage Grove Student Physicals</td>
<td>3,348</td>
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<tr>
<td>Courageous Kids</td>
<td>25,350</td>
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<tr>
<td>Diabetes/Nutrition Center</td>
<td>198,992</td>
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<tr>
<td>Disabled Workers</td>
<td>50,333</td>
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<tr>
<td>Disaster Planning Drills</td>
<td>95,347</td>
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<tr>
<td>Employee Council</td>
<td>7,900</td>
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<tr>
<td>Eugene 4J School-Based Health Centers</td>
<td>60,000</td>
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<tr>
<td>Eugene Police Substation</td>
<td>8,064</td>
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<tr>
<td>Foundation (Sacred Heart Medical Center)</td>
<td>944,648</td>
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<tr>
<td>Free Medications/Supplies</td>
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<td>Health Information Library</td>
<td>143,564</td>
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<td>Healthy Tomorrows</td>
<td>72,345</td>
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<tr>
<td>HIV Alliance: SANA Needle Exchange</td>
<td>18,414</td>
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<tr>
<td>LCC Instructor Support (Nursing)</td>
<td>200,000</td>
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<tr>
<td>Lions Guest House</td>
<td>40,216</td>
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<tr>
<td>OASIS (Mature Adult Education Programs)</td>
<td>89,352</td>
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<tr>
<td>Other Community Program Support</td>
<td>81,982</td>
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<tr>
<td>Outpatient Behavioral Health</td>
<td>770,722</td>
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<tr>
<td>Pastoral Care</td>
<td>795,527</td>
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<tr>
<td>Pregnancy and Parenting Education</td>
<td>109,703</td>
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<tr>
<td>Riverstone (Federally Qualified Health Clinic)</td>
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<tr>
<td>Senior Education/Health Programs</td>
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<td>Senior Health and Wellness Center</td>
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<tr>
<td>ShelterCare (homeless support)</td>
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<td>Success By 6</td>
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<tr>
<td>United Way Loaned Executive/ Other Contribution</td>
<td>29,109</td>
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<tr>
<td>Volunteers (Sacred Heart Medical Center)</td>
<td>277,375</td>
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<tr>
<td>Volunteers in Medicine</td>
<td>103,927</td>
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<tr>
<td>White Bird Clinic</td>
<td>71,531</td>
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<tr>
<td>Willamette Family: Buckley House</td>
<td>36,000</td>
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<tr>
<td>Youth Mentorship</td>
<td>867,120</td>
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</tbody>
</table>

Total Paid for Community Services: $9,668,936

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“My burning desire is for people to get basic preventive medical care — screenings and exams — and to see their doctors so we can pick up early indicators, treat problems earlier, and help them. What we can’t quantify is the physical suffering of people.” — Sister Barbara Haase, one of 13 people from PeaceHealth serving on the United Way of Lane County 100% Access Coalition
PEACEHEALTH OREGON REGION GOVERNING BOARD

**David Deutch, MD**  
Physician, PeaceHealth Medical Group  
Member since 2000

**Joseph Gonyea, II**  
Owner, Gonyea & Associates  
Member since 2005

**Mel Pyne**  
CEO, PeaceHealth Oregon Region  
Board President  
Member since 2005

**John Dickinson, MD**  
Physician, Northwest Surgical Specialists  
Member since 1996

**Rosaria Haugland, PhD**  
Business owner and philanthropist  
Member since 2005

**Roger Saydack**  
Attorney, Arnold Gallagher Saydack Percell & Roberts  
Member since 1996

**David Duke, MD**  
Physician, Cardiovascular Surgical Associates  
Member since 2003

**Janette Oliver**  
Vice President of Administration, University of Oregon  
Member since 1995

**Sister Rosaleen Trainor**  
Retired professor, Seattle University  
Member since 2003

**Susan Ban**  
Director, ShelterCare  
Member since 2002  
“As one who works with low-income and disabled community members, access to quality health care and coordination of services between health care systems is of great concern to me.”

**Robert Fenstermacher**  
CEO, LibertyBank  
Member since 2005  
“I’ve always considered PeaceHealth the pulse beat of our community. I am privileged and proud to be a member of the governing board to help carry out the mission of this caring organization.”

**Gretchen Pierce**  
President and General Manager, Hult & Associates  
Member since 1997  
“I serve to help ensure that the organization can continue to deliver the highest level of quality healthcare for the benefit of all of our regional community citizens.”

**Jack Courtemanche**  
Businessperson and community leader  
Member since 2001  
“I have always considered PeaceHealth the pulse beat of our community. I am privileged and proud to be a member of the governing board to help carry out the mission of this caring organization.”
“The challenging issues that have faced the board during my association have been truly unique. I enjoy participating with this dedicated, loyal, diverse group. It is clearly a privilege to have this opportunity.”

“My introduction to PeaceHealth was through the effort to restore health care services in Cottage Grove. Through that process I came to admire and appreciate the PeaceHealth mission and its tremendous contribution to the greater community.”
MISSION AND VALUES

PeaceHealth Mission
We carry on the healing mission of Jesus Christ by promoting personal and community health, relieving pain and suffering, and treating each person in a loving and caring way.

Core Values
Respect
We respect the dignity and appreciate the worth of each person as demonstrated by our compassion, caring, and acceptance of individual differences.

Stewardship
We choose to serve the community and hold ourselves accountable to exercise ethical and responsible stewardship in the allocation and utilization of human, financial, and environmental resources.

Collaboration
We value the involvement, cooperation, and creativity of all who work together to promote the health of the community.

Social Justice
We build and evaluate the structures of our organization and those of society to promote the just distribution of healthcare resources.

Above: The Chartres Labyrinth at Sacred Heart provides the opportunity for reflection and relaxation

Anesthesiologist Dan Hagengruber, MD, consults with Camille Dorrler prior to her surgery
Sonja Gunn, new mother of Benjamin, Madeleine, and Steven, with Pam Morgan, RN, in the Neonatal Intensive Care Unit at Sacred Heart.

Neurosurgeon Andrew Kokkino, MD, uses the Stealth System to map the brain of his patient during a tumor removal procedure.
Sacred Heart Medical Center and PeaceHealth Medical Group have earned the Joint Commission’s Gold Seal of Approval.

PeaceHealth was selected 32nd in the list of 100 Best Companies to Work for in Oregon, our fourth straight year on this list.

PeaceHealth, 770 East 11th Ave., Eugene, OR 97401
For more information, visit www.peacehealth.org/oregon or call our Public Affairs office at (541) 686-6868.