



in LOVE with **LIFE**

REPORT *to the* COMMUNITY 2010



in LOVE with LIFE

Dr. Oz visits CaroMont Health — July 7, 2010

FROM THE CHAIRMAN *of the* BOARD

It is my privilege to share this year's CaroMont Health Community Report with you. Over the last year, the CaroMont Health Board of Trustees has worked closely with Valinda Rutledge and her leadership team to craft a new vision that accurately fits CaroMont Health today. Our new vision — to be a nationally recognized leader and valued partner in promoting individual health and vibrant communities — better reflects our strategy and direction for the future. It also speaks to our desire to play a fundamental role in the lives of each person we help, as well as the communities we serve.

On behalf of the Board of Trustees of CaroMont Health, I encourage you to join us as we celebrate a successful past year and look ahead expectantly toward a bright future.

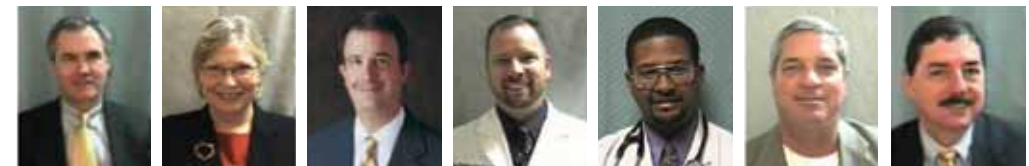
H. Spurgeon Mackie, Jr.

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Chairman

CaroMont Health Board of Trustees

BOARD *of* TRUSTEES



H. Spurgeon Mackie, Jr. *Chair* Sheila S. Reilly *Vice-Chair* H. Clayton Thomason, III *Chief of Staff* John Scheitler, MD *Chief of Staff Elect* Johnathan Williams, MD *Past Chief of Staff* Bob Crouch *Secretary* Mickey Price *Gaston County Commissioner*



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Not pictured — M. Vincent Quinn



It is my pleasure to present CaroMont Health's 2010 Community Report.

My first year here at CaroMont Health has been a tremendously positive one, and as we look to the future, I am confident that we as an organization are

focused on those things that will enable us to perform our mission. As you read this Report, you may notice that CaroMont Health is **in love with life**. It's true. And that love of life is a dynamic force that is making its way from each employee and volunteer in our organization out into our community — touching the lives of every person we serve.

In this Report, we have highlighted several of CaroMont Health's recent accomplishments and accolades. I think it is important that we reflect on and take pride in our successes — they are hard-earned and well-deserved. At the same time, realize that we are also looking ahead, making sure that we stay on the leading edge of health care's new frontier.

In addition to the awards we have received, you will also read about CaroMont Health's strategic partnerships. As the health care industry undergoes incredible change, it is vital that we at CaroMont Health are well-positioned for the future. Our carefully chosen partnerships will complement our core competencies, so that we can provide the highest quality health care to the communities we serve.

Our vision at CaroMont Health is to be a nationally recognized leader and valued partner in promoting individual health and vibrant communities. Everything we do — whether it is offering a healthy cooking class, establishing an alliance with a world-class leader in scientific research and medical education,

or adding a new medical practice — everything comes back to our vision. But in order to achieve that vision, commitment and quality are critical. I believe that we at CaroMont Health have both.

As CaroMont Health grows and evolves, I am proud of the role that we play in the lives of the people we serve. It is my hope that this snapshot of our organization highlights the exceptional people and programs at CaroMont Health who help positively impact our community each and every day.

Sincerely,

A handwritten signature in black ink that reads "Valinda Rutledge". The signature is fluid and cursive.

Valinda Rutledge

Everything we do — whether it is offering a healthy cooking class, establishing an alliance with a world-class leader in scientific research and medical education, or adding a new medical practice — everything comes back to our vision.

CaroMont Health employs **3,800** health care professionals, including a medical staff membership of **455**.

CaroMont Health is a full-service, acute care hospital with **435** beds.

Courtland Terrace is a **96** bed skilled nursing facility.

Gaston Hospice hosts the **12** bed Robin Johnson House inpatient facility.

CaroMont Medical Group is a network of **44** primary and specialty physician offices in **5** counties and in **2** states.

CaroMont Health has **3** off-site imaging locations, **2** same-day surgery centers and **1** occupational medicine clinic.

CaroMont Heart Center provides a full range of life-saving cardiac care, including open heart surgery

- Patient arrival to procedure — ‘door to balloon time’ — is 58 minutes
- Four interventional catheterization labs
- Approximately 2,500 Diagnostic Cardiac Catheterizations performed annually
- Approximately 800 Percutaneous Coronary Interventions performed annually

The Birthplace boasts approximately 2,800 deliveries in 2009

- 52 bed Labor Delivery Recovery Postpartum (single room maternity care)
- 16 bed Level III NICU
- Average of 230 deliveries per month and 10 babies per day in our NICU

CaroMont Cancer Center provides advanced 3-D radiation treatment planning and chemotherapy

- Surgical, medical and radiation oncology services
- Clinical trial participation available
- Cancer support services

CaroMont Center for Mental Wellness has 63 licensed inpatient beds providing acute psychiatric care for adults, children and adolescents

- Average of 165 admissions per month
- Adult substance abuse program
- Child/adolescent programs serve children ages 7-17, under the direction of a Board Certified Child and Adolescent Psychiatrist

Emergency Services cares for over 100,000 emergency patients per year

- 28 Board Certified Emergency Medicine Physicians and over 200 other emergency services employees staff our Emergency Department
- Emergency Services participates in the NC RACE program (emergency cardiac care)



CaroMont Health



CaroMont Health

- CaroMont Vascular Center
- CaroMont In-Patients
- CaroMont In-Patient Neurology
- CaroMont Critical Care
- CaroMont Psychiatric Hospital
- ID In-Patient Physicians
- Surgical Specialists

- 2.** Outpatient Rehab
- 3.** CaroMont Specialty Surgery Diagnostic Center
- CaroMont Services – Summit
- Courtland Terrace Nursing Home
- 4.** Hospice House
- 5.** Radiation Oncology
- 6.** Outpatient Rehab
- 7.** CaroMont Imaging Center – Belmont
- 8.** Urgent Care Center
- 9.** Urgent Care Center

CaroMont Medical Group

- 1.** Boiling Springs Medical Associates
- 2.** Cleveland Professional Building
- Cleveland Family Practice
- Family Medicine of Cleveland
- Caroline Heart – Shelby
- Gaston Neurological – Shelby
- 3.** CaroMont Family Medicine – Cherryville
- 4.** Carolina Heart – Lincolnton
- 5.** CaroMont Family Medicine – Kings Mountain
- 6.** CaroMont Family Medicine – South Gaston
- 7.** CaroMont Family Medicine – Lake Wylie

- 8.** Dr. Weerakoon, MD (Family Medicine)
- 9.** Pediatric Partners – Gastonia
- 10.** Gaston Medical Arts Building
- CaroMont Family Medicine – Gastonia
- Endocrinology Associates
- ID Associates
- CaroMont Rheumatology
- 11.** Gaston Neurological
- 12.** Carolina Surgical Associates
- 13.** Gastonia Surgical Associates
- 14.** CaroMont Internal Medicine
- 15.** Gaston Women’s Health Care
- 16.** Carolina Clinic for Digestive & Liver Disease
- 17.** Gaston Professional Building
- Carolina Heart Specialist
- Gaston Perinatal Center
- Psychiatric Associates
- Cardiovascular & Thoracic Surgery
- Pre-Operative Consultants
- Wound Center
- 18.** Ashley Women’s Center
- 19.** CaroMont Family Medicine – Stanley
- 20.** South Point Family Practice – Stanley
- 21.** CaroMont Family Medicine – Lowell McAdenville
- 22.** CaroMont Family Medicine – Mt. Holly
- 23.** South Point Family Practice – Belmont
- 24.** Belmont Professional Building
- Arthritis Associates
- Ashley Women’s Center – Belmont
- Carolina Heart Specialist
- 25.** Belmont Medical Office
- CaroMont Family Medicine – Belmont
- Pediatric Partners – Belmont
- 26.** Lake Wylie Express Care

HIGHLIGHTS *and* AWARDS

QUALITY *of* CARE

Top 100 Thompson Reuters 

In June 2010, CaroMont Health was named to Thompson Reuters' 100 Top Hospitals in the National Benchmark Award category. CaroMont Health was the only hospital in North Carolina recognized on the prestigious list of the nation's best large community hospitals. The National Benchmark Award recognizes hospitals with the highest hospital-wide performance compared with national peers. The hospital's selection was based on objective statistical performance measurement across six critical areas: clinical process and outcomes, patient safety, patient perception of care, operational efficiency, financial stability, and extended outcomes.

HealthGrades Clinical Excellence Distinction 

In April 2010, CaroMont Health was one of only two hospitals in North Carolina to receive a HealthGrades designation of Clinical Excellence. We received this distinction because we rank among the top 5% in the nation for the lowest risk-adjusted mortality and in-hospital complications. HealthGrades reports on about 5,000 hospitals nationwide in 26 procedures and conditions, helping patients find the best care in their community. CaroMont Health also received high rankings for critical care services, overall gastrointestinal care, spine surgery, vascular surgery, and pulmonary care services, for which it ranks in the top 10% in the nation. CaroMont leads the region with the most HealthGrades five-star ratings in mortality and complication.

Premier's Quest: High Performing Hospitals 

CaroMont Health was selected as one of the top hospitals to participate in Premier's Quest: High Performing Hospitals program. Our selection was driven by our implementation of evidence-based care, our low cost structure, and our focus on reducing avoidable mortality. In the first year of the program, CaroMont Health was in the top 25% of participants for all three of those criteria. In addition, we participated in Premier's Hospital Quality Incentive Demonstration program, which rewards hospitals for quality care in specific measured criteria. CaroMont Health ranked in the top 10% for all five measured criteria: Acute Myocardial Infarction, Pneumonia, Hip and Knee, CABG (open heart surgery), and Surgical Improvement Process (SCIP).

The Joint Commission Gold Seal of Approval™ 

In order to achieve the next level of excellence in health care, CaroMont Health voluntarily participated in The Joint Commission's Disease-Specific Care Certification Program. CaroMont received the Joint Commission's Gold Seal of Approval™ and now leads the nation in the most disease specific certifications of any participating hospital. Our areas of certification are: Advanced Primary Stroke Center, Advanced Heart Failure, Advanced Inpatient Diabetes, Hip Replacement and Knee Replacement. In addition, we are one of the top hospitals for the Joint Commission's ORYX indicators in the following areas: Acute Myocardial Infarction, Heart Failure, Pneumonia, and Surgical Improvement Process (SCIP).

The Society of Chest Pain Centers Accreditation 

In July of 2010, CaroMont Health received Chest Pain Accreditation from The Society of Chest Pain Centers. This accreditation affirms the success of our current cardiovascular program as well as our commitment to higher standards and dedication to providing exceptional cardiac care.

Innovative Health Delivery Initiatives 

Difficult economic conditions and today's high cost of health care prompted CaroMont Health to partner with Premier, GE and Sg2 to develop several new health delivery initiatives. At the end of 2010, CaroMont will implement a bundled payment pilot, allowing local employers and payers to combine hospital and physician fees for a full episode of care, rather than the current fee-for-service system. CaroMont will also institute Sg2's INSIGHT Clinical Performance Management System to track key metrics and identify specific areas of improvement, which will enhance clinical integration and physician alignment across the care continuum. CaroMont is one of 19 selected participants out of 3,000 hospitals nationwide in the Premier ACO Implementation Collaborative. By participating in these programs, CaroMont Health is helping shape the future of health care by setting new standards for best practices and creating strategies to achieve more reliable results.

Strategic Partnerships 

In an effort to take CaroMont Health's cardiovascular research, treatment options and physician recruitment to the next level, CaroMont Health has entered into a partnership with Columbia University Medical Center's HeartSource, a cardiovascular clinical and management services group from the Division of Cardiothoracic Surgery at New York Presbyterian Hospital/Columbia University Medical Center. Through this partnership, Columbia HeartSource will provide CaroMont Health with clinical guidance and access to Columbia clinical research trials, as well as physician training and education in innovative cardiovascular procedures, thereby improving the quality of care we provide.

CaroMont Health Physician Councils

Within the CaroMont Health medical staff are Physician Councils — groups of physicians from a range of disciplines focused on a particular patient population, disease condition or care continuum. These councils are used as forums to evaluate and align new services, enhance care coordination, sharpen our focus and streamline the health care operating system.

CaroMont Medical Group Growth

In keeping with our desire to promote individual health and vibrant communities, CaroMont Medical Group is comprised of 44 medical practices that offer quality care in five counties and two states. This allows CaroMont Health to offer the right care in the right place at the right time.

Family Practices.....	14	Surgery Groups.....	5
Internal Medicine Practices.....	3	Urgent Care Clinics	1
OB/GYN Groups.....	2	CaroMont Medical Group Clinics	41
Pediatric Groups	2	Physicians	126
Specialty Groups.....	14	Physician Assistants and Nurse Practitioners.....	38

POSITIONED *for* GROWTH

“Gaston is the next frontier for Charlotte’s expansion.”

Montcross Area Chamber of Commerce

Growth is coming to Gastonia, and we at CaroMont are prepared for it. We are the only health care system in Gaston County with acute care bed capacity for the foreseeable future. We have a strong financial position, having recently been upgraded by Standard & Poor’s (one of four major rating agencies) to AA-, which places us among the top 7% of all rated standalone not-for-profit hospitals in the country.

CaroMont Health has exceptional quality and clinical outcomes, and our results, together with our comprehensive Information Technology platforms and our high quality/low cost structure, make us an attractive provider of health care in our markets.



POSITIONED *for* CHANGE

“Life belongs to the living, and he who lives must be prepared for changes.”

Goethe

Few topics have captivated the attention of the American public as much as health care reform. From town-hall meetings to university classrooms, this topic has been discussed relentlessly — and often emotionally. However, despite the diversity of views on this topic, there is one thing certain — change is coming. And at CaroMont Health, we are embracing change through our Reform Readiness Initiatives.

Cutting Health Care Costs

CaroMont Health is involved in several initiatives aimed at streamlining the health care payment process and cutting costs across the board. Through a partnership with GE and Sg2, CaroMont Health is adopting a bundled payment program for large businesses and health plans. We are also one of 19 selected participants (out of 3,000 hospitals nationwide) in the Premier ACO Implementation Collaborative — a group of hospital systems evolving from a fee-for-service to value-driven business model. CaroMont will implement the first of these initiatives, our bundled payment pilot, at the end of 2010.

Disease Prevention

Preventive medicine is key to a healthy population. CaroMont Health has developed innovative prevention and wellness portals throughout our communities, which focus on individual and population health.

Through these and other initiatives, CaroMont is positioned for change.

CAROMONT HEALTH *by the* NUMBERS

Work Force Numbers

Employees	3,800
Female	84%
Male	16%
Full-time	76%
Part-time.....	13%
Relief/PRN.....	11%
Employed Physicians	133
Staff Physicians.....	339
Registered Nurses.....	1,050
Adult Volunteers.....	191
Teen Volunteers	32
Average Age of Staff	42
Average Tenure for Executives	13 years
Average Tenure for Managers/Directors.....	14 years

CaroMont Financial Numbers (at and for the year ended June 30, 2010)

\$ in Millions

Net Patient Service Revenue	\$474.4
Total Net Operating Revenue.....	\$483.0
Total Operating Expense.....	\$460.1
Operating Income	\$22.9
Operating EBIDA.....	\$60.9
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Net Non-Operating Revenue	\$43.3
Excess Revenue over Expense.....	\$62.2
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Unrestricted Cash and Investments	\$417.0
Total Debt	\$225.9
Total Net Assets	\$432.9
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Charity Care at Cost.....	\$15.7
Unreimbursed Medicaid at Cost	\$16.9
Other Uncompensated Care at Cost (i.e., bad debt and uninsured discount).....	\$19.7

CAROMONT HEALTH *by the* NUMBERS

Standard and Poor's Bond Rating Upgrade

Standard and Poor's (S&P) recently upgraded our NC Medical Care Commission \$106.5 million Series 2008 bonds and \$119.4 million Series 2003 bonds to AA-, which puts CaroMont Health in the top 7% of all rated standalone not-for-profit hospitals in the country. The higher bond rating reduces our interest rates and is a strong affirmation of the organization's strategic direction and excellent financial performance.

S&P's upgrade was based on CaroMont's continued strong financial performance and attractive facilities with limited capital needs, as well as management's proactive approach to changes in the health care industry. It is also reflective of CaroMont's strong business position, with approximately 70% of the market share within Gaston County.



COMMUNITY CARE

CaroMont Health Gaston Memorial Hospital Foundation

The CaroMont Health Gaston Memorial Hospital Foundation was established in 1985 as a subsidiary of CaroMont Health. In addition to the Foundation utilizing its investment earnings to fund donations to worthy health care causes, CaroMont Health contributes approximately 10% of its net operating income to the Foundation each year. During fiscal year 2010, the Foundation distributed \$686,686 to charitable causes throughout Gaston County. Funds were given to the following organizations: Gaston Family Health Services, Gaston Together, United Way, Gaston County Schools, HealthNet Gaston and Indigent Medication and Services.

Gaston Family Health Services (GFHS) is the largest recipient of funds from the Foundation. GFHS is a private non-profit corporation providing medical and dental services to the uninsured and underinsured population of Gaston County. During fiscal year 2010, the Foundation donated \$480,778 to help cover the cost of the organization's nine physicians. This clinic is important in assuring that the uninsured and underinsured have access to health care in Gaston County. CaroMont Health is committed to assisting GFHS in providing for these patients who might otherwise go without primary care services.

COMMUNITY OUTREACH

The CaroMont Health Heart Walk is an annual event to raise money for the Gaston Heart Society. It is a one mile fun walk on the CaroMont Health and Summit Building campuses. More than 400 walkers turned out for the May 2010 event where more than \$14,000 was raised for the cause.

Camp Summer Breeze is a week-long day camp for children with asthma. It combines traditional camp activities with asthma education in a medically supervised environment. The camp is held at Camp Rotary in western Gastonia. The July 2009 camp had 20 campers and junior volunteers. Children who cannot afford the tuition are given scholarships, and no campers have ever been turned away. Campers are given daily instruction on managing their disease, including hands-on training in how to properly measure their peak flows, proper inhaler use, and helpful breathing techniques.

The CaroMont Candlelight 8K was held in October 2009 to raise money to provide prescription medications to patients via HealthNet Gaston. It was a “fall festival” event, which included an eight kilometer road race and a two mile fun run. Both began and ended on CaroMont’s campus. This event received the endorsement of the Gastonia City Council, as well as cooperation and in-kind support from the NC Department of Transportation and the Gastonia Police Department. With more than 50 CaroMont employee volunteers and 700 runners, the event raised nearly \$21,000 for HealthNet Gaston.

CaroMont Health provided significant community leadership and service during the H1N1 flu pandemic of 2009-2010. Numerous CaroMont Health staff members were recruited to provide vaccinations for Gaston County school children, and to staff community vaccination clinics. CaroMont employees — including nurses, medical assistants and security personnel — contributed nearly 500 hours for these vaccination clinics. In addition, CaroMont provided in-kind support for planning and coordinating with our community partners. In February 2010, Gaston County Commissioners presented commendations to CaroMont Health, Gaston County Health Department, Gaston College, Gaston County Schools, and Gaston Emergency Management Services for “outstanding contributions protecting the health of the people of Gaston County during the 2009 H1N1 flu response.”



THE LEADERSHIP *of* CAROMONT HEALTH

Valinda Rutledge

*President, Chief
Executive Officer*

Kathleen Harwell

*Vice President, Patient
Care & Post-Acute Services*

Terry Jones

*Vice President, Chief
Administrative Officer*

Maria Long

*Vice President,
General Counsel*

David O'Connor

*Vice President,
Chief Financial Officer*

Steve Rubin

*Vice President, Practice
Management & Physician
Recruitment*

Andrea Serra

*Vice President,
Research and Wellness*

Rowena Buffett Timms

*Vice President, Public
Policy and Partnerships*

Kathleen Besson

*Assistant Vice President,
Ambulatory Services*

Richard Blackburn

*Assistant Vice President,
Support Services*

Mike Johnson

*Assistant Vice President,
Chief Information Officer*

Jan Matthews

*Assistant Vice President,
Quality Management*

Libby McCraw

*Assistant Vice President,
Human Resources*