THE FUTURE OF QUALITY HEALTHCARE IN OUR REGION
THE MISSION OF OWENSBORO HEALTH IS TO HEAL THE SICK AND TO IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE. That means helping to restore the health of people who are sick and guiding those who are healthy to make wellness a lifelong priority. To meet that mission, we are making quality and safety our top priorities every day.

We believe the people we serve should have access to outstanding care that is also close to home. To advance this belief, it takes more than just science and technology, or bricks and mortar. Across our 14-county coverage area in Kentucky and Indiana, Owensboro Health has more than 4,400 employees. They are dedicated, caring and possess hearts willing to serve others.

Healthcare is a world that is always on the move. Whether that change comes from advancing technology, innovation in treatment, or new rules and regulations, we are ready to meet that challenge. By listening to and partnering with the people we serve, we’re ready to help them overcome their health challenges. We want to build an even stronger health system that will endure and continue to provide outstanding care for generations to come.

Jeff Carpenter
CHAIR, OWENSBORO HEALTH BOARD OF DIRECTORS

Greg R. Strahan
PRESIDENT & CHIEF EXECUTIVE OFFICER OWENSBORO HEALTH
QUALITY AND SAFETY COME FIRST

STRIVING FOR EXCELLENCE

In 2015 and 2016, Owensboro Health was honored for excellence and quality of patient care, facility design, service and more. Some of the recognitions earned include:

- American College of Surgeons Commission on Cancer: Gold Rating – Mitchell Memorial Cancer Center
- Becker’s Hospital Review: 100 Great Community Hospitals – Owensboro Health Regional Hospital
- Becker’s Hospital Review: 53 hospitals with the lowest pneumonia readmission rates – Owensboro Health Regional Hospital
- MediStar Awards: 2015 Facility Design Award – Owensboro Health Regional Hospital
- The Joint Commission: Owensboro Health Regional Hospital recognized as a top performer in the following six key quality measures:
  - Heart attack
  - Heart failure
  - Pneumonia
  - Surgical care
  - Stroke
  - Perinatal care
- U.S. News & World Report – High-performing (Heart failure) – Owensboro Health Regional Hospital

Owensboro Health must also rise to meet demanding standards from a number of oversight and regulatory bodies. Accreditations earned or renewed this year include:

- American College of Surgeons Commission on Cancer: Full re-accreditation with highest possible commendation
- American Society of Health System Pharmacists: Owensboro Health Pharmacy Residency Program (New)
- American College of Radiology: Certificate of Accreditation in Radiation Oncology Services – Mitchell Memorial Cancer Center
- Intersocietal Accreditation Commission: Owensboro Health Regional Hospital – Echocardiography (New)
To provide outstanding care, Owensboro Health is dedicated to advancing and enhancing our technology, capabilities and our staff.

Some examples of new capabilities and providers at Owensboro Health include:

**NEW PROVIDERS AND LOCATIONS TO RECEIVE CARE**

- **Owensboro Health Muhlenberg Community Hospital**: Owensboro Health acquired Muhlenberg Community Hospital through a 20-year lease agreement that was finalized in July 2015. This acquisition ensures that the people of Muhlenberg County and the surrounding area have continued access to quality healthcare close to home.

- **New specialists**: Owensboro Health’s One Health medical group welcomed new specialty providers, including maternal-fetal medicine physician Dr. Thomas Tabb, psychiatrist Dr. Willie Mae Jackson, pediatrician Dr. Nicole Davis, general surgeon Dr. Michael West and others, for a gain of 12 new physician specialists to the group.

- **One Health satellite locations**: New primary care clinic facilities opened in Webster and McLean Counties. These clinics offer primary care access to local residents, as well as referral to specialists for patients needing advanced services and care.

**NEW TECHNOLOGY**

- **Epic EMR upgrade**: Owensboro Health upgraded its Epic electronic medical record (EMR) system in June 2015, offering expanded system capabilities to both patients and healthcare professionals.

- **ICD-10**: On Oct. 1, 2015, the ICD-10 coding system went live nationally, and Owensboro Health was well-prepared for the shift. The health system had been prepared to make the transition in 2014, but the national go-live was delayed. Owensboro Health staff members used the time to practice using the new system and prepare for the transition. This new coding system allows for better tracking of diagnoses and treatments, improving future care and healthcare planning.

- **NicView™**: This secure video system in the Level III Neonatal Intensive Care Unit at Owensboro Health Regional Hospital allows families to see their baby via the internet. Families can share access with loved ones and feel connected when unable to be at the hospital with their baby.
WITH HEARTS TO SERVE

THE OUTREACH APPROACH
Improving the health of the communities we serve means looking for opportunities outside the walls of our hospitals. It requires a willingness to go the extra mile to educate and engage with the people of our region. The future of healthcare is out in our communities, fostering health and wellness to improve the length and quality of life for our friends, family and neighbors. To improve the health of our communities in the future, we are taking action now.

Some examples of outreach and access opportunities include:
- Owensboro Health Healthpark: Re:Made, Run for Your Life, Exercise is Medicine
- Free events: The Doc Is In (education series), Breast Reconstruction Awareness (BRA) Day,
- Owensboro Regional Farmers’ Market: Lease of space at Owensboro Health’s Parrish Avenue and Triplett Street location for a permanent farmers’ market, offering community residents access to fresh produce and food items from local businesses, as well as hosting the market at Owensboro Health Regional Hospital

BETTER TOGETHER
Meeting the healthcare challenges and needs of our communities is not something that Owensboro Health can do alone.

A few of Owensboro Health’s collaborations in Fiscal Year 2015-2016 include:
- Community Health Needs Assessment: Survey of the health needs and priorities of the region, conducted every three years in partnership with the Green River District Health Department
- GoNoodle Plus health education programs at Daviess County Public Schools and other school districts throughout the region
- Let’s Move women’s health event at the RiverPark Center in June 2015, offered through grant funding to Owensboro Dance Theatre
- Hosted the Owensboro Symphony Orchestra Music on Call program
OWENSBORO HEALTH GIVES BACK

- Owensboro Health Gives combined giving campaign: Each dollar donated by employees matched by $0.50 cents from the health system, totaling more than $425,000 donated to regional and national charities and service agencies.

- Annual Holiday Food Drive: More than 45,000 meals worth of food donated to the HELP Office of Owensboro (Nearly half of the meals provided to the needy by that agency for 2015), along with food drives also held in all of the counties we serve.

- Owensboro Health Community Benefit Grants: $702,924 to 38 regional health, human services and arts organizations awarded in August 2015.

- Owensboro Health Foundation: In Fiscal Year 2015-2016, Owensboro Health Foundation projects helped more than 5,000 people across the health system’s service area. This included a wide range of programs, including:
  - **Breast Cancer Assistance Fund:** This program provides financial assistance to breast cancer patients who cannot afford specialty bras and/or medicines needed for controlling or relieving symptoms.
  - **Cancer Center Transportation Fund:** To support those unable to afford the cost of transportation to receive cancer care, Owensboro Health Foundation has two funds in place. One serves low-income patients. The other serves working poor or retired cancer patients who worked until their cancer diagnosis.
  - **Car Seat Assistance Program:** This program funds installation of car seats by a certified technician and provides free car seats for families in need.
  - **Care Bears for Kids:** Children at Owensboro Health can receive a stuffed animal to help them cope with fear and anxiety relating to medical issues. In the more than 20 years this program has been active, more than 10,000 bears have been given away.
  - **LifeSpring:** This program provides a combination of coping and sharing, health and wellness education, and creative and complementary therapies for cancer survivors and anyone in our service area affected by a cancer diagnosis.
  - **Mammograms for Life:** This program provides free breast health services for medically underserved women, including screening mammograms, diagnostic mammograms, ultrasounds and biopsies.
  - **NicView™ camera system:** Owensboro Health Regional Hospital’s Level III Neonatal Intensive Care Unit offers this system which allows families to see their newborn via a secure Internet video connection.
WHAT CAN WE DO TO HEAL THE SICK AND TO IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE?

Access to care is one of the top three regional challenges identified in the community health needs assessment. To improve access to care, Owensboro Health is looking for ways to remove obstacles that prevent people from getting the care they need.

KEEPING CARE CLOSE TO HOME

One of the best examples of Owensboro Health’s willingness to serve the people of this region is found at Owensboro Health Muhlenberg Community Hospital. This community hospital, established in 1938, is an important and vital part of Muhlenberg County. To help continue and further that commitment to service, Owensboro Health acquired Muhlenberg Community Hospital through a 20-year lease agreement in July 2015. Through this acquisition, Owensboro Health is able to dedicate resources and infrastructure that will benefit the people of Muhlenberg County and the surrounding area. This includes offering new care opportunities, with the addition of permanent providers, specialists and visiting provider rotations. The new providers cover the following areas:

- Cardiology
- Family Medicine
- General Surgery
- Internal Medicine
- Orthopedics
- Urology
- Women’s Health

“We’re doing everything we can to be good partners in fostering a culture of superior, quality healthcare and service excellence for our patients. We have a strong foundation in place with Owensboro Health Muhlenberg Community Hospital and we are building on it with a dynamic regional partner in Owensboro Health. Together, we’re ready to improve the quality of life and healthcare throughout this area.”

– Ed Heath, D.Sc., CEO, Owensboro Health Muhlenberg Community Hospital
GROWING TO MEET OUR MISSION

Owensboro Health’s One Health medical group continues to grow to meet the needs of the population of this region. To provide access to care, it takes a dedicated team of providers with the expertise, training and heart to care for the people of this area.

IN FY 2015-2016, ONE HEALTH ADDED THE FOLLOWING:

- Primary care physicians: 8
- Primary care extenders (nurse practitioners and physician assistants): 11
- Specialist physicians: 12
- Specialist extenders: 6

The growth of One Health includes the addition of the following specialties:

- Maternal-Fetal Medicine
- Pain Management
- Palliative Care

COMING SOON: ONE HEALTHPLEXES

In order to better serve the people of the coverage area, Owensboro Health is working to provide physical locations that can meet even more healthcare needs. To do so, we’re building multiple facilities, each with 41,148 square feet of space to house a variety of services. In 2016, construction began on these One Healthplex buildings in Henderson, Hopkins and Muhlenberg counties.

Services offered at the One Healthplex facilities will include:

- Primary care
- Specialty services
  - Cardiology
  - General Surgery
  - Occupational Medicine
  - Oncology (Muhlenberg-specific)
  - Orthopedics
  - Urology
  - Women’s Health
- Diagnostic Imaging (X-ray, CT, ultrasound and mammography)
- Urgent Care
ACCESS MEANS AFFORDABILITY

Owensboro Health is a not-for-profit health system. We see every dollar as a tool that can help us to achieve our mission and make a difference in the health and well-being of the people we serve. For care to be accessible, people must be able to afford it, not just find a physical location where it is available. We will always seek to provide outstanding quality care at a reasonable price, and to reinvest in ways that enhance the care we can provide in the future.

CONSOLIDATED FINANCIAL STATEMENTS

<table>
<thead>
<tr>
<th>REVENUE:</th>
<th>FY ENDING MAY 31, 2016 (dollars in thousands)</th>
<th>FY ENDING MAY 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Gross Revenue (Patients and Other Sources)</td>
<td>$ 1,600,799</td>
<td>$ 1,306,535</td>
</tr>
<tr>
<td>Less Charges Which We Cannot Collect: (Medicare, Medicaid, Insurance/Charity Care/Patient Bad Debt)</td>
<td>1,017,876</td>
<td>806,804</td>
</tr>
<tr>
<td>Net Operating Revenue – Collectible Revenue</td>
<td>$ 582,923</td>
<td>$ 500,451</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES:</th>
<th>FY ENDING MAY 31, 2016 (dollars in thousands)</th>
<th>FY ENDING MAY 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Wages and Benefits</td>
<td>$ 320,877</td>
<td>248,455</td>
</tr>
<tr>
<td>Supplies, Utilities and Other Costs</td>
<td>206,738</td>
<td>180,630</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>32,593</td>
<td>32,327</td>
</tr>
<tr>
<td>Amount Retained for Future Needs, Services and Debt Retirement</td>
<td>22,715</td>
<td>39,039</td>
</tr>
<tr>
<td>Total Funds Used for Patient Care</td>
<td>$ 582,923</td>
<td>$ 500,451</td>
</tr>
<tr>
<td>EBIDA (Earnings, Before Interest, Depreciation and Amortization)</td>
<td>$ 55,308</td>
<td>$ 71,365</td>
</tr>
</tbody>
</table>

THE FINANCIAL HIGHLIGHTS LISTED ABOVE ARE IN THOUSANDS/ SOURCE: INDEPENDENT AUDITOR’S CONSOLIDATED REPORT
ORGANIZATIONAL PROFILE

<table>
<thead>
<tr>
<th>June 1, 2015 - May 31, 2016</th>
<th>OHRH</th>
<th>OHMCH</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed Beds</td>
<td>477</td>
<td>135</td>
<td>612</td>
</tr>
<tr>
<td>Employees</td>
<td>3,964</td>
<td>468</td>
<td>4,432</td>
</tr>
<tr>
<td>Medical Staff</td>
<td>200</td>
<td>62</td>
<td>262</td>
</tr>
<tr>
<td>Admissions</td>
<td>17,994</td>
<td>1,292</td>
<td>19,286</td>
</tr>
<tr>
<td>Total Surgical Procedures</td>
<td>23,977</td>
<td>2,046</td>
<td>26,023</td>
</tr>
<tr>
<td>Births</td>
<td>2,123</td>
<td>173</td>
<td>2,123</td>
</tr>
<tr>
<td>Open-Heart Procedures</td>
<td></td>
<td></td>
<td>173</td>
</tr>
<tr>
<td>Emergency Department Visits</td>
<td>73,074</td>
<td>15,210</td>
<td>88,284</td>
</tr>
<tr>
<td>Convenient Care/Rapid Care Visits</td>
<td>29,673</td>
<td>3,837</td>
<td>33,510</td>
</tr>
<tr>
<td>Clinic Visits</td>
<td>549,649</td>
<td>7,157</td>
<td>556,806</td>
</tr>
<tr>
<td>Total Outpatient Visits</td>
<td>923,864</td>
<td>35,546</td>
<td>959,410</td>
</tr>
</tbody>
</table>

As we strive to provide a healthy community, we are also dedicated to creating a healthy culture of respect, integrity and teamwork. We are proud to be the largest employer west of Louisville and are humbled to continue to invest in our employees.

COMMUNITY BENEFIT

<table>
<thead>
<tr>
<th>IRS FORM 990 TAX REPORT:</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits to the Underprivileged (Charity)</td>
<td>$ 4,212,774</td>
<td>$ 3,581,125</td>
</tr>
<tr>
<td>Benefits to the Underprivileged (Medicaid Shortfall)</td>
<td>106,730,543</td>
<td>68,821,723</td>
</tr>
<tr>
<td>Community Health Improvement</td>
<td>417,728</td>
<td>1,173,651</td>
</tr>
<tr>
<td>Health Professional Education</td>
<td>424,441</td>
<td>126,782</td>
</tr>
<tr>
<td>Research</td>
<td>298,784</td>
<td>298,784</td>
</tr>
<tr>
<td>Cash and In-Kind Contributions for Community Benefit</td>
<td>989,116</td>
<td>724,386</td>
</tr>
<tr>
<td>Total Community Benefit</td>
<td>$ 113,073,385</td>
<td>$ 74,726,451</td>
</tr>
</tbody>
</table>

EMPLOYEES BY COUNTY

As we strive to provide a healthy community, we are also dedicated to creating a healthy culture of respect, integrity and teamwork. We are proud to be the largest employer west of Louisville and are humbled to continue to invest in our employees.

<table>
<thead>
<tr>
<th>COUNTY</th>
<th>EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daviess</td>
<td>2,609</td>
</tr>
<tr>
<td>Muhlenberg</td>
<td>523</td>
</tr>
<tr>
<td>Ohio</td>
<td>262</td>
</tr>
<tr>
<td>Hopkins</td>
<td>157</td>
</tr>
<tr>
<td>McLean</td>
<td>154</td>
</tr>
<tr>
<td>Hancock</td>
<td>132</td>
</tr>
<tr>
<td>Spencer (Indiana)</td>
<td>111</td>
</tr>
<tr>
<td>Henderson</td>
<td>79</td>
</tr>
<tr>
<td>Perry (Indiana)</td>
<td>40</td>
</tr>
<tr>
<td>Breckinridge</td>
<td>22</td>
</tr>
<tr>
<td>Webster</td>
<td>20</td>
</tr>
<tr>
<td>Others</td>
<td>183</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,292</strong></td>
</tr>
<tr>
<td>Contract Labor</td>
<td></td>
</tr>
<tr>
<td><strong>Total including Contract Labor</strong></td>
<td><strong>4,432</strong></td>
</tr>
</tbody>
</table>
THE FUTURE OF QUALITY HEALTHCARE IN OUR REGION
OWENSBORO HEALTH BOARD OF DIRECTORS

The Owensboro Health Board of Directors consists of 14 volunteer members, including four appointees from the community, selected by nominations from local organizations. Additional representation is provided by three physicians—nominated by the hospital’s medical staff—along with seven directors appointed by city and county government, one of whom is also a physician.

Jeff Carpenter  
CHAIR

Jack Wells  
VICE-CHAIR

William Harrison, MD  
SECRETARY

Suzanne Blazar

Robert Farmer

Mark Millsap, MD

Deborah Nunley

Janice Scherm, RN

Vicki Stogsdill, RN

Terry Woodward

Michael Yeiser, MD

Notice of Nondiscrimination and Accessibility

Owensboro Health, Inc. complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex. Owensboro Health, Inc. does not exclude people or treat them differently because of race, color, national origin, age, disability, or sex.

OWENSBORO HEALTH, INC.:
• Provides free aids and services to people with disabilities to communicate effectively with us, such as:
  – Qualified sign language interpreters
  – Written information in other formats, based on an individual’s needs
• Provides free language services to people whose primary language is not English, such as:
  – Qualified interpreters
  – Information written in other languages

If you need these services, contact a staff member or supervisor.

If you believe that Owensboro Health, Inc. has failed to provide these services or discriminated in another way on the basis of race, color, national origin, age, disability, or sex, you can file a grievance with the Office of Risk Management:

Office of Risk Management • Owensboro Health  
1201 Pleasant Valley Rd. • Owensboro, KY 42303  
Phone 270-691-7887, TTY number 270-688-3719, Fax 270-417-4809  
e-mail RiskManagement@owensborohealth.org

You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights, electronically through the Office for Civil Rights Complaint Portal, available at https://ocrportal.hhs.gov/ocr/portal/lobby.jsf, or by mail or phone:

U.S. Department of Health and Human Services  
200 Independence Avenue, SW  
Room 509F, HHH Building  
Washington, D.C. 20201  
1-800-368-1019, 800-537-7697 (TDD)
