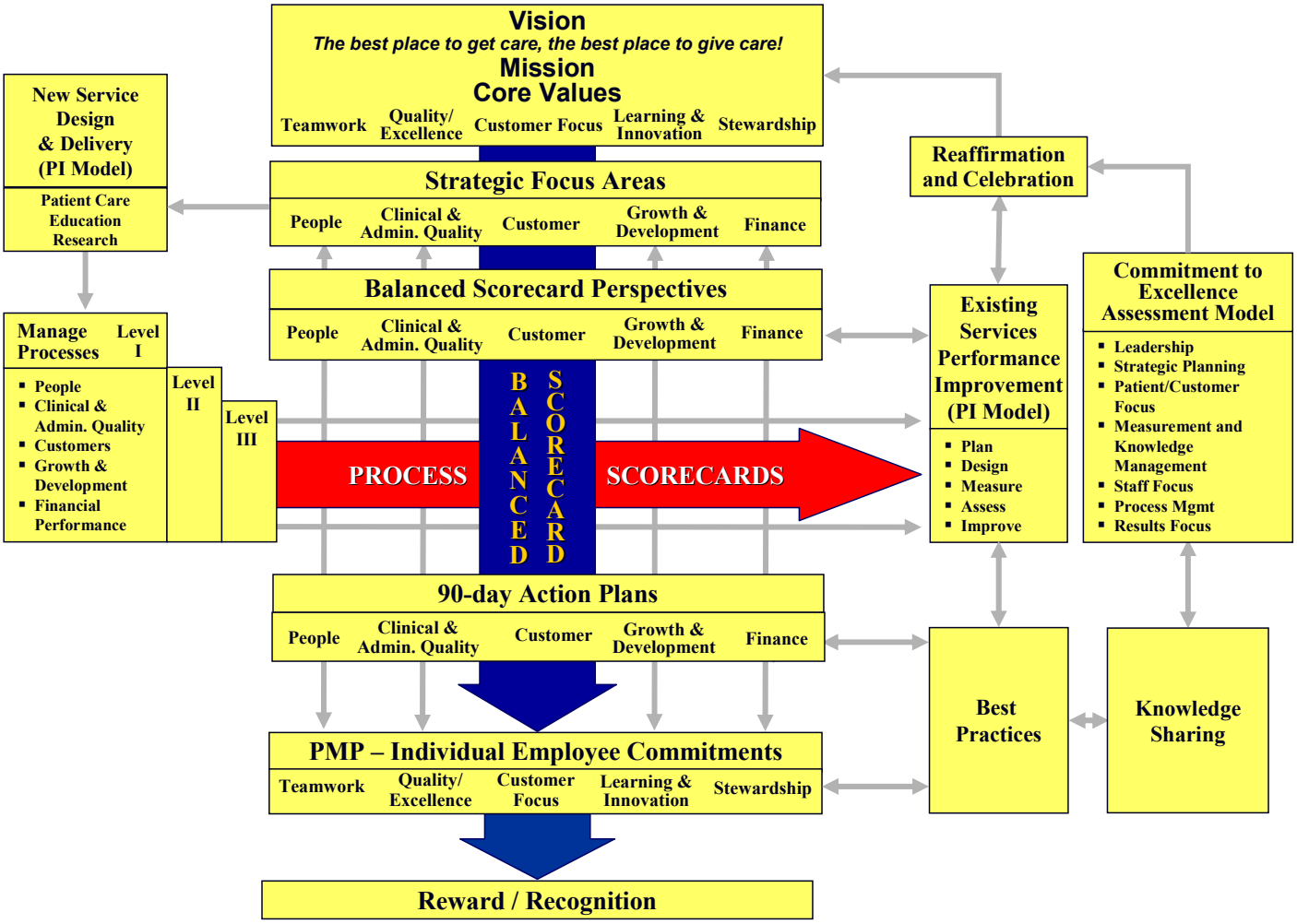
1.1 Senior Leadership

The SLHS leadership system consists of an **organizational structure** designed for agility, rapid decision-making assisted by an in-depth data system and interaction and collaboration between the administration, medical staffs and Board of Directors (BODs); a set of **Very Important Principles (VIP)** designed to make SLHS a mission, vision and values-driven organization; a **Balanced Scorecard (BSC)** and associated metrics designed to establish a focus on strategic objectives (strategic focus areas – **SFAs**) and performance expectations; and a **Performance Management Process (PMP)** designed to emphasize empowerment, innovation and staff learning. These management principles are aligned and integrated into SLHS's Leadership for Performance Excellence Model (**LPE**) shown below.

1.1a(1) Setting Organizational Vision and Values: SBODs and SL set the organizational mission, vision and values (**MVV**), utilizing close collaboration and a matrix management approach throughout SLHS. This direction plays a key role in establishing the culture and performance expectations for each entity, while at the same time, giving each entity the ability to encourage entity-specific cultures while meeting local customer needs. Many of SLHS's SL share administrative responsibilities at both the SLHS and individual entity level and, therefore, help drive planning, goal setting and policy development utilizing personal communication and engagement, while at the same time coordinating strategic direction. This allows for alignment and integration across the SLHS and strong involvement by SL in the formation of both SLHS strategy and key operational and health care processes. Formal direction from the SLHS comes by way of an annual strategic plan (**SP**), which is part of a larger SLHS **Strategic Planning Process (SPP)** described in Category 2. SL set, communicate and deploy the **MVV**, as well as its short- and long-term performance expectations through the **SPP** and the associated processes: **VIP, BSC** and **PMP**. In addition, SL communicate and deploy the **MVV** to its key suppliers and partners using a variety of tools such as direct and frequent communication and the provision of performance expectations. SL communicate with patients/families and other customers using web-based technology, written communication, and direct personal contact. In addition, SL role model **MVV** by their personal commitment to ethical behavior, transparency of conflict of interest, maintenance of a visible role in the community through their participation in multiple community organizations, and their open and direct communication to employees.

The leadership structure is characterized by a strong



SLHS's Leadership for Performance Excellence Model (LPE)

collaboration between SLHS SL and entity SL, in which SLHS SL are well represented within each component of the governance structure. Of particular note, SLHS and entity SL share **BSC** perspective and strategic planning responsibilities. For example, SLHS's Senior Vice President responsible for strategic planning and the CEOs at each entity jointly manage the **SPP**, which ultimately requires **Management Committee (MC)** and **System Board of Directors (SBOD)** approval. **BSC** measures are similarly managed from the SLHS and entity perspective by the **Perspective Leaders** so that via the **BSC**, SLHS ensures that alignment will flow down through the organizational structure. The same may be said of the **MVV**, **VIP**, **SPP** and **PMP**, which drive the mission, vision and values from the SLHS through each entity down to each employee.

In the spring of each year, information gathered from the SLHS's annual **Environmental Assessment (EA)** is reviewed by the MC, eBODs, the SLHSPLG, the HSLG and the SBQC as part of the **SPP** as described in Item 2.1. The MC is responsible for review and validation of the SLHS **MVV** as part of the **SPP** before the elements of the plan are submitted to the SBOD for final review and approval. Once validated, these become the cornerstone of the **VIP** which guides the implementation of the **SP**. The core values are then communicated and deployed throughout the SLHS using two formal tools:

- **PMP -** The SLHS's five core values are the foundation of each employee's job description. The **PMP**, which is detailed in Item 5.1, produces a set of specific, measurable behaviors that exemplify the core values for each employee.

- **VIP -** The core values are integrated into the SLHS hiring process using the **Behavior-Based Interviewing (BBI)** approach described in Item 5.1. The **VIP** are introduced during new hire orientation and published on **VIP** cards which are distributed to all employees.

SLHS SL set direction and performance expectations through the **SPP** which produces **Strategic Focus Areas (SFAs)**, strategic processes that are critical to SLHS and entities' future success. **SFAs** align to the five perspectives of the **BSC** and are linked to a set of significant issues. **Strategic Aim Statements** (**SASs**) represent long-term strategic objectives, and **Strategic Action Plans** (**SAPs**) provide more detailed or short-term direction to the SLHS and each of its entities. Measures and goals are established at SLHS for each of the **SASs** and are incorporated into the **BSC**, thereby establishing performance expectations for the organization. These are then deployed throughout the SLHS by incorporating the SLHS's **SP** into each entity's **SP**, including specific operational goals and key measures described in Category 2. SLHS goals are further translated through each entity into personal commitments, documented on each employee's **PMP** which identifies individual responsibilities and goals relative to the **SASs** and **Core Values**.

In addition to addressing values, direction and performance expectations at SLHS and entity levels, SL employ a systematic approach to assure constant focus on creating and balancing cost, quality and value for patients and other customers. This approach includes the following components:

- **"Open Door" policy**
- **Leadership**
- **Customer Satisfaction Research Program (CSRP)**

Under the guidance and direction of the MC, SL employ entity-specific approaches to provide a balance of cost, quality and value for patients and other customers. These approaches may vary somewhat from entity to entity, but generally include the following:

- **Administrator on Call (AOC)**
- **Administrative Rounding**
- **Plans for Care and Services**

1.1a(2) Promoting Legal and Ethical Behavior: SL ensure an organizational environment that fosters and requires legal and ethical behavior, utilizing multiple tools including the creation of financial transparency, ethical SL behaviors using SLHS's annual corporate compliance plan (**CCP**) and conflict of interest statements (**CIS**), zero tolerance for ethical breeches, focus on SLHS faith-based mission, the use of SLHS's five core values to drive employee performance using the annual **PMP**, oversight by both the SBOD and the eBODs, the majority of whom are independent, and observable SL role modeling.

1.1a(3) Creating a Sustainable Organization: SLHS strives to be an agile and continuous learning organization in which a culture of innovation, learning and information sharing is encouraged and modeled by SL and expected of employees. The creation of this culture is the key to long term organizational sustainability. Multiple approaches are used by SL to ensure this long term sustainability including a focus on long term strategic planning, sound financial management, a focus on its employees, building and expanding a delighted customer base, upgrading the facility infrastructure on a continuous basis, and utilizing performance principles to ensure the highest levels of service and clinical results. This is operationalized through the **LPE**. SLHS and entity SL drive performance improvement (**PI**) through creation of an organizational process model, a process level measurement system, and a Baldrige-based **Commitment to Excellence (CTE) program.** Processes are defined and designed in ways that link directly to the **SFAs** and are managed and improved on a regular basis as described in Category 6. **CTE Assessments** are accomplished annually and permit an overall evaluation of the SLHS and entity performance. These activities are integrated as shown in the **LPE** model, producing a continuous focus on learning, innovation and knowledge-sharing. The **LPE** permits SLHS to act with agility through frequent performance reviews, action planning, and cycles of improvement. The **Core Values** drive the **LPE** by stressing the importance of taking initiative, continuously improving work practices, taking risks, analyzing processes and problems to identify opportunities for improvement, sharing information, practicing ethical behavior and participating on performance improvement or other teams at the entity and SLHS level. Employees are responsible for demonstrating these behaviors, and they are evaluated on their ability to do so as part of the **PMP**. To aid employees in being successful in this regard, SL implemented the **PI Model** (Item 6.1), which guides employees

in their effort to seek continuous improvement and innovation by encouraging them to take the initiative to improve work processes on a regular basis.

SLHS SL has also placed a significant emphasis on training and professional development further explained in Item 5.2. Numerous opportunities are provided to ensure that employees have the necessary job skills needed to successfully implement the **core values**. For example, the **PMP** includes development plans and objectives designed to enable each employee to be empowered and encouraged to seek continuous improvement and innovation. A framework to promote a culture of clinical and technological advancement has also been established by SLHS SL. This framework includes the identification of product and service lines which operate system-wide and the establishment of centers of excellence at various SLHS entities. Other examples include the educational programs and activities within the Saint Luke's College of Nursing and Saint Luke's Hospital (the primary private teaching hospital for the University of Missouri-Kansas City School of Medicine). SLHS has dedicated considerable resources to programs devoted to the education of nurses, medical students, medical and surgical residents, students in a variety of allied health professions and to the faculty who are responsible for teaching. Because of the prominence of health-related education and research in the mission of SLH, the organization strives to remain on the cutting edge of innovation and knowledge sharing.

SLHS SL also recognize the value of networking and benchmarking, both internally and externally, by working with a variety of other learning-committed organizations through Voluntary Hospitals of America (VHA), a 1400 hospital cooperative, through the American Association of Medical Colleges (AAMC) Council of Teaching Hospitals and with other comparable collaborating hospitals or systems for data sharing. These organizations provide SLHS with the opportunity to benchmark data and to share information and best practices.

SLHS SL are able to act with agility because the organization encourages a culture of empowerment and is making a heavy investment in technology to provide timely and complete information sharing across the organization.

Finally, SL have created a SLHS-wide succession planning policy that is part of a long term approach to ensure a stable and sustainable health system in the future. The emphasis of this succession planning process is to encourage succession from within by providing the ongoing training and leadership development to employees.

1.1b(1) Communicate, Empower and Motivate Staff: SLHS SL communicate, empower and motivate staff by taking advantage of a flattened matrix management system that reduces organizational layers of reporting, creates a shared governance structure within nursing to encourage decision-making at the point of care, along with a robust, entity-specific rewards and recognition system (monitored by a process level scorecard), a **PMP** that aligns organizational goals down to each employee linked to a pay incentive system, and an intranet system that allows for rapid communication and individual employee engagement. SL encourage robust two-way communication through the use of the open door policy, the ability of each employee to use the intranet to communicate issues and concerns to SL, "town hall meetings" at the entity level, employee focus groups, employee satisfaction surveys, multiple department and unit committee meetings, and the use of multi-disciplinary cross functional teams to engage the staff in problem solving. Multiple reward and recognition methods and programs in which SL are actively engaged are utilized throughout the SLHS.

1.1b(2) Creating a Focus on Action: SLHS SL review organizational performance, competitor performance, progress to plan and complete needs assessments on a regular basis. The SBQC conducts a quarterly **BSC** review during which performance in the multiple measured areas of the SLHS and entity **BSCs** are assessed. The entire SLHS **BSC** is presented first at these quarterly meetings in order to give an overall picture of performance in the five perspective areas. Individual entity **BSCs** are then reviewed. For each measure, the performance goal that is established reflects the performance objectives of the **SP**. The color shows if current performance is at, above or below that plan goal, so the **BSC** review serves as a progress to plan review as well as an overall organizational performance review. In addition, specific drill downs may be presented in the form of run charts, depicting upper and lower limits based on stretch goals and risk levels for those measures.

The MC, the HSLG and SPISC or other leadership groups at each of the entities develop short or intermediate term strategic action plans (**SAPs**) which translate monthly or quarterly performance reviews from the **BSC** into strategic action. These periodic reviews permit a close look at the progress of the specific actions identified within the **SP**, and how those actions are impacting SLHS or entity performance in the **SFAs** with reference to **SASs** and the set of significant issues and key measures. If a significant year-to-date unfavorable variance occurs in any of the **BSC** measures at the SLHS or entity level, an improvement activity or formation of a **PI** team may be initiated. SL evaluates the performance in question and determines what actions may be required. In making this judgment, SL employ a prospectively designed prioritization tool shown in Fig. 1.1-3 in which the questions asked are rated based on their high, medium or low impact. This process helps SL make appropriate decisions and align improvement activities with the goals and strategies of the SLHS.

Data from the **BSC**, run chart and drilldown data, results of **PI** team function, financial overview data and customer satisfaction results are shared through the MC with appropriate SLHS constituencies, and feedback is solicited.

- Process materially contributes to strategic success
- Process is a high priority for achieving regulatory compliance
- Process will negatively affect a similar existing process
- Process will have high visibility to key customers
- Process deterioration will cause high rehabilitation costs
- Process drives one or more BSC measures

SLHS Prioritization Tool

SL uses a variety of methods to create a focus on balancing value for patients and other customers. This begins with the construction of the **SP** which includes the annual **EA**, input from key customer groups through **LLP**, and input from other key stakeholder groups. Through this process, the needs of the customer are balanced with the resources required to sustain the organization and value is thus created.

1.2 Governance and Social Responsibility

1.2a(1) Addressing Organizational Governance: SLHS key processes, measures and goals pertaining to its public responsibilities are summarized the Legal, Risk and Ethical Behavior chart shown on the following page. The SLHS **core values** provide the framework that drives the SLHS to comply with and support all public responsibilities. Operating with integrity and maintaining full compliance with regulatory and legal responsibilities are built into the **core values** and are stressed continuously through the **PMP**. A formal corporate compliance plan (**CCP**) is in place to specifically address regulatory and legal requirements, which is monitored by a Corporate Compliance Officer (**CCO**). The plan provides the structure for monitoring, auditing and managing legal and regulatory issues. Public Affairs as well as the SBOD and eBODs also have specific responsibilities with regard to legal and regulatory issues. Public Affairs is charged with the responsibility to keep abreast of federal and state laws and regulations that impact healthcare services and provide notification to SLHS SL when changes occur. SL then disseminates educational materials throughout the organization and may appoint individuals or teams at the entities to identify needed process changes. Performance goals/measures are established to ensure that the necessary changes are both implemented and effective in addressing all requirements, thus ensuring that SLHS is in a constant state of regulatory compliance. Medical departments are responsible to teach requirements pertinent to their specific areas of responsibility using similar processes.

Within the SLHS, SL led the effort to achieve accreditation requirements from various review bodies. When new and/or updated requirements are received, they are shared with all key leadership groups. Multidisciplinary teams are formed at the SLHS and/or entity level to ensure that necessary processes exist to address changing requirements of accreditation, and resultant measures are tracked to evaluate SLHS's level of performance. For example, the SLHS and its entities have a **Risk Management** process to ensure a safe environment for patients, employees and visitors. At the SLHS and entity level, a Risk Manager/Patient Safety Officer coordinates all of these activities, which includes training, awareness, evaluation, root cause analysis and development of improvement plans. In addition, the SLHS maintains transparency of fiscal operations through the use of independent external auditors, internal annual review of its governance system, and conflict of interest statements by all SL and BODs.

1.2a(2) Evaluating Senior Leader Performance: SLHS evaluates the performance of its SL through the use of an annual **PMP**, in addition to the BODs evaluating its own performance. Key findings of the annual SBODs self evaluation are used to develop individual Board performance initiatives (Fig. 7.6-6). Top SL compensation is based in part on performance metrics which helps align SL with the goals established by the SBOD. This evaluation process helps drive SL ongoing personal leadership effectiveness. All physician leaders, e.g., medical staff officers, undergo a rigorous re-credentialing process every two years which includes the review of their individual performance compared to their peers, by the appropriate medical staff leaders or departmental chairperson.

1.2b(1) Addressing Adverse Societal Impacts: SL use a variety of methods to engage and integrate public concerns/expectations with the actual delivery of its healthcare services. Members of the SLHS leadership team, often accompanied by physician leadership, meet with business leaders across the community periodically throughout each year. These meetings provide the opportunity to enter into active dialogue with key members of SLHS communities to help leaders make difficult decisions about health benefits and to learn what healthcare issues the community faces. Prior to these meetings, SLHS publishes and distributes two documents: *Quality in Action* and *Spirit of Care*.

SLHS also hosts educational forums with insurance brokers to educate payers. In these sessions, SLHS leaders learn from brokers who represent major area employers regarding factors important to their selection of health plan benefits for their workforce, and what key issues and concerns are prioritized by employers, along with how SLHS could best address these issues. In addition, SLHS participates in numerous urban, suburban and regional civic organizations which allow SLHS SL to interact with other community leaders. SLHS promotes employee participation in community-based organizations. The Legal, Risk and Ethical Behavior chart defines the key processes, measures and goals for achieving and surpassing key legal, regulatory/accreditation requirements, in addition to defining the key processes, measures/goals for addressing the key risks associated with SLHS's health care services and organizational operations and its ethical behavior.

1.2b(2) Promoting Ethical Behavior: SLHS organizational ethics statement has served as the foundation for development of System-wide and entity-specific ethics policies. To emphasize its focus on ethics, SLHS has formed an Ethics Advisory Committee, having close relationships and interactions with the Center for Practical Bioethics and entity ethics committees. The Ethics Advisory Committee helps the SLHS and its entities maintain high ethical standards related to clinical care along with an emphasis on appropriate organizational ethics. This group, comprised of BOD, staff and community/religious representatives, meets on a regular basis to hear from various community organizations along with external and internal stakeholders regarding ethical issues facing the SLHS. A Patient's Bill of Rights is posted in strategic locations throughout SLHS entities and is included in the *Guide to Patient Services* located at each bedside. Patients are notified of the existence of these rights during the admissions process.

Ethical behavior by all employees is also incorporated into SLHS **core values** and the **CCP** which establishes procedures for monitoring, auditing and managing ethical and legal issues. This plan encourages employees to report any concerns regarding legal/ethical practices of the organization or individuals in it, and requires employees to report any observed violations. Non-punitive policies are in place with respect to employees reporting potential legal/ethical violations. The **CCP** and its requirements are thoroughly reviewed during new employee orientation and during all **PMP** reviews.

Key Process	Measure	Goal
Corporate Compliance	• # external investigations	• 0
HIPAA Training	• % employees trained	• 100%
	• % employees trained	• 100%
Accreditation		
• Health care requirements	• JCAHO survey	• Full accreditation
• Laboratory policies and procedures	• CAP survey	• Full accreditation
• Transfusion practice	• AABB survey	• Full accreditation
• Graduate Medical Education programs	• RRC survey	• Full accreditation
• College of Nursing	• Certification results	• Full accreditation
Legal Consultation	• Physician contract review	• 100% compliance
Licensure	• % of staff maintaining licensure	• 100% compliance
Risk Management	• Patient falls	• 0%
	• Infection rate	• 0%
	• OSHA recordables	• 0%
Ethics	• % employees trained	• 100%
	• # external violations	• 0
	• % independent board members	• 75%

SLHS Legal, Risk and Ethical Behavior

1.2c Supporting Key Communities: The **core values** define SLHS's expectation of engaged organizational citizenship and support of its communities. Community needs are identified by numerous ongoing tools such as formal community health needs assessments, BOD input at all levels, formal and informal meetings with community leaders, participation by SL and employees in civic organizations, CEO-to-CEO engagement locally, regionally, and nationally, and participation by staff in local, regional and national groups. In addition, ongoing review of relevant literature, development of stakeholder partnerships with suppliers, community groups and other institutions and open-ended comments from customer satisfaction and other tools provide important data allowing the SLHS to enhance its support of community needs. This information is considered regularly during **EA** and MC reviews and is part of the **SPP**, allowing for services to be implemented or modified.

In order to track community support activities, SLHS and its operating entities maintain a community benefits reporting system that delineates specific projects supported by the SLHS or its entities both from a volunteer and financial viewpoint. Community benefit activities are reviewed periodically with two key purposes in mind: 1) to ensure that organizational resources are best utilized to meet identified community needs, and 2) to determine and prioritize new or emerging community needs and issues.

Community Support Activity	Measure
• Charity Care	• Dollars committed
• Community Health Programs • VHA CEO-to-CEO Workgroup • KC Orthopedic Institute • The Cancer Institute • NurseLine • Brush Creek Community Partners • Project GROWTH • Project Challenge – Women's Cardiac Care • Metropolitan Organization to Counter Sexual Assault (MOCSA) • Bilingual Doula Program • Federal Women, Infants and Children Program • Kansas City Corporate Challenge	• Program-Specific Participation and Effectiveness Indicators
• Leadership/Staff Participation	• # organizations served

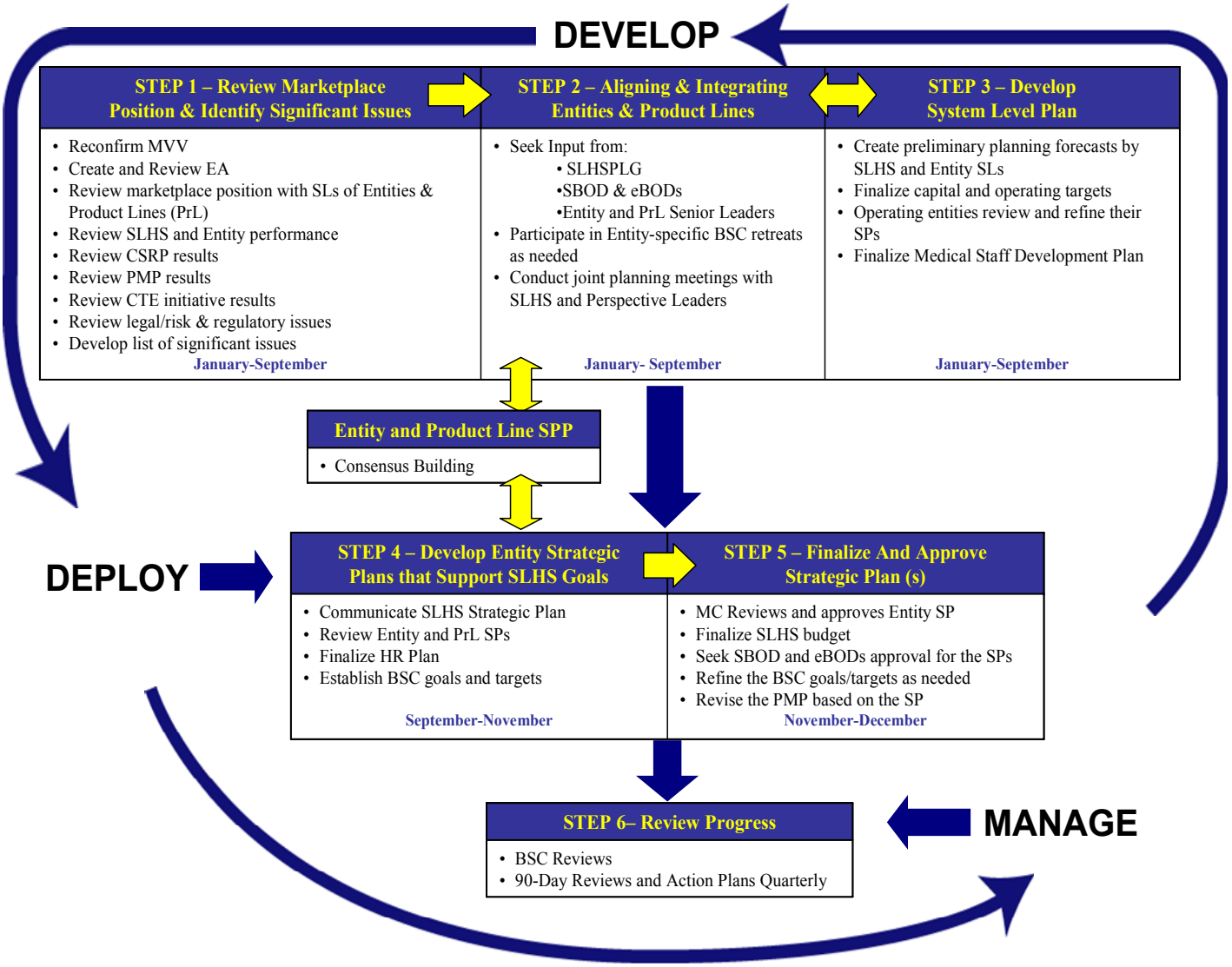
SLH Community Support

2.1 Strategy Development

The SLHS **Strategic Planning Process (SPP)** is a six step process that integrates direction setting, strategy development, financial planning, strategy deployment, human resource planning and plan management. This **SPP** is ongoing throughout the plan year and incorporates the inputs from the entities' strategic planning process (**eSPP**) as part of the overall SLHS **SPP**, utilizing multiple information inputs, team activity, and consensus building among the key participants. The chart below illustrates this six step approach and the major activities associated with each step. This six step model allows SLHS to achieve consensus alignment and integration among its entities and product lines.

2.1a(1-2) Conducting Strategic Planning: The plan development phase of the **SPP** produces the SLHS **Strategic Focus Areas (SFAs), Strategic Aim Statements (SASs), Strategic Action Plans (SAPs)** and short- and long-term goals. The **SP** time horizon reaches out five years into the future, based on SLHS's ability to forecast market changes and the time needed to plan for capital improvements, but has annual components (short term) that support the longer-term strategies. Both quantitative (mathematical) and qualitative (e.g., input via national groups) forecasting tools may be employed during the setting of the long-term goals. The planning factors considered during the **SPP** are summarized in the **Key Planning Factors** chart on the following page.

Step 1 - Develop Significant Issues – This process begins in January of the new plan year with regular meetings of the MC



Key Planning Factors	Input Processes
• Customer/Healthcare Market	• Entity Input • Surveys, Focus Groups • Product-line Presentations • Environmental Assessment • SLHSPLG Input
• Competitive Environment/ Capabilities Relative to Competitors	• Environmental Assessment • MC Reviews • Input from LLP
• Key Technological Changes/Challenges	• SLHSPLG • IT Needs/Requirements • MC Assessment
• SLHS Strengths and Weaknesses (SWOT)	• Environmental Assessment • PrL Input/Assessment • MC Assessment • Entity Input
• Opportunities to Redirect Resources	• MC Assessment
• Risks	• Environmental Assessment • MC Risk Assessment • LLP
• Changes in Economic Environment	• Environmental Assessment • MC Reviews
• Partner Strengths and Weaknesses	• Environmental Assessment • SLHSPLG

Key Planning Factors Addressed in SPP

and key stakeholders to reconfirm the **MVV**, review SLHS's marketplace position and key competitors, review SLHS and entities' **BSC** performance, review the ongoing input from **CSRP** and **PMP**, along with input from **CTE** and **LLP** (Item 3.1), while at the same time, consider the impact of existing and potentially new legal, risk and regulatory issues. Staff strengths and weaknesses are addressed through evaluation of data produced by the **PMP** (Item 5.1), work system effectiveness data, information obtained through informal surveys, employee satisfaction, and employee well-being performance indicators. SLHS has deployed multiple related processes as part of its contingency planning in the event of an emergency which are further delineated in Item 6.2. These processes compliment the entities' own disaster plans. Finally, the SLHS has detailed IT redundancies in place in the event of a major disaster impacting the SLHS's IT infrastructure (Item 4.2). Disaster planning and its associated contingency responses by both the SLHS and its entities are reviewed annually and are designed to assure appropriate community responsiveness and long-term organizational sustainability.

- In June of each year, **Business Research and Analysis Department** (**B-RAD**) publishes an **EA** that provides a comprehensive data set pertaining to internal and external factors important to strategy development for the SLHS and for each of its entities.

The MC, along with entity SL, conduct a review and thorough analysis of the **EA**. Included is an analysis of the strengths, weaknesses, opportunities and threats (**SWOT**). This is followed by a review and validation of the **MVV**, and the development of a set of **Significant Issues**, that capture those critical challenges the SLHS faces and must address if it is to be successful in the future. The **EA** is shared with a variety of SL, eBODs, community advisory groups, entity medical staffs, hospital foundations, partners and other key stakeholders.

Step 2 – Alignment and Integration – From June through September, input is sought from key stakeholders. Simultaneously, the entities are conducting their own **eSPP** in which SLHS SL participate in the planning retreats to ensure that the desired alignment with the SLHS **SP** is occurring.

Step 3 – Develop System Strategic Plan - The entities review the SLHS's **SP** to identify appropriate linkages and to ensure that the entities are aligned to the SLHS **SP**. The Finance Division develops short- and long-term financial projections for review by the MC. The MC targets areas for growth, performs growth projections, reviews opportunities and redirects resources as required. Customer focus groups and discussions are held to validate and refine needs and requirements and to ensure that the needs of all customer groups are balanced.

An important activity conducted in conjunction with the annual planning process is the review and/or revision of the **Medical Staff Development Plan (MSDP)**, which is designed to identify future SLHS physician staffing and technology needs. In addition, IT needs and priorities for the SLHS are developed through a planning process which involves the input of the Informatics Committee, IT, SLHSPLG, HSLG and the entities' SL.

2.1b(1-2) Key Objectives and Timetable: The SLHS 2006-2010 **SP** is summarized in the SLHS 2006-2010 Strategic Plan chart shown on the following page. Included are SLHS's **SFAs**, **SASs**, **SAPs**, examples of key measures and short- and long-term goals.

2.2 Strategy Deployment

2.2a(1) Deploying Action Plans: The deploy phase of the **SPP** consists of Steps 4 and 5 .

Step 4 – Develop Entity SPs That Support SLHS Goals The results of Step 3's effort are communicated to the entities in Step 4. Each entity and product line then completes the development of their annual **SP** which aligns and supports the SLHS's **SP**.

Strategic Focus Area	Strategic Objectives	Strategic Action Plans	Measures
People	Assure workforce availability, proficiency and engagement	(A) Attract/retain/develop a competent/mission-driven/ diverse workforce (A) Value/respect/recognize/reward employees for their unique contributions to the SLHS Vision (A,F) Maintain a market-driven total compensation strategy (A) Extend SG to SLN and SLELS	• Compensation • Employee Satisfaction • Human Capital Value Added • Retention
Clinical & Admin. Quality	Continue to improve clinical quality, reduce medical errors and improve patient safety	(C,D,F,J,O) Continue the Baldrige management model progression for SLHS (B) Participate in the IHI's 100,000 Lives Campaign (B,N) Implement Research Strategic Plan (N) Implement Education Strategic Plan (B,C,E,G) Assure adequate facilities and technology (B,C,D,E,F,K) Implement Saint Luke's Care concept	• Patient Safety Index • Operational Index • IP Clinical Care Index • OP Clinical Care Index • Net Day in Accounts Receivable
Customer Satisfaction	Continue to improve customer satisfaction	(C,F,G) Re-engineer and automate the administrative and patient care processes (C) Improve customer relationships (B) Improve access to care (G) Assess impact of providing a standardized clinical information environment	• Would recommend • Overall sat. • Patient loyalty • Longer than expected wait times • Responsiveness to complaints • Outcome of care • IP physician ratio • OP physician count
Growth & Develop-ment	Emphasize growth of mission-critical and/or profitable health care services	(B,C) Evaluate opportunities to expand functional, clinical and/or affiliate relationships	• IP market share
Financial	Assure financial stability	(I) Maintain an A+ Bond rating status (F,H,I) Achieve budgeted operating margins and cash flow (F,H) Develop and implement a comprehensive charity care plan (F,H,K,M) Advocate for rational public policies, legislation and regulation that impact reimbursement, costs, quality and competition	• Total margin • Operating margin • Cash flow • Days cash on hand • LT debt: capital • Debt Service coverage

SLHS 2006-2010 Strategic Plan (Capital letters noted in parenthesis in front of APs link the APs to SLHS significant issues noted in OP-9)

The entities then establish their **BSC** goals to achieve the overall SLHS annual goal for each **SFA**. In setting **BSC** annual goals in each of the perspectives, the Perspective Leaders (PL) from the SLHS and entities meet to review SLHS and competitor and/or benchmark performance and set appropriate targets with an objective of exceeding competitor performance in key performance areas. The goal of SL is to achieve performance that ranks among the best performers or in the top quartile, nationally.

Step 5 – Finalize and Approve Strategic Plan - The MC reviews and approves the entities **SPs** and finalizes the overall SLHS's **SP**, which is then sent to the SBOD along with the budget for final approval. Once the **SP** is finalized, the **90-Day Action Planning Process** is initiated. This process requires that each SLHS entity identify supporting **APs** every 90 days with a target for completion within the 90-day time frame. In December, entity **SPs** are refined and the MC reviews them to ensure they are aligned with the SLHS **SP**. In January, goals are incorporated into employees' **PMPs** as personal commitments (Item 5.1).

Strategic Focus Area	HR Action Plans
• Financial	• Closely monitor staffing changes for impact on budgeted operating margin
• Customer	• Contribute to SLHS-wide Medical Staff Development plan, as appropriate
• Growth and Development	• Participate in transition of additional regional hospitals to SLHS
• Clinical and Administrative Quality	• Assist in implementation of Saint Luke's Care
• People	• Act in consultative role in the deployment of Shared Governance

SLHS Human Resource Plan

2.2a(2) Modifying SAPs: SLHS's **SAPs** are modified using Step 6 of the **SPP**. The **SP** for both the SLHS and its entities undergoes continuous review by SL throughout the plan year using input from **BSC** and other data reporting elements, **LLP**, key stakeholder input, reviews of the performance of the **SAPs**, and ongoing review of legal, regulatory, and accreditation requirements.

2.2a(3) Key Short- and Longer-Term SAPs: SLHS's key short- and long-term action plans are shown in the SLHS 2006-2010 Strategic Plan shown on the previous page..

2.2a(4) Key Human Resource Plans: SLHS develops human resource plans based upon its objectives and **SAPs**. A "Workforce Planning and Assessment Tool" is used to complete four key components of the HR planning process: a supply analysis, a demand analysis, a gap analysis, and a solution analysis.

2.2a(5) Key Performance Measures: The manage phase of the **SPP** occurs throughout the plan year following Step 6. Key performance measures are noted in the **BSC** (Item 4.1) which ensures that the key level 1 organizational processes are monitored and reviewed on an ongoing basis. Key level processes are **People**, **Clinical and Administrative Quality**, **Customers**, **Growth and Development** and **Financial Performance**.

Step 6 - Review Progress – SLHS reviews plan progress to ensure that it has opportunities to make adjustments in order to keep plans on track. The **BSC** which defines the five key level one organizational processes provides the key measures used to track progress relative to the **SAPs**. The **90-Day Action Planning Process** is used to ensure that the **SAP's** measurement system achieves organizational alignment and covers all deployment areas. Each quarter, the entities prepare the highlights and next actions relative to the 90-day action plans.

2.2b Performance Projections: SLHS performance is projected for 2006 and for 2010 for the key measures in each of the **SFAs**. The long-term goals are established using a variety of qualitative and quantitative tools such as statistical forecasting models, comparative/benchmarking methods utilizing a prospectively designed SLHS benchmarking policy, which considers the types of comparative data that is available (i.e., internal best practice, competitor best practice, industry best practice, non-healthcare best practice and world class healthcare best practice), qualitative assessment of the market utilizing the **EA** document and SLHS's **LLP**.

When gaps in performance are noted measured against specific comparative/benchmark data, including data from direct competitors when available, SL, following their initial assessment, will charter **PI** teams to develop **APs** to address the gap(s). The teams will use the SLHS **PI** model as a guide for their activity.

3.1 Patient, Other Customer, and Health Care Market Knowledge

3.1a(1) Identifying Key Customer Groups: SLHS has identified two primary customer groups: **patients/families and payers**. Both customer groups are users and potential users of SLHS's services/programs. Patients/families are segmented into three categories based on where the care is provided: **Hospital Care, Physician Care and Home-Based Care.** SLHS has also identified **employers/payers** as a key customer and has segmented employers/payers into three groups based on the type of payment received: **government payers, commercial payers and self-pay payers.** Included in the self payer customer group, are patients who convert to uncompensated care or charity care, depending on whether they are unable to self pay or unwilling to self pay.

SLHS determines which customers to pursue for its current and future health care services by constantly evaluating customer needs and requirements through the use of its **LLP**, the analysis of the annual **EA**, and continually seeking to identify new and/or repositioned market opportunities through its **SPP**. The building and the managing of market knowledge are key to creating value for patients/families and employer/payers.

Physicians exhibit many of the characteristics of customers but are considered a key partner group for SLHS, and they are treated as such, in an effort to build strong and binding relationships through the **Physician Partnering Process (PPP)**.

Customer groups, their associated requirements, and the SLHS market segments are determined utilizing a **Market Segmentation Process (MSP)**. Each SLHS entity determines their customer segments by evaluating market-specific customer opportunities as part of their annual **eSPP**. At the annual SLHS **Customer Retreat,** entity opportunities are evaluated and prioritized to determine actionable customer strategies. The customer segmentation review includes an analysis of data that results from the **LLP.**

SLHS's **MSP** involves an in-depth analysis of the factors provided in the **EA** which includes a review of the health care market, movement of customers within the market, customers of competitors, new players in the market, and new product line offerings/services that are emerging. The objective is to determine if the existing market strategy is still valid, to adjust that strategy as needed to improve business opportunities, and to determine if the market should be segmented differently for data collection and tracking purposes. As part of this process, SLHS seeks information from customers of competitors through a variety of means.

3.1a(2) Listening and Learning Process: SLHS serves a large number of customers, both internally and externally. Therefore, it needs a robust system of gathering data to effectively "listen and learn" in order to determine key customer requirements, needs, changing expectations, and the relative importance of those requirements. For these reasons, SLHS has developed a formal **Listening and Learning Process (LLP)**. The **LLP** consists of informal and formal listening and learning methods as shown in the chart above. Additionally, each operating entity has **Patient Advocate Representatives (PARs)** made up of either employees or volunteers to manage any point of service patient complaint. Caregivers and managers conduct "rounding" as a means of maintaining frequent contact with patients/families to obtain information about the quality of SLHS health care service delivery. Case managers meet daily with on-site payer case managers to actively discuss any outstanding utilization issues in order to alter care and/or improve service. Information obtained from customer groups is categorized and provided to MC for discussion, planning and action.

Customer	Listening/Learning	Frequency
Patients/ Families • Hospital Care • Physician Care • Home Based Care	• Each point of care delivery • Formal patient satisfaction surveys (IP/OP/ ED) • Post care follow-up activities (Compliment/complaint mgmt.) - Outbound calls to pts. - Inbound calls from pts. - Incoming Web comments • Community education Offerings/events • Patient focus groups	• Daily • Weekly • When apply • Daily • Daily • Continuously • Weekly • Annually
Payers • Gov't • Comm. • Self-pay	• Operational roundtable • Payer interviews • Payer/broker dinner • Ongoing contacts	• Quarterly • Every 3 yrs. • Annually • Daily

SLHS Listening and Learning Approaches

SLHS has identified three key patient/family satisfiers that tend to remain constant from year to year and are also tracked on the **BSC**:

- Wait time
- Outcome of care
- Responsiveness to concerns/complaints

Other important satisfiers tend to change more frequently and are identified as "significant indicators." These are tracked and emphasized for a one-year period. Specific new requirements found in analyzing all open-ended feedback are summarized and are reported verbatim to SL. In addition, the data from the "would not recommend" survey category is tracked to specific patient care units and analyzed for cause and effect. Furthermore, semi-annual focus groups are conducted to validate the "significant indicators". Patients confirm and rank the significant indicators, and are asked to determine what specific service standard makes up each significant indicator.

3.1a(3) Keeping Listening/Learning Current: B-RAD is responsible for annually assessing and evaluating all marketing research tools; i.e., written surveys, focus group moderators guide, etc., as to their reliability and validity.

PATIENT/FAMILY SATISFIERS
Hospital Care – Inpatients/Outpatients/Emergency
• How well the IP staff worked together to care for you • Response to concerns/complaints made during your IP stay • IP staff sensitivity to the inconvenience health problems cause • IP staff concern for your privacy • Friendliness/courtesy of the OP staff • Waiting time for OP treatment • Explanations from OP staff about your test or treatment • Helpfulness of the person at OP registration desk • Cleanliness of the facility • OP nurses' courtesy toward family who accompanied you • OP nurses' concern for your comfort after the procedure • Explanation the physician gave about OP surgery/procedure • Helpfulness of ED staff who first asked about your condition • Degree to which the ED nurses took the time to listen to you • ED staff concern to let a family member or friend be with you while you were being treated • How well your pain was controlled in ED
Clinic – Significant Indicators
• Length of wait before going to an exam room • Ease of scheduling your appointment • The outcome of care, how much you feel we helped • Your confidence in this physician • Our response to concerns/complaints made during your visit • Speed of the registration process • Concern the nurse/assistant showed for your problem • Friendliness/courtesy of the physician • Our promptness in returning your phone calls • Explanations the physician gave you about your visit • Degree to which physician talked with you using words you could understand • Telephone service availability • Comfort and pleasantness of the exam room
Home and Hospice Care – Significant Indicators
• Helpfulness of the person who made the initial arrangements for your services • Therapist/social worker's concern for your privacy • Amount of attention the therapist/social worker paid to your own ideas about your care • Aides/homemakers' concern for your comfort while treating or caring for you • How well the aides/homemakers taught you to care for yourself • How well were the costs of your Home Care Services and/or equipment explained to you • Amount of attention nurses paid to your own ideas about your care • Aide/homemaker's sensitivity to let you know if he/she was running late or unable to make a scheduled visit • How well our management handled your request to change nurse, therapist or home health aide

SLHS Patient/Family Satisfiers – 2005

3.2 Patient and Other Customer Relationships and Satisfaction

3.2a(1) Building Customer Relationships: SLHS believes that building and sustaining superior customer relationships and fostering those elements that produce loyalty can only be achieved by personalizing the delivery of health care services, communicating effectively with patients and families, responding to customer needs/requirements, and providing high quality clinical and service outcomes. To personalize its services and care and communicate effectively, SLHS uses four approaches: a **MCP** which includes care plans/pathways, **MCTs** (P.1a(1)) to deliver evidence-based medicine (EBM) care, **Administrator on Call** (**AOC**), **Patient Advocate Process** (**PAP**) which empowers employees to act as personal agents of the patient/family and intervene as necessary to resolve concerns. Hospital **PARs** assigns staff to visit patients formally on their first, fifth, and tenth day, or informally as needed. **PARs** serve as a liaison between patients/families and the hospital, and facilitate communication with patients who do not speak English. The goal of the **PAP** is to proactively address each concern as it is presented by the patient, his/her family, or the staff. The **PAP** allows the staff to respond to compliments/ concerns, investigate complaints, gather information and follow through for resolution.

3.2a(2) Key Access/Contact Requirements: After the patient care relationship has been established, SLHS engages in many methods of communication to continue the relationship and enhance customer loyalty. With the goal of maintaining and growing market share, SLHS plans patient/family and future patient interactions strategically. This communication is planned and made available based on customer segments. For example, through marketing efforts, the community is made aware of SLHS's NurseLine call center which is available 24-hours a day to answer health questions, to connect future patients with SLHS physicians and services, and to schedule physician appointments during hours when the physician's office is closed. SLHS also offers a comprehensive web site for the patients and future patients to use to access information and request service follow-up or make physician appointments. In addition, SLHS prioritizes communication access mechanisms so patients/ families, future patients, and payers are able to easily seek and proactively obtain information about how to access SLHS services or how to make a complaint or compliment. These mechanisms are established with the goal of building positive relationships with a targeted and large cross-section of the community.

3.2a(3) Managing Customer Complaints: SLHS responds to complaints 24 hours a day, seven days a week. All employees are empowered and expected to resolve complaints. In the event an employee is unable to resolve a patient concern, the employee forwards the concern to the PA Department (SLH), to Nursing Management, to an AOC or to SL, depending on the entity in which the issue occurred. Patient concerns are brought to the attention of these individuals through one-on-one visits, telephone consultation, and pager access. When the call is received, an interview is immediately held with the patient to ascertain the issues and identify potential solutions. Calls from patients who have been discharged from the hospital, or from outpatients, are routed to the appropriate venue for investigation/ resolution. Complaints are addressed within 24 hours. Any delays in resolution are communicated to the patient with an interim status report, and the patient is provided with additional

Patients/ Families and Future Patients	Payer
• Family physician visit • News stories • Website • NurseLine call center • Event invitations/direct mail • Saint Luke's Health Magazine • New mover program	• 1:1 SLHS payer relations contacts/negotiations • Direct mail • News stories • Website • Administrator on Call • Physicians

Key Customer Access and Information Modes

information pertaining to the resolution. Information from this process is tabulated and analyzed for root causes, trends, and other key data. Reports indicating types of requests by category and corresponding analysis and trends are sent to all appropriate SL. Information derived from this process is used to identify potential **PI** projects. Each Friday, B-RAD compiles and distributes written patient satisfaction comment data to improve processes and to facilitate an improved understanding of current and future customer requirements. Physician concerns may be expressed directly to care providers, unit managers, or to administration. The medical staff committee structure serves as the forum for complaint discussion and resolution. Physicians may also direct complaints to the Medical Staff officers or the MEC at the specific entity. Complaints requiring immediate responses are directed to the VP of Medical Affairs, the AOC, or the SL responsible for the area. Further, SLHS SL meets regularly with physician groups to discuss concerns and issues.

3.2a(4) Building Relationships: SLHS utilizes a variety of tools to ensure that its approaches to building relationships and providing patient and other customers access are current with their health care service needs and directions. These tools include the use of the formal **EA**, the **LLP**, focus group feedback, review of the literature, participation at local and national meetings, physician input and direction, feedback from customers utilizing various survey tools, and leadership retreats.

3.2b(1) Determining Customer Satisfaction: SLHS has created a formal **Customer Satisfaction Research Program (CSRP)** with the following goals:

- achieve survey consistency among research tools
- identify satisfaction benchmarks to use for comparison
- report satisfaction trends over time
- recommend viable alternatives to improve operations, personnel, and product/service offerings

The **CSRP** measures satisfaction with SLHS, with hospital procedures, overall outcome, and with the customer's perception of their last encounter with SLHS. The measurement and analytical techniques all meet strict statistical sampling and correlation testing rules. Results are determined by correlating scores on individual questions to the scores for overall satisfaction. This approach is the best statistically valid method for performing market research. The **CSRP** measures satisfaction levels using a five-point Likert Scale.

Results of the surveys are tabulated and distributed weekly, formally trended and reported on a quarterly basis, and compared with other SLHS entities, local Press Ganey Metro Peers, and national Top-15 Press Ganey.

The open-ended questions included on the survey provide responses that are returned to SL, verbatim. Hospital-wide and department-specific data are prepared for dissemination and review. SL involves employees in review of these data via results posting, discussion, and departmental meetings. SLHS also conducts focus groups semi-annually for selected patient categories, such as cardiac patients, etc. Focus groups are held to uncover issues not well captured by the paper surveys, to ascertain how to achieve top performance ratings, and to add depth of understanding to the survey responses and discuss business development opportunities as well as to identify requirements related to new program or service offerings.

3.2b(2) Following Up With Customers: A variety of methods are used to obtain immediate post-discharge feedback related to health care services rendered, as well as to assess the general well-being of the patient. The primary method of contacting patients post-discharge is by a formal follow-up phone call. Follow-up phone calls to patients at preset intervals are often reflected in the clinical pathway used to manage the patient's care. For example, new mothers receive a phone call from nurses in Women's and Children's Services within 3-5 days post-partum. In addition, a nurse who speaks Spanish contacts Hispanic-speaking patients and answers questions related to breastfeeding, signs and symptoms of infection, and post-partum depression. Furthermore, SLHS facilitates support groups for heart transplant patients, brain tumor patients, and new mothers. These groups offer patients and families the opportunity to have questions answered and to provide feedback.

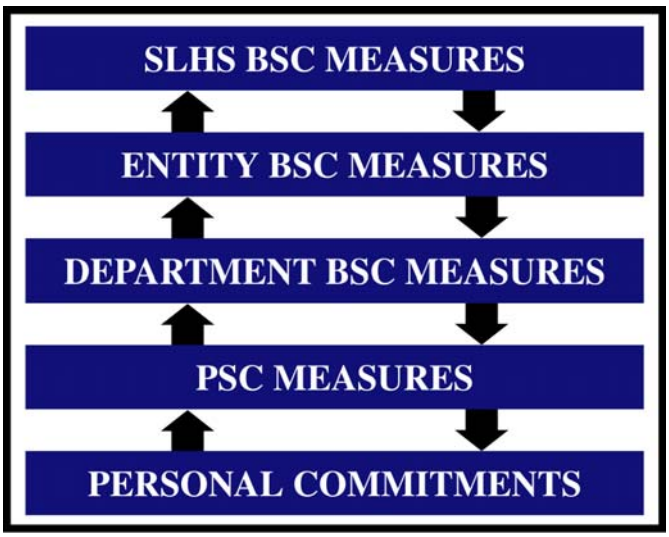
3.2b(3) Obtaining Customer Satisfaction With Competitors: SLHS obtains information about customer preference relative to direct competitors from the National Research Corporation's Healthcare Market Guide (NRC). NRC obtains customer perception data about local programs annually by conducting the nation's largest consumer assessment of health plan, health system, hospital, and physician performance. Also, Press Ganey information identifies patient satisfaction norms for KC area peer hospitals each quarter, as well as national norms (averaged results from the top 15 performing Press Ganey clients for IP/OP/ED/Physician/HCH).

3.2b(4) Keeping Satisfaction Approaches Current: Customer access, satisfaction, and relationship processes are evaluated routinely using patient and customer feedback and hospital performance indicators. **PI** teams are formed periodically to address specific issues, while B-RAD conducts an annual assessment of the survey tools and techniques as described in Item 3.1a(3), in addition to maintaining an active list of improvement ideas from patients. B-RAD also is in contact with industry vendors and peer contacts from other hospital systems though MHA and KHA data task force meetings and with other national Baldrige award recipients to discuss and evaluate existing/new satisfaction approaches.

4.1 Measurement, Analysis, and Review of Organizational Performance

4.1a(1) Collecting, Aligning, Integrating Data: As illustrated in the SLHS **Leadership for Performance Excellence (LPE) Model** (Item 1.1), the measurement system requirements to track daily operations are driven by the requirements of the **PI Model** described in Item 6.1. Key process data sets (measures) are selected as part of the program/service/process design phase of the model. When process measures are selected, data collection methods to support those measures are identified and collection procedures are established. Process level measures are aligned with the **BSC** measures through the **90-Day Action Planning Process**. Process level measures are used to make determinations about the effectiveness of daily operations and work processes and include both outcome and in-process measures. To further enhance SLHS's ability to manage daily operations, a **Process Level Scorecard (PSC)** methodology has been initiated and aligned with the **BSC** to help manage key processes across operational boundaries.

As shown in the **LPE**, the **BSC** is the primary measurement methodology used to track overall organizational performance. The **BSC** is a comprehensive, fact-based management tool that supports a strategy-focused organization. The **BSC** provides for strategic alignment, linkage, and synergy across SLHS and is focused on key performance measures that enable SL to make determinations with respect to the organization's overall health and alignment as illustrated below. **BSC** measures are selected at the SLHS level, with a number of these key measures required to



SLHS Measurement Architecture

be incorporated into the entity **BSC** (**eBSC**). Each entity adds specific measures of its own during the **eSPP**, based on specific entity needs. Similarly, departments within those entities may create departmental scorecards using the **eBSC** perspectives and required measures. The **eBSC** will link to the **PSC** at the department level as **BSC** measures are rolled down and **PSC** measures are rolled up. In addition, SLHS utilizes the **BSC** as the primary tool to align organizational analysis with key performance results. Analysis of data sets included on the **BSC** produces a display of SLHS performance in areas most critical to its success, the five **SFAs**, or SLHS's five key level one processes. This analysis provides an understanding of that performance so as to permit identification of improvement priorities on a regular basis as indicated in the **LPE** model and described in Item 1.1, and is then used as an input into the **SPP** to help determine **SASs** and **SAPs** as described in Item 2.1.

Organizational data sets (measures) for the **BSC** are selected annually as part of the **SPP** and are based on specific organizational needs. These data sets reflect the five **SFAs** and are incorporated into the matrix of the **BSC** for organizational/product line/department needs. Data needs are aligned through the **BSC** process with input and direction provided by the Perspective Leaders and approved by the MC, **SPISC** and **BODs**. The department level scorecards at the operating entities serve as the primary tools to ensure key process alignment. **BSC** data are integrated throughout the organization by an aggregation/analysis process to create overall organizational results in the form of totals, averages, or indices. The SLHS measurement system linkage is illustrated in the **SLHS Measurement Architecture** chart. Through this process of alignment/linkage/aggregation/ analysis of data by SL and the **BODs**, organizational decision-making allows for innovation in the delivery of health care services.

4.1a(2) Using Comparative/Benchmark Data: The use of comparative/benchmark data is an important part of the design step in the **PI Model**. SLHS stratifies these data into three areas: **competitive/strategic** data, **comparative** (local/regional/ national), and **benchmark** data. Each of these data types are chosen based on SLHS benchmarking policy and is used for specific purposes.

Needs and priorities for **competitive/strategic** data are driven by the **SPP** and are incorporated into the **EA**. In the **comparative** results area, if a measure is selected for inclusion in the **BSC**, it automatically becomes a priority for securing comparative data, which is used to establish the stretch targets for the **BSC**. Further, SLHS seeks to maintain its performance in the top 25% of peer group organizations. To obtain comparative results data, SLHS researches third-party providers and other sources to identify organizations that compete with or are similar to SLHS and/or its entities. In addition, SLHS compares the performance of its individual entities to one another to gain additional insight into "best practice" within the SLHS. Finally, seeking information from other organizations is a step in the "**Design**" and "**Improve**" steps of the **PI Model**. Process owners are encouraged to seek benchmark information as an inherent part of continuous improvement. Process owners identify high-performing health care providers or world class companies from other industries that excel in the particular process being designed or improved.

Comparative results data are provided to departments and employees through distribution of various reports. Users who have a demonstrated need have access to Maryland, Press Ganey, and Solucient-ACTION data. The MC and other leadership groups review the data and comparative information,

Saint Luke's Health System Scorecard

	Key Measures	4th Qtr 2005	SCORING CRITERIA: Target 10	Stretch 9	Stretch 8	Goal 7	Moderate 6	Moderate 5	Moderate 4	Risk 3	Risk 2	Risk 1	Raw Score
PEOPLE	Human Capital Value Added	$71,442	$75,535	$74,388	$73,242	$70,949	$69,802	$68,656	$67,509	$66,363	$65,216	$64,070	7
	Retention	88.2%	90.0%	89.3%	88.6%	87.2%	86.5%	85.8%	85.1%	84.4%	83.7%	83.0%	7
	**Compensation	98.8%	100.9%	100.6%	100.4%	100.0%	99.8%	99.6%	99.1%	98.7%	98.4%	98.2%	3
	Diversity	9.0%	9.8%	9.7%	9.6%	9.4%	9.3%	9.2%	9.1%	9.0%	8.9%	8.8%	3
	**Competency	99.2%	99.0%	98.8%	98.7%	98.6%	98.3%	97.9%	97.6%	97.2%	97.0%	96.9%	10
	** Employee Satisfaction	80.7%	89.8%	88.7%	87.6%	85.4%	84.3%	83.2%	82.1%	81.0%	79.9%	78.8%	2
CLINICAL & ADMINISTRATIVE QUALITY	*** IP Clinical Care Index	8	10	9	8	7	6	5	4	3	2	1	8
	*** OP Clinical Care Index	7	10	9	8	7	6	5	4	3	2	1	7
	*** Patient Safety Index	8	10	9	8	7	6	5	4	3	2	1	8
	*** Operational Index	8	10	9	8	7	6	5	4	3	2	1	8
	Net Days in AR (IP;OP)	43.1	38.1	39.3	40.4	42.8	44.0	45.2	46.3	47.5	48.7	49.9	6
CUSTOMER SATISFACTION	Would Recommend (IP; OP; ED & BH)	91.5%	93.16%	93.12%	93.08%	93.00%	92.96%	92.92%	92.88%	92.84%	92.80%	92.76%	1
	Overall Satisfaction (IP; OP; ED & BH)	93.3%	95.1%	94.8%	94.6%	94.1%	93.9%	93.6%	93.4%	93.1%	92.9%	92.7%	3
	Longer Than Expected Wait Time (IP,OP,ED)	11.4%	9.4%	9.6%	9.9%	10.3%	10.5%	10.8%	11.0%	11.2%	11.4%	11.7%	2
	Responsiveness to Complaints (IP,OP,ED)	88.9%	91.5%	91.2%	90.9%	90.4%	90.1%	89.9%	89.6%	89.3%	89.1%	88.8%	1
	Outcome of Care (IP; OP; ED & BH)	90.5%	93.3%	93.0%	92.6%	92.0%	91.7%	91.4%	91.0%	90.7%	90.4%	90.1%	2
	IP Active Admitting Physicians Ratio	35.1%	34.5%	33.4%	32.2%	29.9%	28.7%	27.6%	26.4%	25.3%	24.1%	23.0%	10
	OP Active Admitting Physicians Counts	1668	1360	1334	1307	1254	1228	1201	1175	1148	1122	1095	10
	Market-Basket CPI Net Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.7%	1.0%	2.0%	2.5%	3.0%	7
GROWTH & DEVELOPMENT	**Community IP Market Share	13.4%	13.8%	13.7%	13.6%	13.4%	13.3%	13.2%	13.1%	13.0%	12.9%	12.7%	7
	Eligible IP Market Share	12.7%	13.5%	13.4%	13.3%	13.1%	13.0%	12.9%	12.8%	12.7%	12.6%	12.4%	3
	Eligible Profitable IP Market Share	13.1%	13.6%	13.5%	13.4%	13.2%	13.1%	13.0%	12.9%	12.8%	12.7%	12.5%	6
	Brand Equity	92.3%	97.0%	96.1%	95.2%	93.3%	92.4%	91.4%	90.5%	89.6%	88.6%	87.7%	5
	PCP IP Referral Ratio Primary 6 CO	44.4%	46.1%	45.5%	45.0%	43.9%	43.4%	42.8%	42.3%	41.7%	41.2%	40.7%	7
	PCP IP Referral Ratio Regional Serv	30.6%	35.1%	34.5%	34.0%	32.9%	32.4%	31.8%	31.3%	30.7%	30.2%	29.7%	2
	OP Referrals - Counts	1852	1929	1887	1845	1761	1719	1677	1635	1593	1551	1509	8
FINANCIAL	Total Margin	7.7%	9.1%	7.9%	6.7%	4.3%	3.1%	1.9%	0.7%	-0.5%	-1.7%	-2.8%	8
	Operating Margin	3.5%	6.7%	5.7%	4.8%	2.9%	2.0%	1.0%	0.1%	-0.9%	-1.8%	-2.8%	7
	Operating Cash Flow	9.3%	12.6%	11.8%	11.0%	9.3%	8.5%	7.6%	6.8%	6.0%	5.1%	4.3%	7
	Days Cash on Hand	261.6	227.4	223.4	219.4	211.5	207.5	203.6	199.6	195.6	191.7	187.7	10
	Long Term Debt to Capitalization	40.5%	25.9%	28.1%	30.3%	34.8%	37.0%	39.3%	41.5%	43.7%	45.9%	48.2%	4
	Maximum Income Available for Debt Service Coverage	4.2	5.5	5.1	4.6	3.7	3.2	2.8	2.3	1.9	1.4	1.0	7

** Indicates annual measure. *** Detail in Appendix B

Overall Score 6 | Goal 7 | Stretch 10

Exceeding Goal / Goal / Moderate / Risk

2005	1 Qtr	2 Qtr	3 Qtr	4 Qtr
Overall Score	6	6	6	6

For current performance to be scored greater than Level 1, the current performance value must meet or exceed the scoring criteria within a Level.

SLHS Balanced Scorecard Q405

to determine the areas in which SLHS or its entities/product lines or departments are underperforming. This information is used to drive improvement planning throughout the year and during the **SPP.**

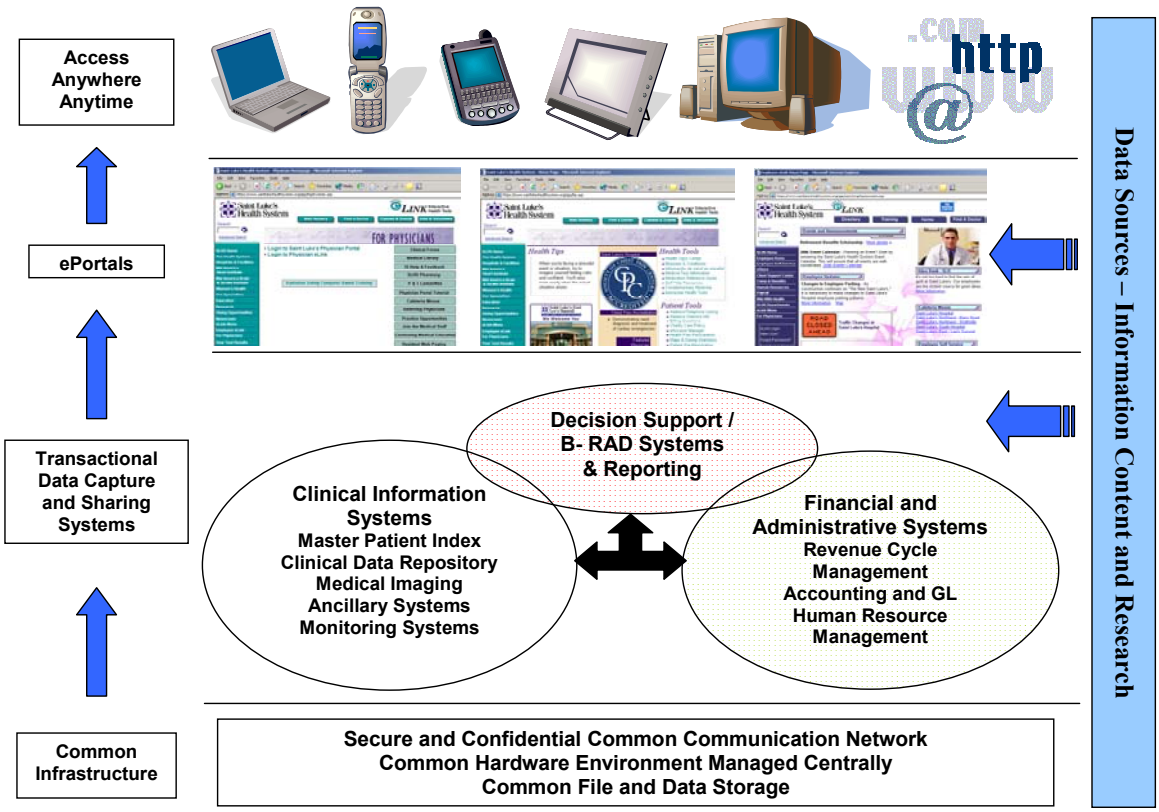
In order to determine if the right comparative/benchmark information is being used to make comparisons in SLHS's key results areas, the SL analyze the specific information acquired from various third-party sources on an annual basis. For example, SL has participated in VHA conferences to discuss how well the Solucient-ACTION product is serving SLHS's needs.

4.1a(3) Keeping Measurement System Current: The MC and SPISC are charged with the responsibility of ensuring that the overall performance measurement system is evaluated and revised as necessary to support organizational needs. Elements of the **PI Model** are used to perform this evaluation. The MC, through **BSC** perspective leaders, conducts an annual review of the measurement architecture, including all organization and department level measures to determine if the data are providing the necessary information to ensure organizational effectiveness.

4.1b(1) Reviewing Organizational Performance: SLHS's SL review organizational performance and capabilities utilizing a number of analyses to support the quarterly **BSC** review. The results of these efforts are published in a **BSC** report, which is provided to SL, medical staff leadership groups and the BODs and are made available for widespread distribution. The report includes the overall scorecard, with quarterly performance highlighted in color-coded boxes indicating performance above goal (blue), or at goal (green), moderate risk (yellow), and at risk (red). In addition, areas that are "at risk" on the **BSC** may result in **PI** teams being chartered and deployed at the process level.

To construct the **BSC**, performance data are gathered and analyzed from across SLHS. These data are plotted on run charts so trends can be identified, and in key clinical outcome and operational performance measures, control limits are established to allow determination of process stability. This information is available for drill-down analysis during the **BSC** reviews by SL and is included in the **BSC** report. Comparative/ benchmark data are also included when available.

To support SLHS's **SPP**, the **EA** described in Item 2.1 is produced. The **EA** contains four sections: market assessment, internal assessment, medical education/research, and emerging market trends. For this report, numerous internal and external data sources are used and linked to analyze and report information by market, product line, payer, etc. These data sources include Solucient National Planning Data, CMS, NRC, CHIPS, newspaper and business periodicals, and internal files such as DSS and financial reports. This information is used in the SLHS **SPP** both in terms of short-term planning and developing long-term projections.



IT System Architecture

4.1b(2) Translating Findings Into Priorities: Communication of the results of organizational-level analysis occurs through the weekly meetings of the MC as well as meeting of the HSLG, SLHSPLG, entity level EC and MEC and the SPISC. The MC utilizes the **BSC** quarterly results to review findings which are communicated to the **BODs** (flow up) and to all entities (flow down). In both cases, **APs** are developed and implemented such that performance is translated into organizational priorities and breakthroughs for innovation.

4.2 Information and Knowledge Management

4.2a(1) Making Needed Data Available: The SLHS IT System architecture is the foundation of access to data by staff, suppliers, partners, patients and customers. The architecture is categorized into the following broad areas: Clinical Information Systems (CIS), Administrative and Financial Systems, Decision Support Systems (DSS), and e-Portals.

4.2a(2) Ensuring Hardware/Software Reliability: SLHS uses a number of methods to ensure that hardware and software are reliable, secure and user-friendly. The SLHS IT Center monitors all information systems for data integrity and network errors on a 24/7 basis, using automated monitoring/management tools. System/network errors are flagged immediately and remedied through a structured problem resolution methodology that identifies appropriate tier level support responsibilities. To ensure the least amount of business interruption, various system redundancy strategies have been deployed. All key hardware systems are configured with redundant power, disk storage, and data controllers. Mission-critical messaging and data interface engines utilize clustering technology for complete system failover in the event of hardware or software failure. SLHS uses state-of-the-art firewall strategies. The internet/intranet approach has two firewalls in place to isolate SLHS and other operating entities from outside networks. Check Point Firewall-1 protects SLHS from the internet; Cisco Private Internet Exchange protects SLHS from its private connections (intranet). Both firewalls are industry leaders in the marketplace and provide full firewall protection to conceal internal network architecture from the outside world. In addition, IT monitors targeted population usage rates (e.g. staff, physicians, and residents) to ensure that the computer systems are being utilized. A drop in utilization would trigger a drill down into the causes (i.e., lack of user friendliness). SLHS conducts an annual survey to obtain feedback regarding the overall satisfaction of information technology solutions.

4.2a(3) Ensuring Availability of Data: All software applications are backed up to tape on a nightly basis, using an automated process. Data transactions for mission-critical systems are journalized to tape at hourly intervals throughout the day to maximize data recovery efforts in the event of a hardware or software failure. Tapes are stored off-site, using a rotation system consisting of eight daily tape versions, five monthly tape versions, and five quarterly tape versions. In addition, SLHS is

building a "Hot Site" to host redundant solutions that can be used as failover in the event of an emergency.

4.2a(4) Keeping Data Mechanisms Current: SLHS employs several approaches to ensure that data and information availability mechanisms are current with health care service needs and directions. As indicated in the **SPP,** SLHS conducts an **EA** (Item 2.1), which includes trends and changes in information technology. The environmental factors, internal business drivers and strategic business objectives define the long-range (5-year) Information Technology (IT) plan. The IT plan is reviewed and updated annually as part of the SLHS **SPP**. Also, users of key systems provide direct input into SLHS software/hardware product selection as well as enhancements to be operationalized. Finally, through IT vendor partnership arrangements, SLHS serves on key vendor product enhancement task forces to influence and prioritize needed future product enhancements to the IT systems.

4.2b Managing Organizational Knowledge: There are multiple approaches used to manage organizational knowledge. Organizational knowledge gained from patients and other customers flows to SL and is used in the **SPP** and daily operations. In addition, best practices are shared at all levels of the organization.

4.2c Data, Information and Knowledge Quality: SLHS has established policies/procedures, technical security measures, and user education/awareness to ensure the quality, accuracy and integrity of its data, information and knowledge. During orientation, all SLHS employees acknowledge their responsibility for protecting patient and key business information by signing confidentiality agreements. These agreements cover the proper access and use of confidential information. Annually, managers review the confidentiality requirements with employees. The confidentiality agreement covers all automated and manual information that is collected and utilized by SLHS. Physician access is also controlled using signed confidentiality agreements that are maintained by the Medical Staff Offices. Contractors also are required to sign confidentiality agreements to ensure that only those who need access will be granted access to data.

To assure that staff exhibits behavioral characteristics that will not corrupt data/information, SLHS begins with the selection of individuals exhibiting its core values through the **BBI** process and ongoing through the **PMP.** SLHS provides employees with the mechanisms to "do the right thing" by setting project and performance expectations and boundaries. This establishes the platform for work systems and tools, such as training, internal team facilitation, and the measurement architecture to ensure security, confidentiality, accuracy and integrity. As information systems are selected, hardware and software sources are screened. Specifications are defined through the development of definitions, identification of needed data elements, and user requirements. This structure provides for integrity, reliability and accuracy of the data elements.

Technical security measures include hardware and software tools that enforce the security policies, such as limiting employees' access to patient information based on their physical location, job responsibilities, and department.

5.1 Work Systems

SLHS uses a matrix architecture to manage work/jobs. The foundation of this architecture rests on the traditional organization of acute care hospitals in which work is aligned according to product lines, clinical departments, administrative departments, patient care units, home care/clinics' cross functional work teams, and multidisciplinary committees. Each of these has an assigned governance structure, responsibility, reporting system and specific task accountability. In addition to this structural alignment, workflow is accomplished using a variety of processes depending on whether the workflow involves a specific health/specialty care team, or education, research, administrative or support process. Management of this complex matrix of work processes/job functions is accomplished using the **PMP**, coworker or customer feedback, prospectively designed policies, procedures, protocols, employee and physician survey instruments, a rigorous practitioner credentialing and re-credentialing process, and the use of rewards/recognition to encourage staff performance and commitment to the organization.

5.1a(1) Organizing and Managing Work: To promote cooperation, initiative, innovation and a healthy organizational culture, SLHS has placed specific emphasis on the use of multidisciplinary teams/committees to enhance communication/ decision-making, and a Patient-Focused Delivery Model, which is based on the use of the Multidisciplinary Care Team (**MCT**) which were created to direct work, assign accountability, focus individual patient care and foster innovation through the use of prospectively designed clinical pathways/protocols/policies. **MCT** continually assesses, plans, evaluates, intervenes and modifies individual patient care delivery. Team members are accountable and responsible to their patients and families, the attending physician, and other team members. The skill mix of the **MCT** is entity/unit/department specific and is defined in part by patient activity, service intensity, length of stay requirements, and overall patient needs. In addition, SLHS has embraced the concept of nursing shared governance (**SG**). **SG** represents a partnership between medical staff and nursing which flattens the governance structure, empowers nurses to make decisions that govern their clinical practice, and enhances communication within and between patient care units/ departments, and between staff nurses and nursing administration. An important component of the **SG** model is the career advancement program. Nurses can progress through a series of job levels based on personal initiative, supervisor coaching, and feedback from peers that includes consideration of both technical expertise and behavior. Workflow for staff not directly involved in patient care is organized by function. Many of these areas have been reorganized into flatter, more customer-focused structures. Staffs in these areas are aligned with specific **MCTs** or product line units.

5.1a(2) Capitalizing on Diverse Ideas and Cultures: SLHS capitalizes on diversity by ensuring that it has a diverse workforce, a focus on teams and knowledge sharing. The diversity of the workforce is reflected in the make up of teams and work groups, thereby allowing for diverse ideas, cultures and thinking to be expressed in team activities and daily work. In addition, the knowledge sharing methods ensure that a diverse cross section of the work force is included in data gathering activities and communication flows.

5.1a(3) Effective Communication and Skill Sharing: SLHS uses a variety of approaches to communicate and share knowledge/skills, including the use of technology, printed materials and open forums, and regularly scheduled group functions. Physicians participate as members of Health System Leadership Groups across SLHS in a variety of roles.

5.1b Performance Management System: In the **PMP** for each employee, customers are identified as part of the job description so that each employee knows his/her roles and customers prospectively. In addition, the **PMP** defines the five core values of the organization and then delineates the shared behaviors, position-specific accountabilities, and the individual employee commitments needed for each core value to meet the entity, department, or unit goals and to assure alignment of individual employee performance with the SLHS's measurement system. At least annually, each employee participates in a formal coaching session with his/her supervisor where feedback and performance recommendations are provided to the individual by core value. A similar process occurs for senior management, employed physicians, and residents in training. For all physicians on the medical staff, performance is assessed using a re-credentialing process, specific physician surveys of hospital based physicians, indicator driven peer review, disruptive physician ethics committee, **CCP**, and prospectively derived policies, procedures, bylaws and rules.

To support SLHS's pay-for-performance strategy, managers and directors use the **PMP** to set compensation through an evaluation scoring system that corresponds to a merit matrix, thereby rewarding employees on the basis of performance while also taking into consideration the individual employee's compensation compared to the local market.

The compensation structure is flexible and market driven, and includes broad-banded salary ranges. Market data is collected using 3rd-party survey results to determine market wages for benchmark jobs. Positions for which no market data is available are slotted into a salary range based on a comparison of responsibilities using job evaluation process criteria. In addition to individual recognition through the **PMP**, a combination of reward/recognition methods are linked to SLHS's **core values**. Recommendations concerning pay/benefits and reward/ recognition programs obtained through employee opinion surveys, open forums, exit/stay interviews/surveys, focus groups and other communication vehicles are evaluated for alignment with the five core values, and implemented as appropriate.

5.1c(1) Identifying Characteristics and Skills: Key competencies and skills required for each position are captured on the **PMP** form, which are formally reviewed at least annually. Characteristics, skills and abilities needed by potential staff are identified based on **SP**, competitive forces in the local market, newly acquired technologies, and performance

improvement efforts. All caregiver jobs are designed using core competencies, to include the age-specific core competencies required by regulatory agencies such as JCAHO, CAP and AABB. New positions are defined using the **PMP** and are developed by directors in collaboration with other departments to include customer expectations.

5.1c(2) Recruit, Hire and Retain: New employees are recruited using a variety of sources, including print advertisements, word of mouth from current employees (the most common), the internet, career fairs, national/regional conventions, community agencies, employee referral bonus programs, search firms, and through internal entity transfer process. HR representatives and hiring managers throughout SLHS use **Behavior-Based Interviewing (BBI)** by core value to assure that individuals selected for employment are a good match with the **MVV** and to assure a smooth transition to their new role.

Physicians are recruited using a master staffing plan, with consideration given to **SP** and **SAPs**, newly acquired technology, educational/research requirements, and scheduled retirement of older physicians.

Core Value	Organizational Level	Department Level
• Teamwork	• Quality Teamwork Award	• Spot recognition awards for teamwork
• Quality/ • Excellence	• Employee of the Month • Employee of the Year	• Clinical Excellence Awards
• Customer Focus	• "Angel for an Angel" (SLH/HCH) • Bravo Awards (SLN)	• Kudos (SLN) • Caught Caring (SLS)
• Learning and Innovation	• Employee Suggestion Programs • IdeaBank (SLH)	• Spot recognition awards for innovation
• Stewardship	• Volunteer Recognition	• Ideas for expense reduction

Figure 5.1-1 Reward-Recognition Programs

SLHS retains qualified staff by using a multilevel approach that includes such initiatives as maintaining a competitive compensation package, sustaining employees' desire to maintain their competency, soliciting suggestions and feedback from employees through the annual Employee Opinion Survey, stay interviews, career advancement programs/ladders, team building, multiple team/individual reward/recognition programs, and other empowerment activities. SLHS monitors its efforts in retention through the retention measure on the **BSC**.

Diversity is recognized by SLHS as an important part of its life and function. SLHS serves a diverse community and strives to reflect the community in its employee base, employs an increasingly diverse workforce, monitors its efforts through its diversity metric on the **BSC**, and supports an active Diversity Council.

5.1c(3) Effective Succession Planning: SLHS values promotion from within the organization which is a major consideration in its succession planning process. All openings in leadership positions are announced across the SLHS via email distribution prior to contracting with executive search firms. SL are mentored individually to prepare them to step into other leadership roles in a seamless transition. Development of highly qualified individuals who are capable of additional responsibility has allowed SLHS to maintain a core of SL that are capable of sustaining the **MVV** of the organization. Over half of the members of the MC have been promoted from within the SLHS. Senior medical staff leaders are developed over a 10-15 year period by advancing recognized individuals through the governance structure of the medical staff until they obtain the skills necessary to become medical staff officers or hold medical directorships. At the staff level, succession planning is accomplished through the **PMP**, where individual commitments are set each year based on the employee's individual development plan and reinforced through career ladders.

5.2 Staff Learning and Motivation

5.2a(1) Education Contributing to Achieving APs: SLHS's education, training, and development programs are designed to support the **MVV**, **SFAs** and **SAPs** utilizing multiple learning

Critical Area	Purpose	Examples	Sponsor
• Administrative	• Support **MVV** and **SASs** • Enhance position-specific competencies • Promote professional development	• Orientation • HR training • Diversity • Leadership development • Computer use • **PI** training	• HR • Senior Leadership • Diversity Council • CLO • IT • QR Department
• Clinical	• Support **MVV**, **SASs** • Enhance clinical competencies • Provide Continuing Education • Promote professional development	• Multidisciplinary Grand Rounds • Inservice and formal educational offerings • Clinical orientation (nursing department and ancillary services) • JCAHO	• Entity-specific clinical educators, senior leadership, and multidisciplinary teams
• Continuing Medical Education	• Support **MVV**, **SASs** • Enhance clinical competencies	• Multidisciplinary Grand Rounds • Physician leadership development • Formal educational offerings • Visiting lecturers • Training programs core curriculum	• Medical Education • Program Directors • CME Department

Fig 5.2-1 SLHS Education, Training and Development Areas

and communication methods which may vary depending on the needs/requirements of the key education, training/development areas. SLHS uses a federated model for staff education/training with shared services. The education, training, and development programs are categorized in three critical areas (Fig. 5.2-1).

At each training offering, employees begin with an understanding of how that offering supports one or more of the **SFAs**. The need for training is identified using the **EA**, HR Planning Tool, and the **SPP**. Requirements to support SLHS goals are developed as part of the **SPP** (Item 2.1). Additionally, organizational performance, planned improvements and technological changes are identified on an ongoing basis and incorporated when appropriate. Using the Education Prioritization Tool (EPT), the ATT has identified and prioritized the education needs and initiatives which are now being addressed.

Administrative Training focuses on development and learning needs generated from regulatory guidelines, feedback obtained through the **PMP**, as well as from management directives and the **SPP**. Information on training needs is communicated from SL and HR to the CLO. This information is addressed at the SLHS level by one of the shared service groups or further passed to the sponsoring organizations so that action can be taken to identify a training offering and plan its implementation. Through this mechanism, SLHS can identify short- and long-term needs in support of the **SAPs**. The short- and long-term education/ training needs are balanced based on the impact to the **SP**, evolving technology, modifications to existing service offerings and the development of new service offerings.

Clinical Education and Professional Development is addressed in the Clinical Education area. Training is the responsibility of the clinical educators at each entity. Regardless of location, SLHS has competency and education requirements for each level of nursing and ancillary staff to maintain and enhance clinical performance. Requirements for training are identified by the sponsoring groups and training is planned and delivered.

Continuing Medical Education (CME) addresses physician training requirements. The CME Department supports this ongoing training need through a prospectively designed strategic education plan. A set of ten well-defined goals have been identified to address the quality of these educational offerings that link clinical research to practice, address the educational needs of the physicians, local managed care systems, and community health education programs. SLHS maintains a database for physicians in order to track their internal CME activities which are used in licensure and re-credentialing.

5.2a(2) Education Addresses Key Organizational Needs:

New Staff Orientation – all new staff, complete a prospectively designed orientation program. Orientation links to the **People, Clinical** and **Administrative Quality, and Customer perspectives**. Administrative orientation includes training in the following areas: **MVV**, diversity, safety, IT, **PMP**, **CCP**, organizational ethics and customer service. Clinical orientation includes training relevant to the particular practice.

Diversity – training is linked to the **People SFA** and is provided to every employee at new employee orientation and on an ongoing basis using a variety of different modalities (e.g., employee eLink and printed materials, resource guides in the clinical areas to aid staff with cultural diversity issues, acknowledgement and celebration of religious holidays, and formal classes).

Ethical Health Care and Business Practices – ensure that all employees have the knowledge and skills to comply with SLHS policies on ethics and corporate compliance as well as federal/ state regulations and directly support **BSC** perspectives. The CCP is introduced at new employee orientation. All employees are required to read the plan and sign an acknowledgment of understanding. New employees are also provided with "A Guide to Organizational Ethics" that has been endorsed by the SBOD and is designed to be a guide to making ethical patient care and business decisions. Mandatory HIPAA and IT security training are completed within the orientation period and provide knowledge on patient health information. Department-specific orientation is provided by job function, for example, nursing orientation includes legalities in nursing practice. Education on reporting potential compliance issues is provided as each employee reaffirms commitment to the **CCP** (Fig. 7.6-2) during the **PMP**.

Management/Leadership Development – is an important element to the **People SFA** that provides SL and managers with the opportunity to develop their leadership skills. For example, a four day training course is geared to the new supervisor. Included is training on service recovery, meeting management, transitioning from a staff to management position, planning departmental goals that support the **SP**, and successful delegation. Educational offerings are available to those currently in management, such as coaching and conflict resolution. These offerings are revised based on **PMP** feedback and direction from SL.

Safety – training is a requirement for all SLHS employees during orientation and on a recurring basis and directly supports the **Clinical and Administrative Quality** and **People SFAs**. Additional training in safety issues specific to the entity, are addressed by the entity. For example, HCH has identified additional safety training to assure employee safety during the provision of care in the patient's home. Training is offered utilizing a variety of delivery methods based on the varying needs of the departments, including instructor-led courses, interactive video, computer-based, and paper/pencil.

5.2a(3) Seeking Input From Staff Regarding Training: Input is obtained using a variety of mechanisms at department, entity and SLHS levels. At each entity, managers work with the educators and SL to identify and prioritize training needs. These processes include formal/informal requests. Tools used to collect this information include incident reporting, written program evaluations, competency issues, patient care guidelines, new

equipment, regulatory requirements, and feedback from **PI** teams as well as the **PMP**. Across the SLHS, managers of a common discipline meet and determine issues, best practices and identify further training needs.

Shared services, such as IT, identify training needs from requests of staff as well as past levels of staff attendance. For leadership development initiatives, a formal leadership self-assessment tool was developed.

Regardless of the point of origin, the training request must first be linked to one of the **SFAs** in order to be considered. Once that linkage has been established, requests are prioritized with consideration to impact on employee competency, cost, resources required and regulatory guidelines. The requests are then distributed to the appropriate sponsor. The sponsor validates the need, identifies training resources, delivery methods, implementation strategies and measurement methods.

5.2a(4) Delivering Education and Training: Training delivery methods are selected based on employee needs as determined from staff input, resources available and the desired learning outcome of the program. For both Administrative and Clinical areas, a diverse delivery approach is used to include classroom activity, inservices/CE, self-study packets/modules, video/audio tapes, posters/printed material, role playing, one-on-one mentoring or coaching, group/team interaction, computer-based training, and internet access.

5.2a(5) Reinforcing New Knowledge/Skills: A number of methods are used to reinforce knowledge and skills on the job. These include observation and teaching during administrative rounds, mentoring/coaching, peer review, and direct observation from managers and supervisors. The **PMP** provides a formal tool by which job-specific, core values-related, and action plan-related training can be reinforced during coaching sessions. Managers and supervisors are required to determine if personal **PMP** commitments have been achieved and if knowledge has been gained during their coaching/mentoring sessions with employees. Managers assess the learnings of the previous year and determine how it affected behavior of their staff.

SLHS uses a number of methods to ensure the systematic transfer of knowledge from departing or retiring staff. These include the use of cross-training wherever possible, team interaction and learning, multiple communication tools, and an intranet repository system that contains all of the written policies/procedures that are used throughout SLHS. In addition, the QRD developed a specialized software program that will retain the accumulated learning from all team activity for future review and use. Also, mentoring and succession planning allows knowledge to be transferred through long-term development plans. Finally, as part of the orientation process, newly hired staff is trained by experienced staff providing ongoing transfer of knowledge and lessons learned.

5.2a(6) Evaluating the Effectiveness of Training: Training is evaluated using the Kirkpatrick Model. All staff training delivered has at least a level 1 evaluation that measures how favorably the trainee responds to the material presented. Across SLHS, three measures are consistent on all level 1 evaluations addressing overall satisfaction, instructor's teaching methods and if the training would be recommended to coworkers. These staff inputs are used by the trainers to assess the levels of satisfaction with the offering and make changes as appropriate. Many of the courses in all three critical areas use level 2 measurement that determines if learning has occurred within the class setting. Techniques used include didactic skill assessment, knowledge assessment through testing, and return demonstration. Level 3 measurements are used to determine if behaviors change in the work place. Tools used include post lecture tests and assignments, competency reports, one-on-one coaching and director/coworker assessments obtained at multiple time intervals. When appropriate, SLHS applies level 4 measurements to determine if training has had a positive impact on overall performance.

5.2b Motivating Staff: SLHS uses a wide range of informal/ formal motivational methods to promote professional development of its employees. Informal methods include performance feedback, skill sharing, and mentoring. On a formal basis, the **PMP** is used, which emphasizes coaching and individual development. The **PMP** is both a motivator and a coaching tool with three key components in a continuous annual cycle of planning, coaching and review. The **PMP** has the following objectives:

- reinforce the culture and **MVV**;
- communicate performance expectations;
- foster work relationships and teamwork;
- promote and encourage continuous improvement;
- encourage growth/development of employees;
- recognize and reward performance.

5.3 Staff Well-Being and Satisfaction

5.3a(1) Ensuring Safety/Health: Ensuring the safety/health of employees begins during new employee orientation when a nurse conducts a pre-employment health assessment. Based on that assessment, recommendations are given to the new employee on how to promote a healthy lifestyle. In addition, free vaccinations (measles, mumps, rubella, hepatitis A and B, varicella and tetanus) are made available to employees who require them, along with yearly TB testing. Free flu vaccinations are provided to employees each fall. At general orientation, all employees receive extensive training/education related to risks of exposure to bloodborne pathogens, tuberculosis and other infection control issues, as well as other inherent hazards. Topics include back safety, ergonomics, electrical safety, fire safety, hazardous materials, emergency preparedness, and radiation safety. This training program is mandatory for all new employees and on an annual basis for all existing employees. Post exposure testing and counseling is available to all employees and physicians. The EHS serves the 24-hour operation of the hospitals by providing services during the day shift and collaborating with the entity Emergency Departments to provide services during off shifts.

Staff participation in improving the work environment is considered to be critical to improving safety. Employees are encouraged to correct safety issues at the work unit level when appropriate. In addition, entity-level Environment of Care Committees identify safety concerns by trending issues and illnesses, evaluating the issues, making recommendations, measuring outcomes and conducting on-going program reviews. SLHS uses a variety of methods to communicate and promote its philosophy of health/safety, including regular safety education/ training, fire drills, walk-through inspections and hazardous materials identification, ergonomic reviews, and infection control programs. The work place environment is monitored using a comprehensive set of metrics divided into the following seven environments of care functions: 1) safety management, 2) security management, 3) hazardous materials, 4) emergency preparedness, 5) life safety, 6) medical equipment, and 7) utilities management.

5.3a(2) Ensuring for Workforce Emergencies: SLHS prepares for natural or man-made disasters/emergencies that can significantly disrupt the environment of care through a four-phase planning process captured in the Emergency Management Plan: mitigation, preparedness, response, and recovery. The Emergency Management Plan for each entity outlines the processes of responding to internal and external disasters. Training of staff is ongoing and is unit-specific based on the EMP. Periodic drills are performed (e.g., fire drills) to ensure that the appropriate organizational response occurs.

5.3b(1) Determining Staff Well Being: SLHS uses a variety of tools and methods to determine employee well-being, satisfaction and motivation according to the life cycle of the employee. These include formal surveys, open forums with SL, targeted focus groups, "rounding" by SL, "open door" policy, team activity, employee "stay" interviews with long-tenured employees to capitalize on successful retention strategies and "exit" interviews with employees who left SLHS both voluntarily and involuntarily. Aggregate results from these methods are presented to entity ECs on a regular basis, and this information is used to design new programs and establish policies/benefits for employees. Employee satisfaction results are segmented according to tenure, age, educational background, diversity, job type and shift assignment, thus providing a robust view of the employee base allowing the SLHS to structure its work environment to enhance employee satisfaction and motivation.

5.3b(2) Staff Services, Benefits, Policies: SLHS offers its employees a wide variety of services/programs through its "flex" benefit package. This benefit package represents 34% of total compensation and exceeds the local market. Employees may choose from a variety of health insurance options in a point of service plan. Other benefits/ services include: paid time off/extended sick leave; leave of absence policies; an on-site Child Care Center at SLH that also sponsors a summer day camp for school-age children; Baby Building (an educational program for expectant employees and their spouses); adoption assistance; flex-time; tuition reimbursement; opportunities to job-share; recreational activities; use of a variety of subsidized neighborhood health clubs; subsidized cafeterias that promote healthy food options and free parking. SLHS also recognizes the emotional needs of its employees. Stress management programs, crisis intervention training and debriefing, an Employee Assistance Program (EAP), therapeutic massage, and access to Spiritual Wellness to help foster a healthy work environment. Many of the services offered are specifically designed to enhance the work environment for female employees who comprise 82.4% of the workforce.

5.3b(3) Measures of Employee Well Being: SLHS uses both informal/formal tools to survey its workforce (employee, physician, and other caregivers). In 1999, a formal survey was administered which consisted of 200 questions divided into 50 indices which reflected SLHS **core values**.

5.3b(4) Relating Assessment Findings to Improve Work Environment: The 67 indices created from the **Baldrige-aligned** survey tool allow SLHS to identify strengths and opportunities for improvement and to drive change in an efficient way. In addition, SL uses the **BSC People Perspective** to monitor employee satisfaction and motivation. These measures selected for the **People Perspective on the BSC** reflect the key drivers of employee commitment, and are tracked on a quarterly basis and reflect SLHS's commitment to retain productive employees who have a voice in improving their work environment and who are mentored by diverse leaders. Correlating the results of the **People Perspective** to the other four perspectives on the **BSC** allows SL to evaluate the impact that many different organizational initiatives, decisions, and factors are having on its workforce.

6.1 Health Care Processes

SLHS places a strong emphasis on quality and continuous performance improvement in order to produce consistent delivery of health care services, operational efficiency, and patient/stakeholder satisfaction. The **Service Design, Management and Improvement Model (PI Model)**, shown in Fig. 6.1-1, is used to achieve and sustain these results. The **PI Model** contains five phases – **Plan, Design, Measure, Assess, and Improve** – and is fully deployed across the SLHS. Employees are provided an introduction on the use of the PI Model during classes offered quarterly and process owners and PI team members receive detailed follow-up training. The model is prominently displayed as part of the **VIP Card** to reinforce its importance.

6.1a(1) Determining Key Health Care Processes: SLHS determines its key health care services and service delivery processes through its **SPP** and strategically links them to its **MVV**. This begins, annually, with an analysis (**EA**) in conjunction with the **SPP** and through the use of the **Plan** and **Design** phases of the **PI Model** and are aligned with SLHS **SFAs**. Health care services are focused on the needs of the community and are delivered in a manner that ensures coordinated care during the patient's entire encounter with SLHS services regardless of the point of entry and/or exit from the SLHS. Key health care processes and their requirements are shown in Fig. 6.1-2. Value for patients and other customers is obtained from these processes by fulfilling the **MVV,** providing excellence in health services, generating revenue that supports SLHS's ability to promote community health, and by affording increased access to health care.

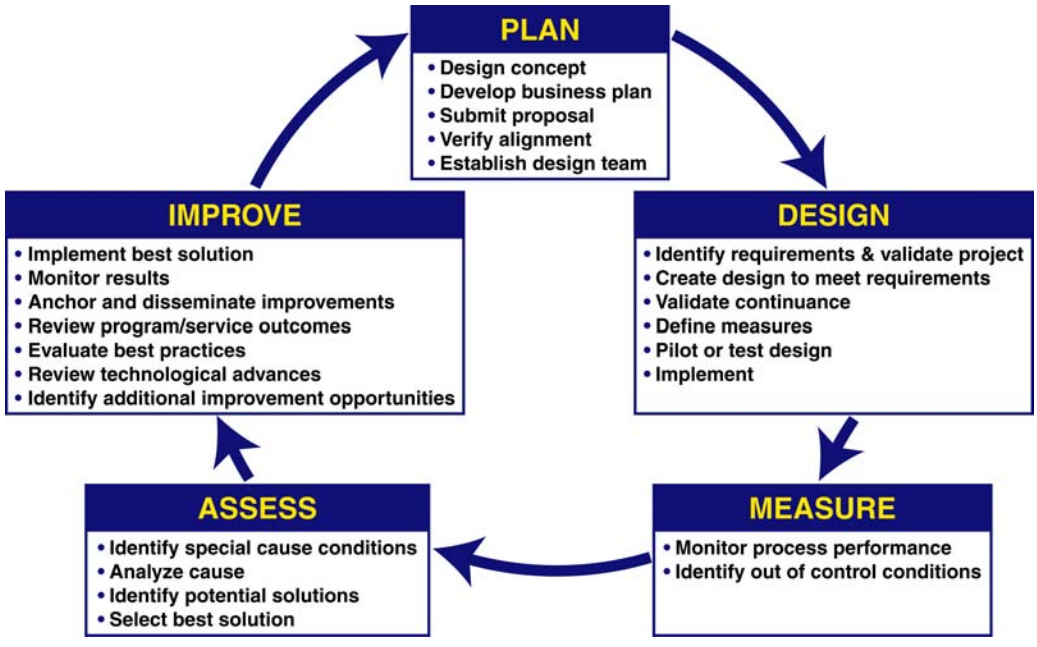


Figure 6.1-1 SLHS Service Design, Management, & Improvement Model. (Note: this is a simplified version of the PI Model; a more comprehensive version is available on site).

6.1a(2) Determining Key Health Care Process Requirements: SLHS uses the first two phases of the **PI Model**, **"Plan"** and **"Design"**, to propose, design and implement new health care programs/services and their associated delivery processes. A requirement for a new program or service is typically generated as a result of the **SPP** (Item 2.1) or as a result of submission of a proposal by a new program/service sponsor. If generated through the **SPP**, new requirements are typically driven by factors evaluated during the process such as: national health care trends; monetary policy; demographic, market and customer needs assessment; vendor requirements; or technology and health care advancements. The planning and budgeting process contains the necessary decision-making structure to identify new requirements, prioritize them based on linkage to the SLHS's key **SFAs** and **SASs**, and direct a design effort.

Outside the planning process, sponsors may initiate a new program/service proposal whenever a need arises. Sponsors may be physicians, members of the SLHS, BOD, employees, students, and even volunteers. Sponsors follow the **"Plan"** phase of the **PI Model**, when developing a proposal. Included in this proposal is an explanation as to how the new program/service will address the customer needs and requirements and support the SLHS's **MVV**. The MC and/or EC evaluates the proposal and business plan, verifies that it aligns with the SLHS's **MVV** and **SP**, and determines if a design effort should be initiated.

6.1a(3) Designing Processes to Meet Key Requirements: Once the decision is made to proceed with a design effort, a team is established. The team is comprised of stakeholders of the program/service, including physicians, employees, customers and suppliers, as appropriate. The team proceeds with the **"Design"** phase of the **PI Model**.

6.1a(4) Addressing Patient Expectations: Patient expectations are factored into the design of the health care service in the **Design** step of the **PI Model** and again when measures are identified to evaluate the performance of services/delivery processes. SLHS personalizes its health care service delivery by addressing the individual needs of patients/families when they enter the health care delivery process. During the initial intake and assessment of the patient/family, expectations and desires are obtained

through a consultation with members of the care team and are integrated into the care plan design. This includes incorporating the patient/family's health care preferences into the **Multidisciplinary Care Process (MCP),** which is used to design and deliver the care plan. Four primary tools are used to accomplish this process:

- **Evaluation**
- **Initial Assessment**
- **Standard Care Processes**
- **LLP**

6.1a(5) Key Performance Assessments: Based on the specific care setting and patient requirements care providers monitor the clinical care/pathway/plan/protocol to ensure that it is being followed and achieving the desired results. In addition, care providers and support personnel collect data to track performance against the predetermined key measures of success that were identified during design in accordance with the **"Measure"** phase of the **PI Model**. Performance requirements, including regulatory, accreditation, patient safety, and payer requirements were developed during the **Design** phase and integrated into the measurement system. The measurement approach, therefore, allows SLHS to determine if these requirements are being met. Included in the measurement approach is establishment of baseline performance, expected performance of the service/delivery process, and outcome goals/ objectives of the process. This permits care providers and support personnel to determine if process performance is meeting expectations as they carry out the **"Assess"** phase of the **PI Model**. If a problem is identified, SLHS process owners may utilize a variety of analytical tools including the use of statistical process control, brainstorming, value mapping, etc., to help facilitate the analysis. In addition, customer complaints, the Corporate Compliance hotline, and various quality assurance monitors are used to ensure that requirements are being met.

Health Care Processes	Key Requirements	Key Measures	Type	SFA
Admitting				
• Scheduling	• Timeliness	• Ease of Getting Appointment (OP)	I	C, F
• Pre-certification	• Accuracy	• Number of Correct Registrations	O	F, CA
• Registration				
Multidisciplinary Care				
• Initial Assessment	• Timeliness	• Medication Errors	I	CA, F, C
• Planning	• Accuracy	• Patient Falls	I	CA, F, C
• Intervention	• Reliability	• Patient Identification Errors	I	CA, F, C
• Evaluation	• Access	• Inpatient Clinical Care Index	I	CA, C
• Modification	• Responsiveness	• Outpatient Clinical Care Index	I	CA, C
• Resolution	• Empathy	• Cost per Day	O	F, G
	• Competence	• Length of Stay	O	F, G
		• Unplanned Returns	O	F, G, C
Care Support Services				
• Laboratory	• Timeliness	• Turnaround Time	I	F, CA
• Radiology	• Accuracy	• Stockout Rates	I	F, CA, P
• Pharmacy	• Competency	• Nutrition Assessment	I	CA, C
• Nutrition	• Appropriateness	• QA Measures	I/O	CA, F

Figure 6.1-2 Health Care Processes, Requirements, and Measure (I = Inprocess; O = Outcome; C = Customer; F = Financial; CA = Clinical and Administrative; G = Growth and Development; P = People)

The key performance measures for SLHS health care service processes are shown in Fig. 6.1-2. These are provided as examples of the measures used by SLHS personnel to control and improve processes. Space does not permit display of the many measures used on a day-to-day basis. In-process data are collected regularly to ensure the effectiveness of health care delivery. In 2003, SLHS began the development of **PSC** which serve to link daily operation in-process measures and **BSC** in-process and outcome measure(s). **PSC** have been developed for a number of key processes. For example, suppliers' performance is measured using a **PSC** and reliability indexing.

6.1a(6) Minimizing Overall Costs of Inspections/Audits: SLHS has developed a number of methods to minimize errors and costs associated with rework. Quality assurance initiatives are in place throughout SLHS and consist of activities such as laboratory testing, radiation therapy monitoring, pharmacy medication monitoring, and use of control charts to analyze data which provide daily monitoring of key process activities. In addition, the metrics architecture, including the SLHS and entity-specific **BSC**; department-level measures and **PSC**, provides an objective, cost-effective means to identify and rapidly respond to problems. Based on performance indicators, SLHS may charter specific single-issue **PI** teams to audit/inspect key processes as needed. The decision to initiate these teams is the responsibility of the appropriate perspective leaders, SPISC, or entity-specific PISC. These decision-makers use the **prioritization decision-making process** (Fig. 1.1-3) to determine the appropriateness and timing of the team.

6.1a(7) Improving Health Care Processes: SLHS evaluates health care service delivery systems and processes at key process levels by applying the **"Improve"** phase of the **PI Model.** Care providers and support personnel are responsible to review overall process performance on a regular basis to seek improvement opportunities. Reviews may occur on a weekly, monthly or quarterly basis and include the outcome measures associated with the process, as well as patient and stakeholder satisfaction data.

6.2 Support Processes and Operational Planning

6.2a(1) Determining Key Business/Support Processes: SLHS's key business and support processes, requirements, measures (in-process and outcome) are shown in Fig. 6.2-1. Key

business and support processes are those processes considered by SLHS as the most critical to the success of implementing the organization's **MVV, SP**, and achieving a high performing operational infrastructure by supporting the **SFAs, SASs, and SAPs.** While all business and support processes have important functional roles in the organization, the processes noted in Fig. 6.2-1 are considered key business and support processes due to their important alignment with, and support of, the delivery of health care services and their role in achieving operational excellence, effectiveness and efficiency.

6.2a(2) Determining Key Support Process Requirements: Key business and support process requirements noted in Fig. 6.2-1 are determined in the same manner as SLHS's key health care service and delivery requirements. The key requirements for these processes are established in the **"Design Phase"** of the **PI Model** and revised as necessary based upon customer input (e.g., focus groups**, CSRP, LLP**, surveys, and one-on-one interaction), process performance results, and changing organizational needs and market conditions.

6.2a(3) Designing Key Business/Support Processes: Key business and support processes are designed using the **PI Model** (Fig. 6.1-1) using the **Design Phase** of the model. Input into this phase of the design process is sought from all key stakeholders and consideration is given to the impact of all regulatory/ legal/ ethical considerations.

6.2a(4) Key Performance Measures and Indicators: Key measures are shown in Fig. 6.2-1 and are defined as in-process measures or outcome measures. These measures are used on a regular basis to ensure that the processes are meeting customer requirements and organizational needs and health care delivery. When performance gaps are noted, the process owners are required to take effective action to resolve the gap. This action may include the formation of a local team or the formal chartering of a cross-functional team by the PISC or PL if the issue at hand impacts multiple departments or operating units or requires non-budgeted resources to resolve the performance gap. In addition, **PSCs** are being used more frequently to manage many processes. An example, is the use of a **PSC** in managing key vendor/supplier performance in which members of the Material Management Group, meet regularly with SLHS's key suppliers/vendors and share their performance data and discuss methods to improve performance, based on the data.

6.2a(5) Minimizing Costs, Preventing Errors and Rework: SLHS uses multiple methods in an ongoing effort to minimize cost of errors and rework. These methods are used in the **Assess and Improve Phase** of the **PI model.** Performance of the key business and support processes is monitored and managed by each process owner through the regular collection of data using in-process measures, outcome measures, and input from customers, vendors/suppliers, (supplier management process)

Business/Support Processes	Key Requirements	Key Measures	Type	SFA
• Supplier Management	• Low Cost • Timeliness • Accuracy • Quality	• Supply Cost/CMI Adjusted Patient Discharge • Received Lines/Lines Ordered • Invoice Lines Matched/Lines Ordered • Returned Lines/Lines Ordered	• O • I • I • I	F F, CA F, CA F, CA
• Revenue Cycle Management	• Cost • Quality • Timeliness • Efficiency • Patient Friendly Billing Team	• Cash Collections to Target • Charge Process Audit • Net Days in Accounts Receivable • Discharges Not Final Billed • Customer Satisfaction	• I/O • I • I/O • I • O	F F, CA F, CA F, CA C
• Physician Partnering	• Physician Participation • Improved Productivity • Ease of Access	• Admitting Physician Ratio • Variable Cost per Case • IP Tests/Discharge • Physician Satisfaction • PCP Referral	• O • I/O • I • O • O	G F, CA F, CA F, C, G F, G
• Human Resource Management	• Competency • Timeliness • Low cost • Efficiency	• Intro Period Separations • New Employee Satisfaction • Time to Fill • Time to Start	• I/O • I/O • I/O • I/O	P P P P
• Facilities Management	• Timeliness • Competency • Safety	• Work Order Turnaround • Performance Appraisal • Customer Satisfaction • Safety/Environmental Measures	• I • O • O • I	CA P C CA, P
• Health Information Management	• Timeliness • Accuracy • Productivity • Meet Physician Needs	• Days in AR • Transcription Turnaround Time • DRG Accuracy • Minutes Transcribed • Chart Delinquency Rate	• I • I • I • I • I	F, CA CA CA, F CA CA
• IT Services	• Access • Reliability • Responsiveness • Education • Timeliness	• System Utilization • Customer Satisfaction • System Availability • Call Wait Time • Time to Resolve Problems • Training Satisfaction/Would Recommend • Overall Project Status	• I/O • O • I • I • I • O • O	CA P CA CA, P CA, P P CA

Figure 6.2-1 Key Business and Support Processes (I = In-process; O = Outcome; F = Financial; CA = Clinical/Administrative; G= Growth and Development; C = Customer; P = People)

and partners. Performance is evaluated and improvements made when necessary to correct variations in the service delivery and overall process effectiveness. Prevention-based methods to minimize costs associated with inspections and audits include the increased use and application of technology and automation, outsourcing of processes when considered appropriate, and the use of ongoing staff training in process management and the use of **PI** tools.

6.2a(6) Improving Key Business and Support Processes: To keep current with the changing needs of healthcare delivery, SLHS utilizes the **Improve Phase** of the **PI model** to evaluate current business and support processes and make the necessary changes, when needed, to improve these processes based on their metrics of performance. The use of the **BSC, PSC**, in-process measures, ongoing evaluation, customer input/feedback, changing safety/legal/regulatory and accreditation requirements, and changes in the market place are used by SL and process owners to improve existing processes. Best practices are sought out through the use of literature review, learning from others, and the participation in educational offerings by the many external organizations with which SLHS is involved. Results are shared with the staff through various communication strategies such a e-mail, team meetings and committees, direct mail, web based tools, and the Intranet where there is a robust repository of information ranging from policies and procedures, clinical pathways and treatment algorithms, and a new internally developed tool to track, SLHS-wide, all of the learning that has occurred in team activity within the entities.

6.2b Operational Planning

6.2b(1) Ensuring Adequate Financial Resources: SLHS ensures adequate financial resources are available to support its current and future financial obligations through the annual **SPP**, and associated inputs previously described in Category 2, which includes an analysis of the budget process, operational analysis, capital allocation process, HR planning, and a thorough evaluation of the **EA**, along with SWOT analysis, where appropriate. Short- and long-term trends and forecasts are employed that help SL ensure financial sustainability, along with the goal of maintaining significant financial reserves, meeting the requirements of an A+ bond rating, and maintaining a long-term vision. Early in the **Design Phase** of a new process, cost analysis is performed as part of the project development plan (business plan) in which a proforma is required, and financial resources are identified. As part of due diligence for new business investment, an analysis is completed to determine level of risk or threat to the organization and the impact that the **SP** and associated action steps might have on key stakeholders/ communities and the environment where appropriate. This process was initiated during the planning and construction of SLHS's newest entity, SLELS. Furthermore, visionary leadership, 25 years ago, saw the need to create a sustaining philanthropic foundation (Saint Luke's Foundation) to help support the **MVV** of the SLH by providing needed financial resources. Today the Foundation has over 120 million dollars in assets and contributes over 11 million dollars per year to programs that help with charity care, research and innovation, and education.

6.2b(2) Ensuring Continuity of Operations: SLHS entities conduct emergency and disaster planning on a routine basis. SLHS SL work with community leaders to ensure continuity of operations in the event of a community-wide emergency through SLHS's participation in citywide disaster planning, sustaining SLHS's strong financial foundation, creation of an empowered workforce capable of making independent decisions, through ongoing education and training of the staff, the development of redundant technology solutions, the use of e-health access to specialty physicians and other care givers from remote locations, and a strong succession plan for SL.

7.1 Health Care and Service Delivery Outcomes

7.1a Since SLH comprises approximately 45% of the patient care activity of the SLHS, is the tertiary referral source for the other entities within the SLHS, and treats the sickest (highest CMI index in the State of Missouri) and most complex (MAHI, MABSI, CI, Trauma Services, Complex Perinatal Services) of SLHS's patients, the high severity of illness impacts overall SLHS performance (e.g., mortality, LOS and costs) and requires more resources to be expended. These factors come into play when comparing overall SLHS performance against other health systems or single entities, yet SLHS's results noted throughout Category 7 reflect superior performance compared to a variety of benchmarks.

Some figures contained in this section demonstrate SLHS's performance in the care of patients with AMI, HF and Pneumonia over the last 2 years (only data available compared to benchmark) compared to national/State of Missouri/State of Kansas hospital performance. SLHS is exceeding the comparative benchmarks at both the state/national levels, and this performance has been consistently maintained. When SLHS compared the performance of its CV PrL, primarily situated at SLH, for AMI and HF patients, against 21 of the top health systems/hospitals in the VHA CEO-CEO Workgroup over the last 3 years, it has consistently achieved superior performance, while achieving a lower in-hospital mortality for AMI patients. Further data shows consistently superior performance in terms of achieving low patient mortality following PCI/CAB procedures compared to ACC/NCDR.

A key measure on the SLHS's BSC is the patient safety index which measures patient care in three safety areas: medication errors with a severity of 2 or greater, patient identification errors, and patient falls with injury requiring treatment.

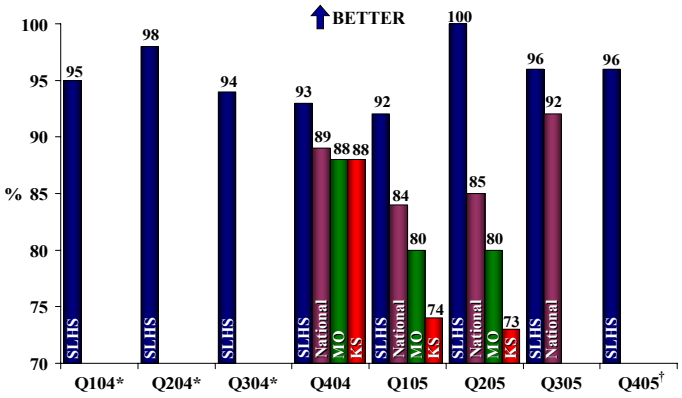
Also key is are the results of SLH's infection control index, which is comprised of 10 measures of significant potential infection, in the sickest of patients who are receiving open heart care, orthopedic joint implantation and care in the intensive care units compared to an elite CDC NHSN comparative national group of like hospitals. SLH's performance is clearly better that the comparative group and has improved significantly in 2005. All of these measures reflect performance that is extremely good and demonstrate a superior patient safety environment for which SLH was recognized by Health Grades in 2005 as being in the top 5% of all hospitals for its patient safety record.

The performance of SLHS's Women's and Children's PrL is consistently outperforming its peer comparative group, NPIC, 70% of the time over the last 5 years in the areas of maternal, neonatal, and anesthesia complications.

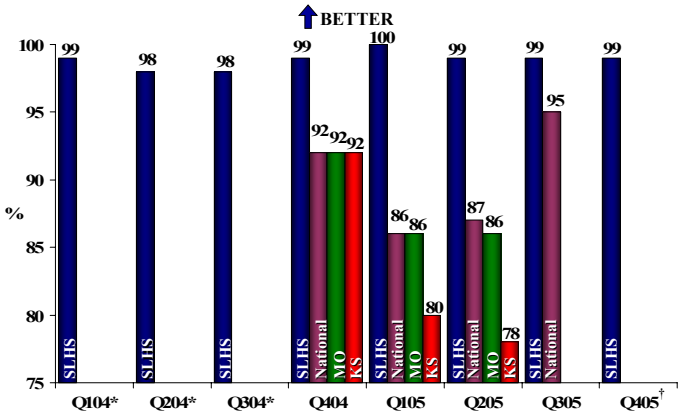
In the treatment of ischemic stroke, SLHS's MABSI PrL is leading the nation, establishing benchmark performance in the use of tPA to reverse the signs/symptoms of stroke over the past 5 years. In addition, in 2003, MABSI compared its performance in achieving superior patient outcomes following ischemic events to the brain with two NIH trials. In the first trial, MABSI outperformed the NIH benchmark 48% to 28%, and in the second trial, outperformed the NIH benchmark 63% to 31%. SLHS has been consistently in the lower quartile, despite the level of severity of illness that is experienced by SLHS's tertiary referral center, SLH. Risk adjustment of the data, if it were performed, would place SLHS in an even lower part of the mortality range due to the criticality of its patients.

After only the first year of deploying the e-ICU technology (implementation January 2005), SLHS's e-ICU composite performance ranks second in the nation in 7 clinical process measures compared to 20 national institutions, which have deployed ICU telemedicine technology.

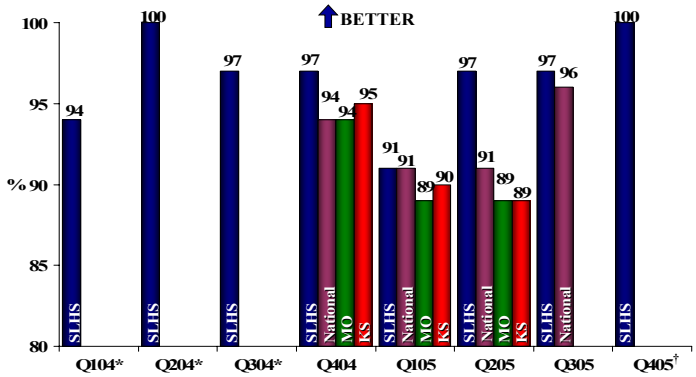
SLHS's CI shows superior performance in the accuracy/diagnosis of breast cancer compared to ACR benchmark. Likewise, SLMG demonstrates superior performance in the care of diabetic patients compared to 2 national benchmarks. Over the last 6 years, diabetic blood sugars are under better control than the comparative groups as noted by lower HgbA1c levels.



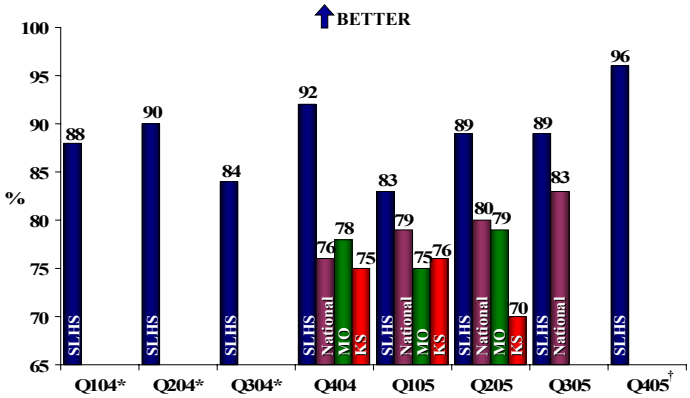
% AMI Patients Receiving Beta Blocker on Arrival
***Comparative data not available.**
†Comparative data not yet available.



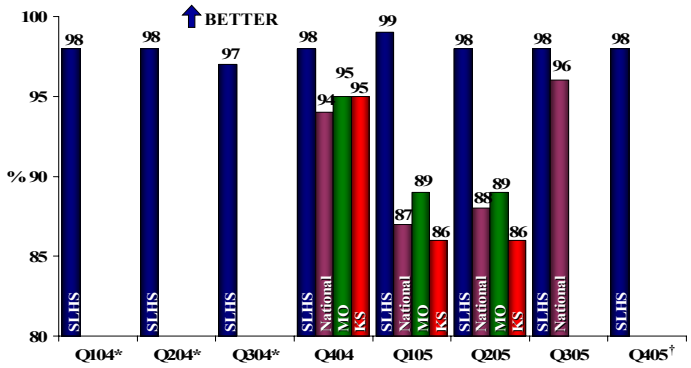
% AMI Patients Receiving Beta Blocker at Discharge.
***Comparative data not available.**
†Comparative data not yet available.



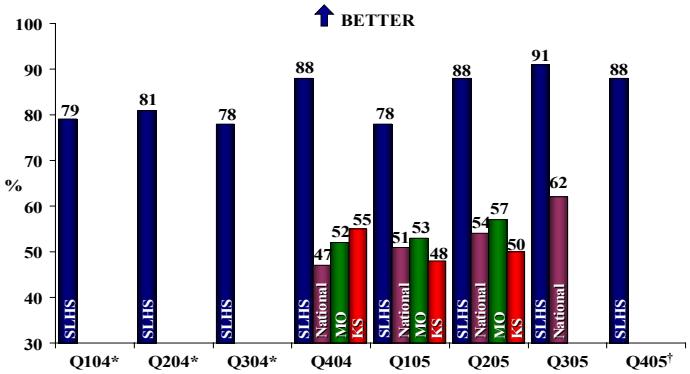
% AMI Patients Receiving ASA on Arrival
***Comparative data not available.**
†Comparative data not yet available.



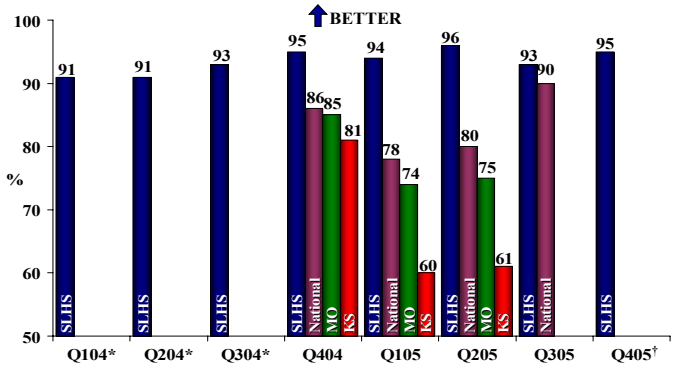
% HF Patients Receiving ACE Inhibitors for LVSD
***Comparative data not available.**
†Comparative data not yet available.



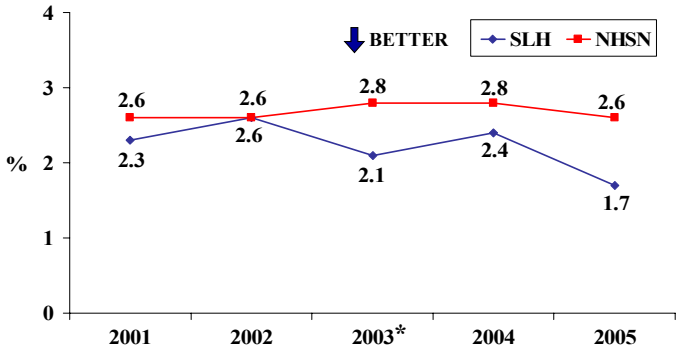
% AMI Patients Given ASA on Discharge
***Comparative data not available.**
†Comparative data not yet available.



Pneumococcal Vaccination Rate (%)
***Comparative data not available.**
†Comparative data not yet available.



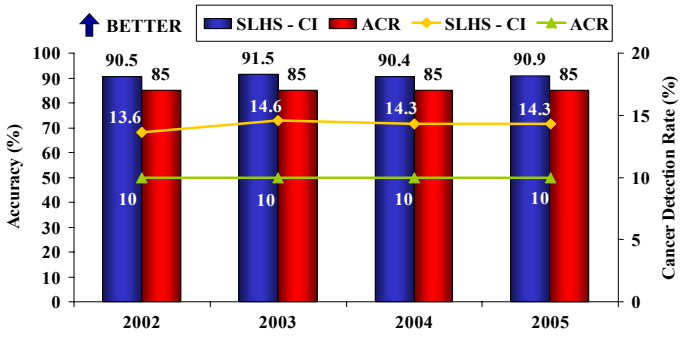
% HF Patients Receiving LV Function Assessment
***Comparative data not available.**
†Comparative data not yet available.



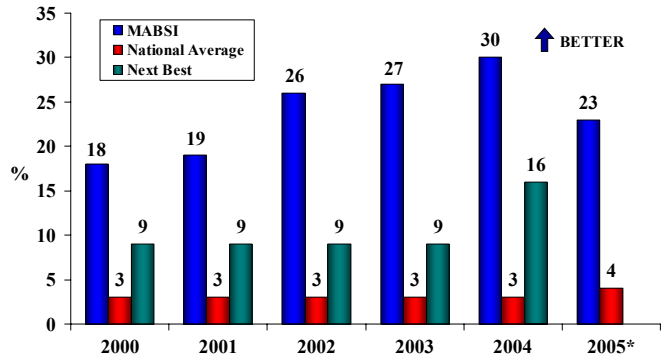
Infection Rate Index – 10 Measures of Infection
***Index modified for 2/10 measures 01-03 by NHSN**

Indicator	Women's and Children's Product Line					NPIC				
	01	02	03	04	05*	01	02	03	04	05*
C-Section (Good ↓)	23.3	26.1	26.8	25.6	27.0	25.4	27.2	29.6	31.0	32.2
Primary C-Section (Good ↓)	16.9	19.9	19.2	18.0	15.8	18.4	19.7	21.3	22.2	19.4
VBAC (Good ↑)	32.4	25.3	21.1	24.1	21.7	25.9	21.0	17.3	14.2	15.5
OB Trauma – C-Section (Good ↓)	NA	NA	NA	NA	0.75	NA	NA	NA	NA	0.65
3rd/4th Lac – with forceps (Good ↓)	24.0	27.3	20.6	12.1	19.2	19.5	19.8	19.1	18.5	18.0
3rd/4th Lac – without forceps (Good ↓)	3.5	3.3	2.5	2.8	2.1	3.8	3.3	3.2	3.3	3.3
Anesthesia Complications (Good ↓)	0.08	0.0	0.0	0.0	0.0	0.04	0.03	0.03	0.3	0.2
OB Readmit Rate (Good ↓)	0.94	0.69	0.97	1.24	1.0	0.94	0.95	0.79	0.82	1.0
OB Disruption/Infection (Good ↓)	0.39	0.4	0.31	0.34	0.44	0.5	0.54	0.53	0.49	0.48
Birth Trauma (Good ↓)	0.8	0.7	0.6	0.3	0.23	0.8	0.7	0.6	0.5	0.25
Meconium Aspiration (Good ↓)	0.2	0.4	0.3	0.3	NA	0.5	0.6	0.5	0.5	NA
Inpatient Neonatal Mortality (Good ↓)	NA	NA	NA	NA	0.91	NA	NA	NA	NA	0.7

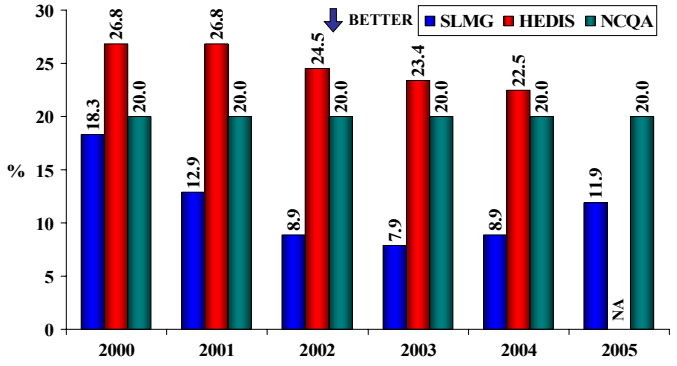
Women's and Children's Product Line – Obstetrical and Perinatal Indicator Rates *through 9/05. Note: Highlighted data represents better performance than comparative group.



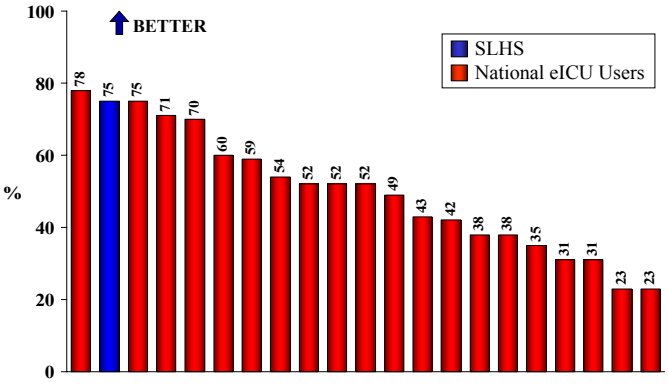
Cancer Institute Breast Cancer Accuracy and Detection Rates



Percent of Patients Receiving tPA
***Comparative data not available.**



SLMG Diabetic Patient Management Compared to 2 Benchmarks



e-ICU Composite Performance Score (%) of 7 Clinical Process Measures – 2005

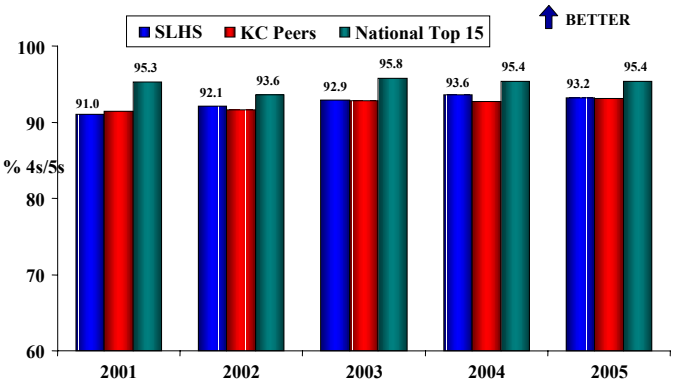
7.2 Patient and Other Customer – Focused Outcomes

7.2a(1) Patient and Customer-Focused Outcomes: The results of independent consumer survey studies by NRC indicates that the population surveyed perceives that the SLHS has the best quality, best doctors, best nurses and ranks number one in cardiac, cancer and neurological care. The perception data indicates that SLHS ranks number 2 in obstetrical and orthopedic care. SLHS's own data, based on formal surveys, that the health system has had consistent and very high brand market recognition by consumers.

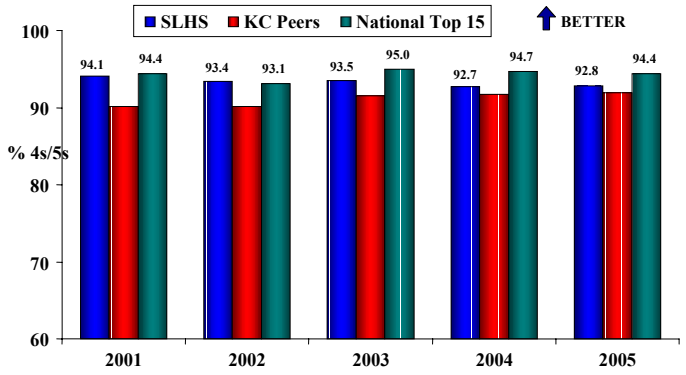
Also shown are the PG patient satisfaction and likelihood to recommend survey results over the last five years. The data represents the percent of respondents providing "4" and "5" ratings. Results show sustained high satisfaction and the likelihood to recommend and consistently outperforms the KC peers in overall satisfaction for inpatients; likelihood to recommend; overall satisfaction and likelihood to recommend for outpatients; and overall satisfaction and likelihood to recommend for emergency patients. For clinic patients, SLHS has exceeded its peer group in likelihood to recommend for the last three years. For its HCH patients, SLHS performance is exceedingly high, ranging in the mid to upper 90%.

A comparison to the PG national top 15 hospitals (out of a total of approximately 1000 facilities in the PG comparative group), shows SLHS lags the top 15 slightly, which represent the upper 1.5% of the comparative group; however it should be noted that the difference in performance is small on average.

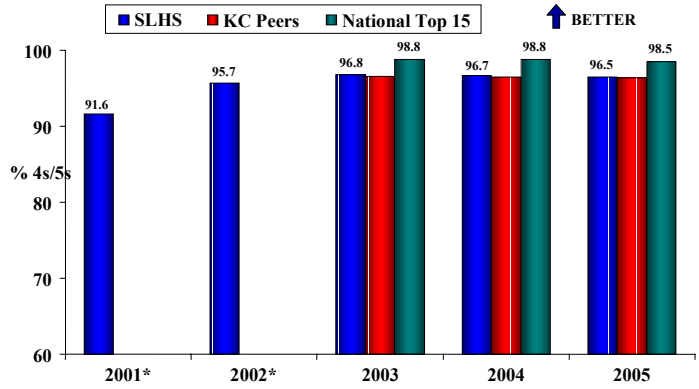
An indicator of patient loyalty is a BSC measure for inpatients, outpatients and emergency patients. It shows the percent of patients who simultaneously grade SLHS's performance as a "5" for overall satisfaction and a "5" for likelihood to recommend. Over the last 8 quarters, the data shows a high, sustained and an upper trend in patient loyalty.



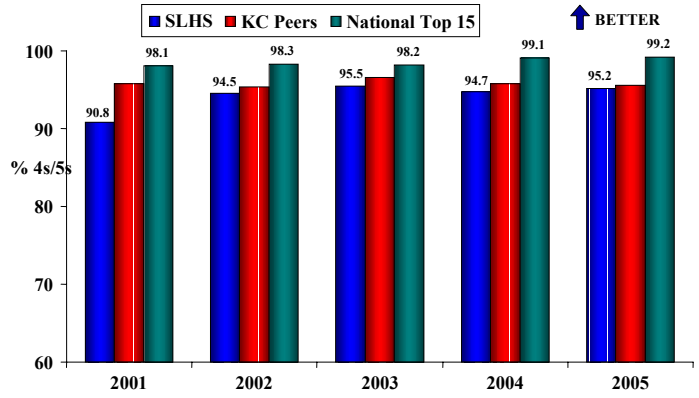
Overall Satisfaction: Inpatients (Source: Press Ganey)



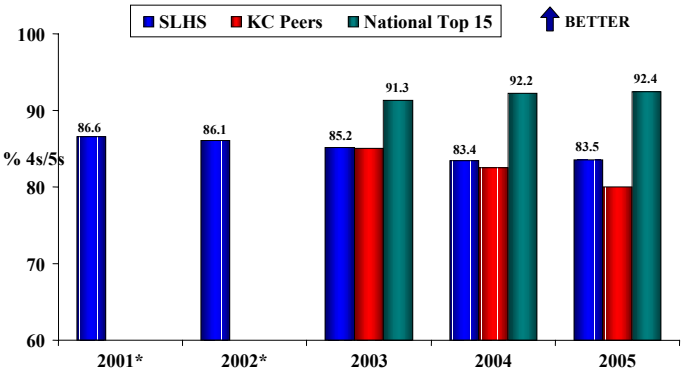
Likelihood to Recommend: Inpatients (Source: Press Ganey)



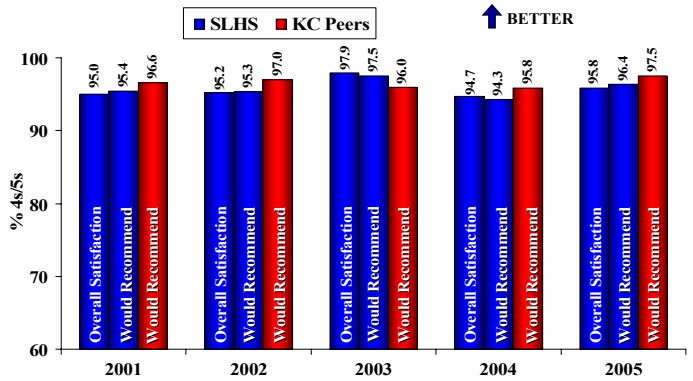
Overall Satisfaction: Outpatients (Source: Press Ganey) *National norms not available.



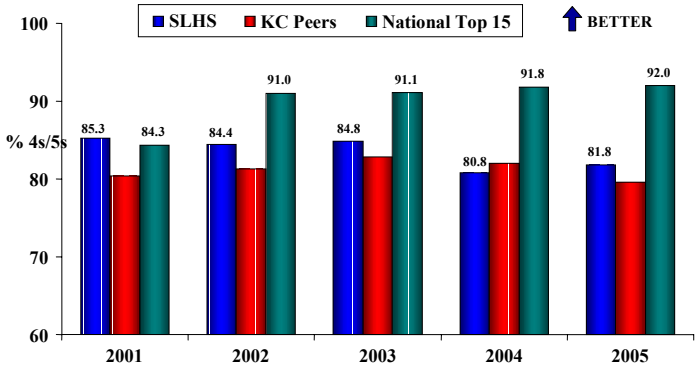
Likelihood to Recommend: Outpatients (Source: Press Ganey)



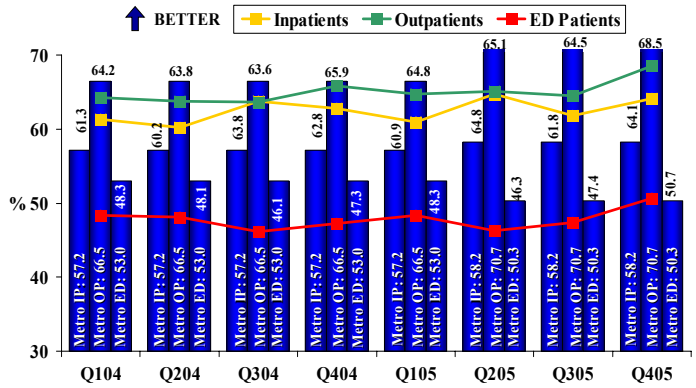
Overall Satisfaction: Emergency Patients
(Source: Press Ganey). *National norms not available



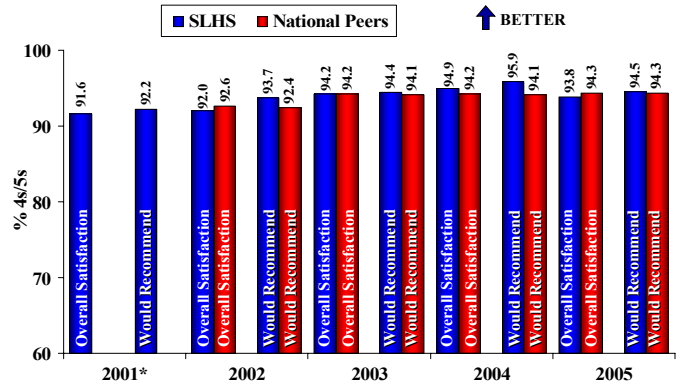
Overall Satisfaction/Likelihood to Recommend – Home Care and Hospice Patients
(Source: Press Ganey*) *Overall satisfaction comparative national data not available from PG.



Likelihood to Recommend: Emergency Patients
(Source: Press Ganey)



5x5 Advocates (Source: Press Ganey)



Overall Satisfaction and Would Recommend – Clinic Patients
(Source: Press Ganey)
***National norms not available.**

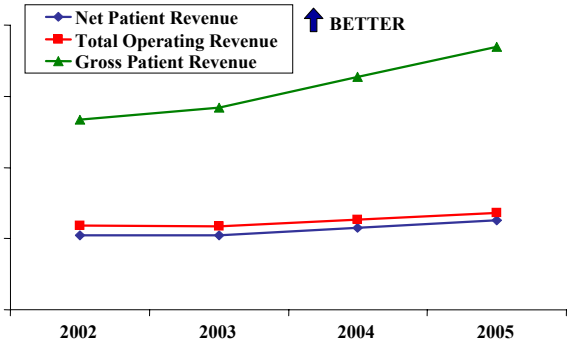
7.3 Financial and Market Outcomes

7.3a(1) Financial and Market Results: SLHS's financial performance from 2002 to 2005 indicates that SLHS has sustained high levels of performance in a market in which there has been increased competition, while at the same time, the State of Missouri (2005) significantly reduced eligibility for Medicaid patients which increased SLHS's level of uncompensated care. In addition, SLHS was taking on the financial burden, beginning in 2004, of building a new, all digital hospital (SLELS). Total and operating margins remain above A-bond rating benchmark. Gross, total and net patient revenues continue to show an upward trend over the last 4 years indicating continued and sustained financial performance. Days cash on hand remain high and stable and significantly above A+ bond rating despite large infrastructure expenditures.

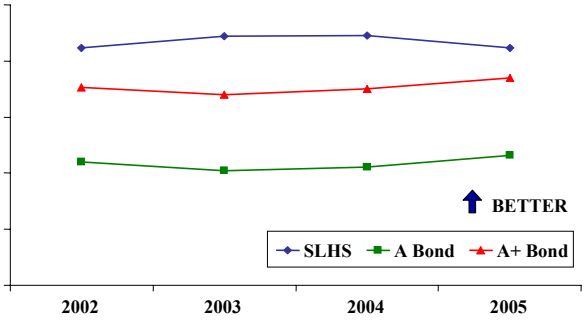
SLHS also shows a stable and low long-term debt to capitalization percentage which has trended up in 2005 due to infrastructure expenditures, suggesting excellent debt management over time. SLHS profitability or operating cash flow results show consistently high performance compared to A-bond benchmark.

7.3a(2) Healthcare and Market Share: For both the 6 primary counties and the 67 county overall catchment areas, SLHS, despite being 50% smaller than its largest competitor, HCA, remains second in the market and has gained market share in the last 3 years while HCA has shown a decline. The SLMG has shown a stable market share while HCH noted a 2.2% decline in 2005 due to a declining number of available Medicare and Medicaid patients.

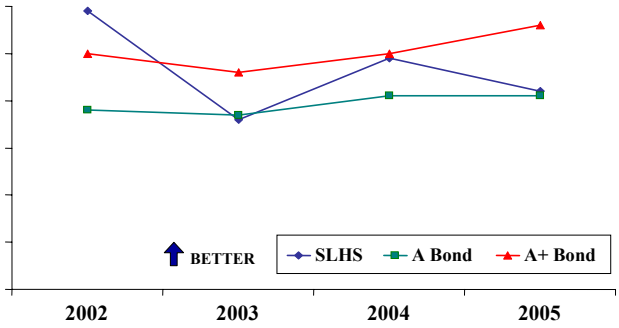
SLHS experienced a significantly improving inpatient and outpatient surgery volume in 2005, indicating that SLHS is competing effectively in the market for surgical volume, which is an important driver of hospital income.



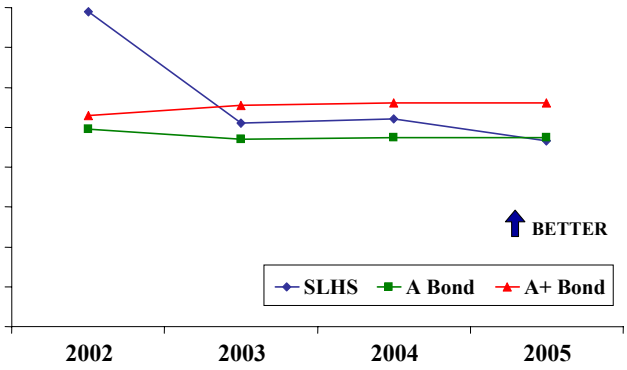
Gross, Total and Net Patient Revenue



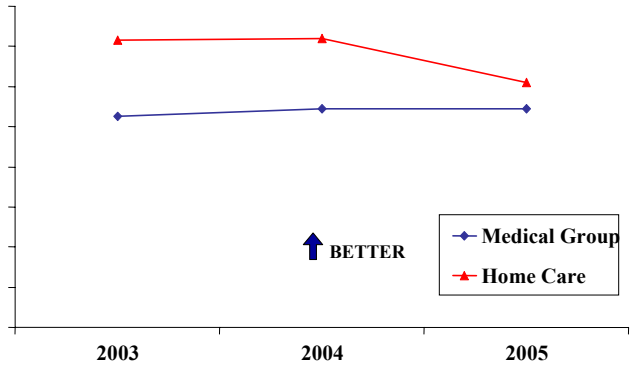
Days Cash on Hand



Maximum Debt Service Coverage



Operating Cash Flow

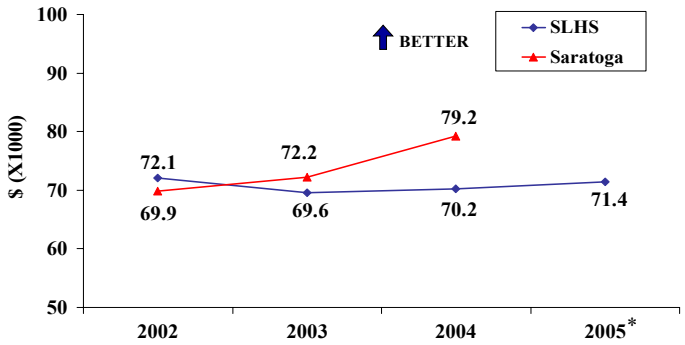


Medical Group and Home Care Market Share (Medicare Patients) – Primary Service Area: 6 Counties

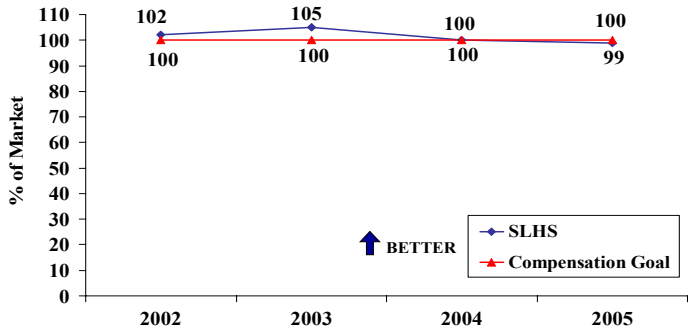
7.4 Human Resource Outcomes

7.4a(1) Work System Performance and Effectiveness SLHS has been widely recognized for its high level of performance as noted by being named the best place to work in Kansas City by the KC Business Journal in 2005 and previous similar awards dating back over the last decade. HCVA, a BSC measure, is a measure of employee productivity. In 2003 and 2004, HCVA declined secondary to decreasing profits (increasing levels of uncompensated care and large capital outlays for infrastructure needs), but has rebounded in 2005. Compensation compared to the market, also a BSC measure, is determined by evaluating benchmarked positions and comparing the weighted average of actual pay in the KC market and shows that the management of compensation is efficient and consistently mirrors the market which is desired from a competitive and financial perspective. SLHS diversity measures in selected managerial/professional positions show that SLHS's desire of mirroring the diversity of its community has been achieved and is being managed effectively. SLHS's retention rate, a BSC measure, remains high in a very tight local labor market and has consistently exceeded the Saratoga benchmark for the last 4 years.

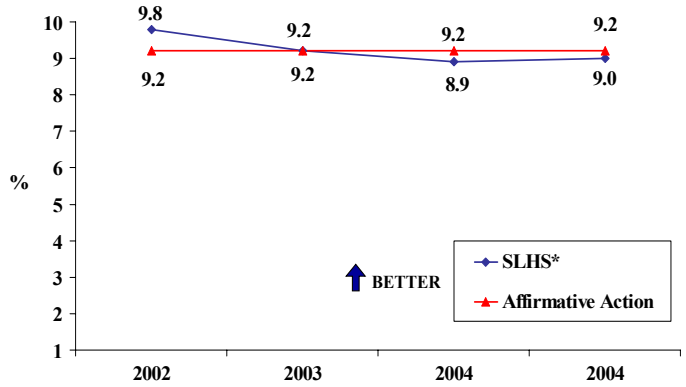
7.4a(2) Staff Learning and Development: PMP ratings indicate the percent of employees meeting expectations on their PMP evaluation regarding their job performance, attainment of personal goals and objectives relative to the SP and core values and the achievement of development objectives. The percent "outstanding" and "exceeds expectations" remain high and stable over the last 4 years. Also shown are the number of hours, classes and employee participants in educational training programs offered by SLHS. All 3 markers of performance remain high and have increased since 2004. Over the last 3 years, the % "4" and "5" have consistently been measured in the upper 95 to 99% performance for all three of the metrics noted. In addition, the commitment of SLHS for the continuing formal education of its employees noted by the significant increasing allocation of dollars reimbursed to employees.



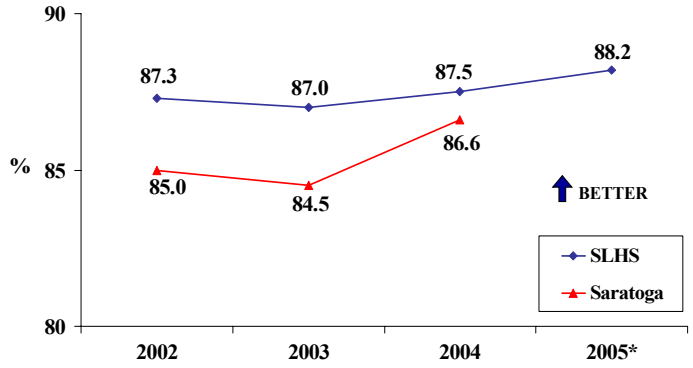
Human Capital Value Added
***Comparative data not yet available.**



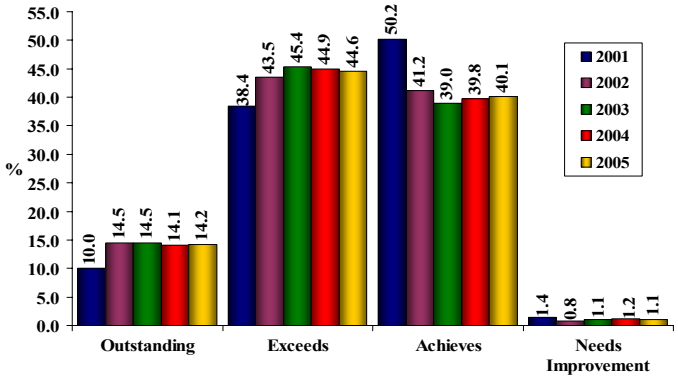
Compensation % of Market



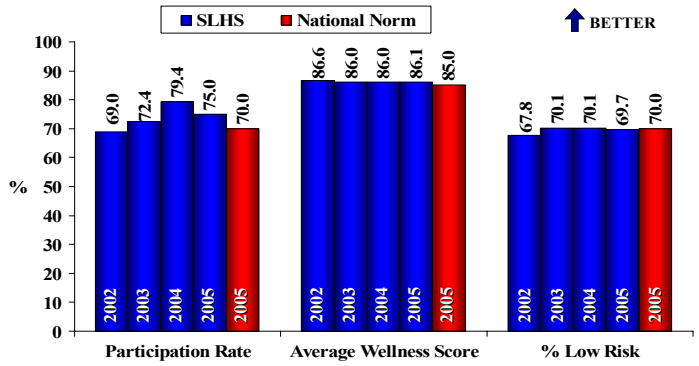
Diversity - % Managers/Professional Staff
***represents SLH, SLN, SLS, and CCC**



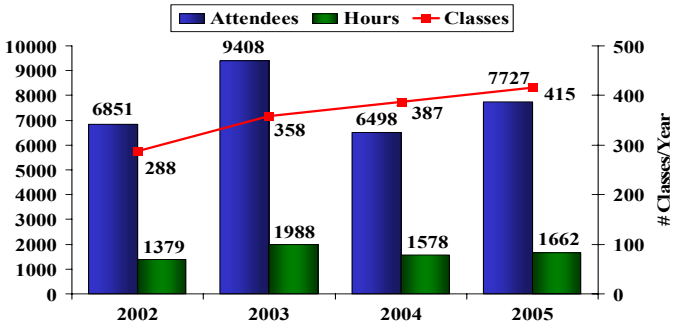
Retention Rate – SLHS
***Comparative data for 2005 not yet available.**



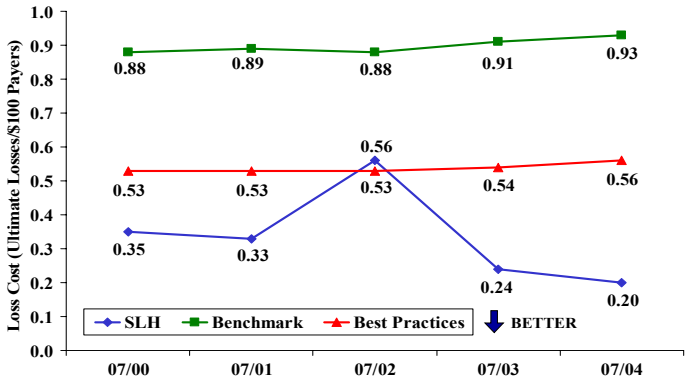
PMP Ratings. Comparative data not available.



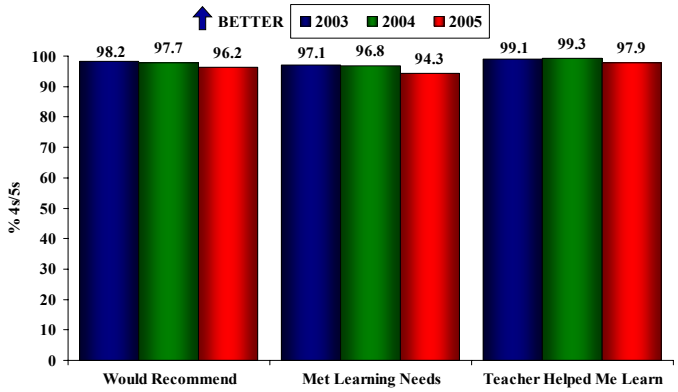
Health Risk Appraisal Results – SLHS
% most positive responses



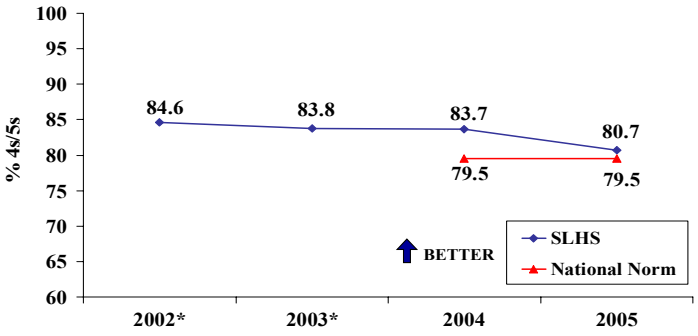
CEU Hours, Participants and Classes Offered.
Comparative data not available.



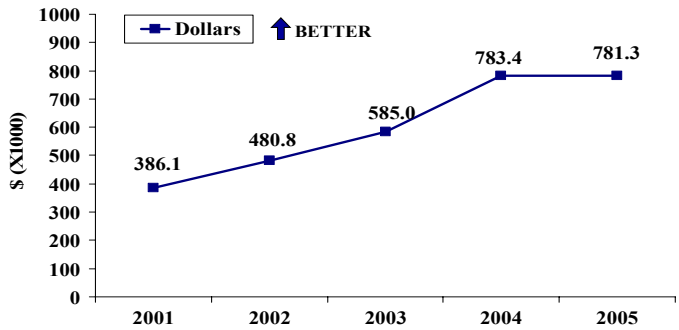
SLH Loss Costs for Lost Time Claims. Benchmark (MECC)
Midwest Employees Casualty Company



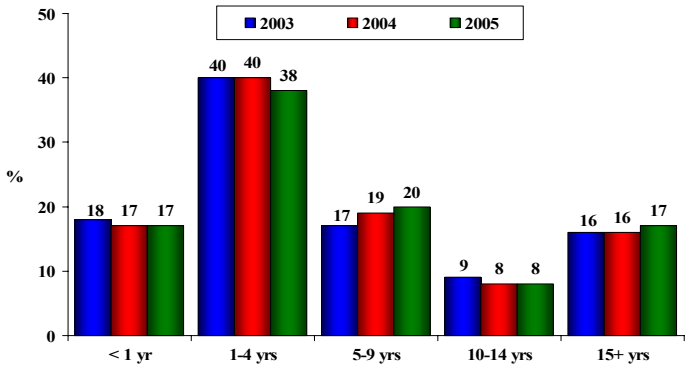
IT Training – Class Evaluation
Comparative data not available.



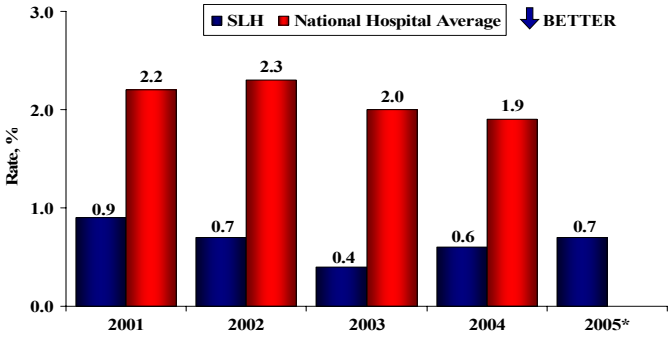
Overall Employee Satisfaction – SLHS
*norms not available.



Tuition Dollars Reimbursed to Employees – SLHS
Comparative data not available



Length of Service



OSHA Days Away Rate – SLH
***Comparative data not available.**

7.5 Organizational Effectiveness Outcomes

7.5a(1) Key Measures of Operational Performance of Health Care Processes: The figure below shows the performance to goal of the 5 perspectives of the BSC over the last 5 years and demonstrates very close alignment to, and management of, the SP's short-term goal setting, particularly over the last 3 years. These data can be used as a proxy measure of tight process management within each of the perspectives (key level one organizational processes) throughout the SP year. Each of these perspectives is impacted by all of the key health care and key support processes.

Perspective	2001	2002	2003	2004	2005
People	100	114	104	98	99
Clinical/Administrative Quality	95	92	113	88	109
Customer	88	93	105	106	104
Growth/Development	89	99	103	100	99
Financial	157	207	102	125	112
Overall Performance	106	121	105	103	105

SLHS BSC Performance to Annual Goals by Perspective (%). Data taken from 4Q BSC, which best reflects overall annual performance.

Beginning in 2005, the HIM chart delinquency rate measure of completion of the patient's chart has shown dramatic improvement and now has achieved national benchmark performance. This reflects the increasing use of technology to improve HIM throughput. Also shown are the HIM cycle time results. Increasing improvement to goal has been achieved beginning in 2005, again the result of the use of e-technology to accelerate operational throughput of the patient record. Also documented are the low and declining pharmacy stockout rates in the metro hospitals. Nurses use a Pyxis (automated dispensing) machine for as much as 90% of patient medications and it is crucial to have these machines stocked and medications available.

7.5a(2) Key Measures of Other Operational Processes: Figs. SLHS manages operational processes that impact key healthcare processes. Internal customer satisfaction has improved with both the IT and MM processes over the last 5 years, indicating that the processes that are being used are meeting customer and organizational needs. SLHS is also experiencing progressively increasing e-portal login rates, suggesting that IT training and the ease of usage of the IT system architecture is impacting the positive use of the EMR. Likewise, SLHS enjoys very high IT and Laboratory proficiency results. These data can be used as a proxy measure for tight process management within the IT and Laboratory work units. Comparative data for Laboratory is not available. Within the HIM work unit, over the last 2 years, very high CMS (independent audits) validation rates for coding select DRGs across the SLHS have been achieved compared to the CMS required rate of 80%. In addition a remarkable decrease has been achieved in the administrative denial rate at a time when the volume of records has increased.

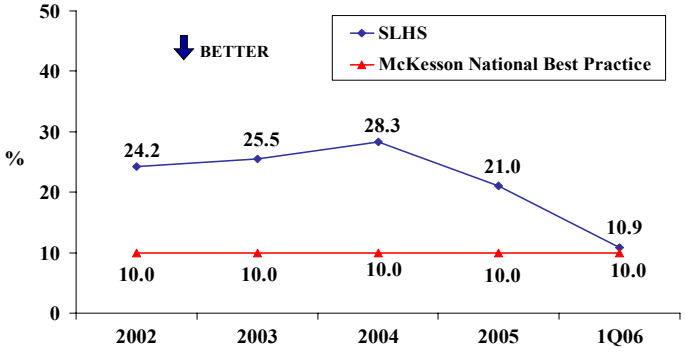
In 2001, MM developed a process to help facilitate SLHS's supplier/vendors' performance by creating an index of results. MM has used this index, in addition to individual supplier/vendor PSC to help drive performance. In 2005, 5 of the 7 key suppliers/vendors are achieving performance greater than 97% reliability. The metro hospitals are also using an efficiency metric of performance of its material management process. All of the metro facilities are performing at >90% efficiency.

The effectiveness of SLHS PPP shows an increasing use of the Doc One Call process, and has shown an increase of 23.2% since 2000 indicating that more physicians are utilizing SLHS hospitals. The active admitting physician ratio and the PCP referral rate have also shown steady increases since 2004.

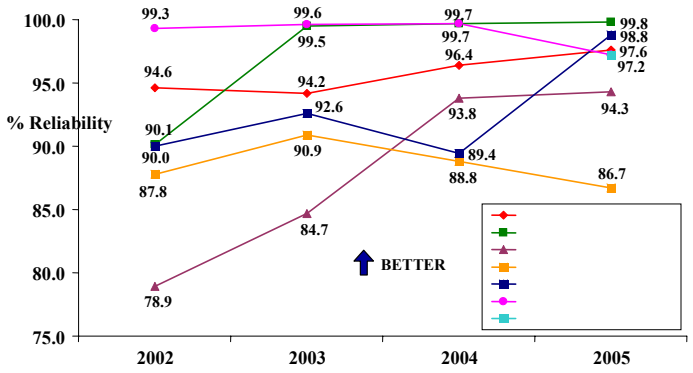
The effectiveness of SLH research process is noted by the high receipt of research grant dollars and number of active research protocols. These 2 metrics reflect on the PPP because they show how SLH works with its physicians to further clinical research, a process that has been supported by the medical staff through the ongoing Research Strategic Plan.

Also demonstrated in the following figures is the effectiveness of the Saint Luke's College of Nursing education and physician continuing education processes. Nursing student first time pass rates have consistently exceeded both the Missouri and National benchmarks. In addition, nursing student satisfaction, in 10 educational measures, over the last 5 years has exceeded the EBI benchmark. Also, the educational process for staff physicians has remained at a high level over the 5 years as noted by both high levels of educational hours offered and level of physician participation.

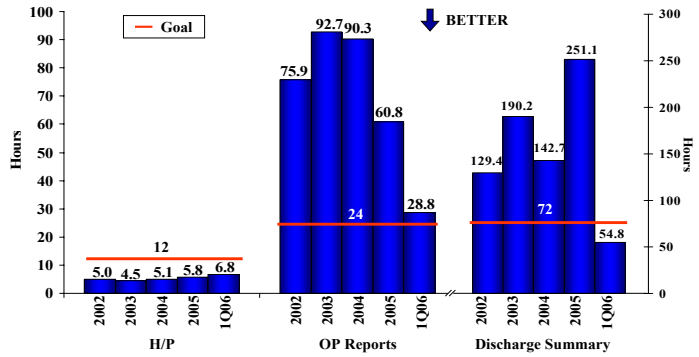
SLHS's revenue cycle management plays a significant role in SLHS financial performance. Net days in accounts receivable, a BSC measure, has remained very low and is substantially among the best in the country, as noted by three different comparisons. Supply costs/adjusted CMI discharge for the metro hospitals are also shown. This measure is another example of tight process management and reflects SLHS's ability to work with VHA and its key supplier/vendors to keep costs low and sustainable. Since 2003, SLHS's costs have increased only 6.4% which is significantly below the national healthcare inflation rate. Numerous results have been presented to reflect SLHS's success in achieving its SFAs. As further evidence of this success is the external affirmation that SLHS has received over the years.



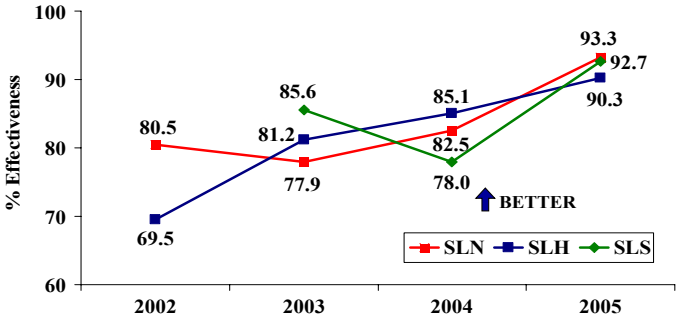
SLHS HIM Delinquency Rates*
***5 of 6 SLHS Metro facilities have exceeded the best practice benchmark**



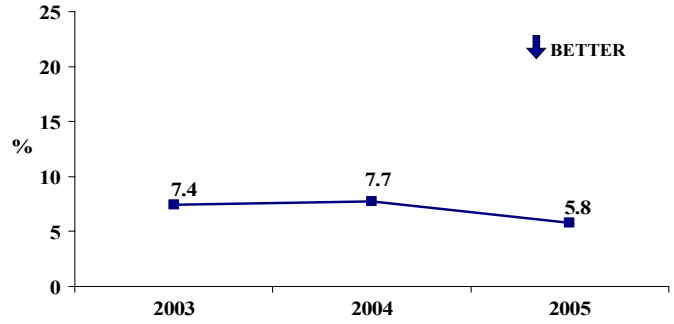
Supplier-Vendor Reliability Index Comparative data not available.



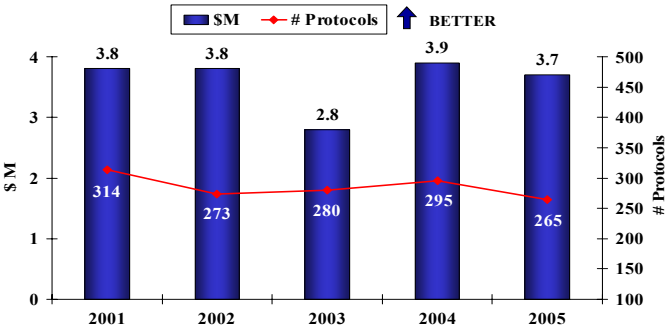
HIM Cycle Times (TAT)
Comparative data not available.



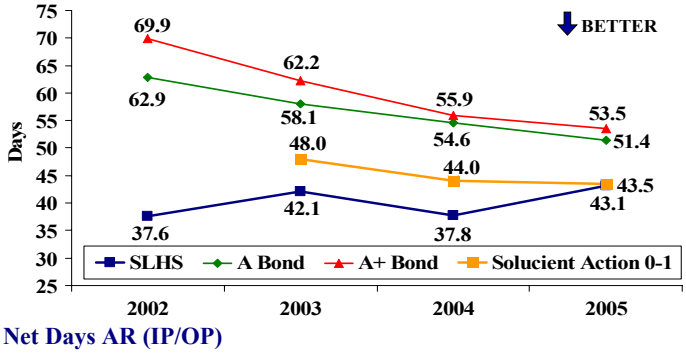
Metro Materials Management Effectiveness Index
Comparative data not available.



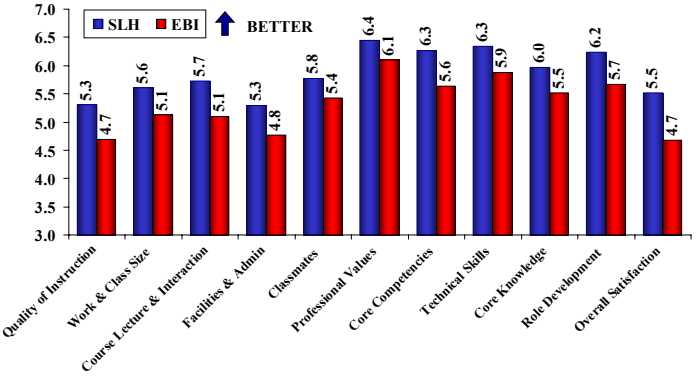
SLHS Metro Pharmacy Stockout Rate (%)
Comparative data not available.



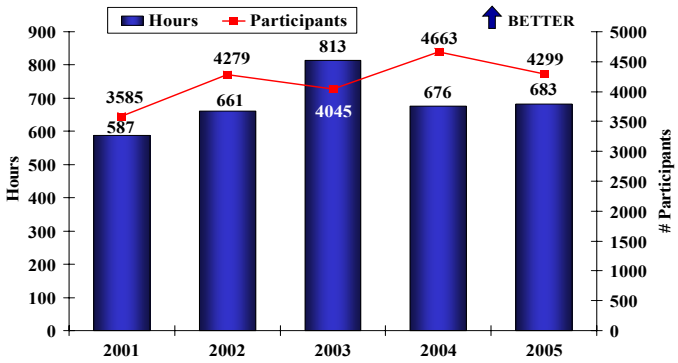
SLH Annual Research Grant Dollars Rec'd & Active Research Protocols Comparative data not available.



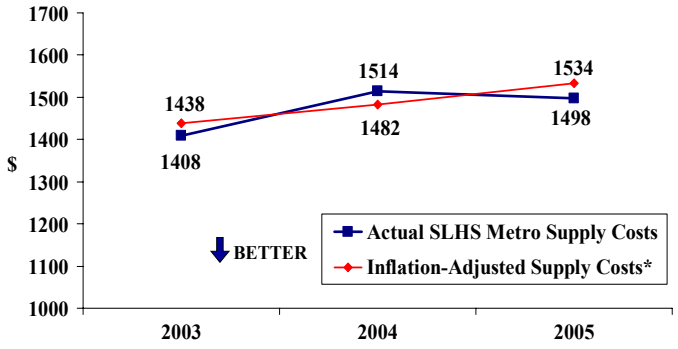
Net Days AR (IP/OP)



Nursing Student Satisfaction (7 pt scale)
Aggregated data over 5 years.



CME Volume and Participation. Comparative data not available.



Supply Costs/Adjusted CMI Discharge – Metro Hospitals. *based on CPI rates of 2.1% - 2003; 3.1% - 2004 and 3.5% – 2005

2006 Awards/Recognitions	Sponsor
• Distinguished Hospital Award (SLH) for patient safety	Health Grades
• SLHS-HCH – Best Quality in Missouri	Primaris
• Top 100 Teaching Hospitals – SLH	Solucient
• Top 100 Small Hospitals – Hedrick Medical Center	Solucient
• ADA Award for Diabetic Education	ADA
• Imaging Certified Customer – 17th in nation	McKesson
2005 Awards/Recognitions	**Sponsor**
• Outstanding Organ Donation Rates – SLH	Health and Human Services
• 100 Top Cardiovascular Hospitals – MAHI	Solucient
• Best Places to Work in Kansas City – SLHS	KC Business Journal
• Best Kansas City Hospital – SLH	KC Magazine
• Best Kansas City Hospital – SLH	Ingram's Magazine
• Consumer's Choice Award – SLH	NRC
• Top 100 Most Powerful People in Health Care – Rich Hastings	Modern Healthcare
• President's Award of Honor – SLH	VHA
• Operational Excellence Award – SLH	VHA
• Clinical Excellence Award – SLH	VHA
• 100 Most Wired Health Systems – SLHS	Hospitals and Health Networks Magazine
• Best Hospital in Northland – SLN	Clay/Platte Dispatch
• Best Place to Work in Northland – SLN	Clay/Platte Dispatch
• Best Practices in Storage, Data Lifestyle Management – SLHS	Storage-Network World
2003-2004 Awards/Recognitions	
• In 2004, SLHS received 15 awards for quality/performance	
• In 2003, SLHS received 12 awards for quality/performance	

Awards and Recognitions for Quality and Performance

7.6 Leadership and Social Responsibility Outcomes

7.6a(1) This section demonstrates the results for SLHS's measures of governance and social responsibility. SLHS has received full accreditation from every appropriate accrediting body, experienced no external compliance or ethical violations, fully trained all employees in compliance and ethical requirements, and maintained a BOD that is 100% independent, other than the CEO of the SLHS, exceeding the goal of 75%.

With regard to SLHS compliance process results, the threshold, as defined by an external agency (VHA), of an effective compliance program is approximately 100 issues raised per year. In 2005, SLHS exceeded the threshold level by a factor of 2 suggesting that the staff and physicians know when/how to report compliance concerns (result of training and reinforcement) and are not afraid to do so. In 2005, 94% of the issues raised were responded to in < 48 hours and 72% of the issues were closed in < 30 days.

SLHS SL measures support of its communities in terms of the number of organizations that SL participates in and the aggregated hours donated to these organizations.

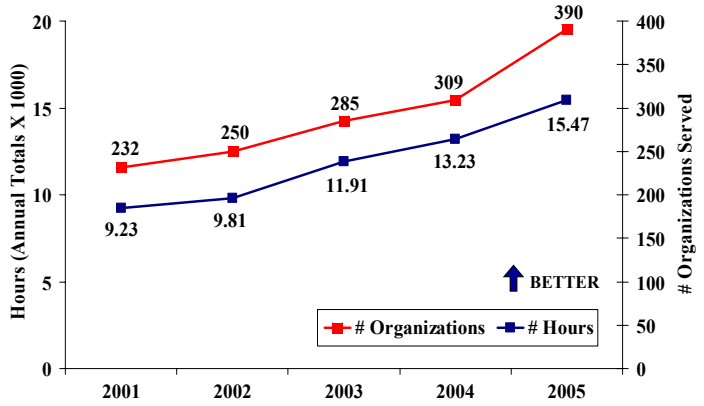
The financial contributions that the SLHS and its employees have made over the past 5 years to external charitable events and organizations totals over 18.8 million dollars for the SLHS and over 1.4 million dollars for its employees.

SLHS overall community, educational, charity and community service clinic financial support shows increasing levels of total community service over the last 3 years.

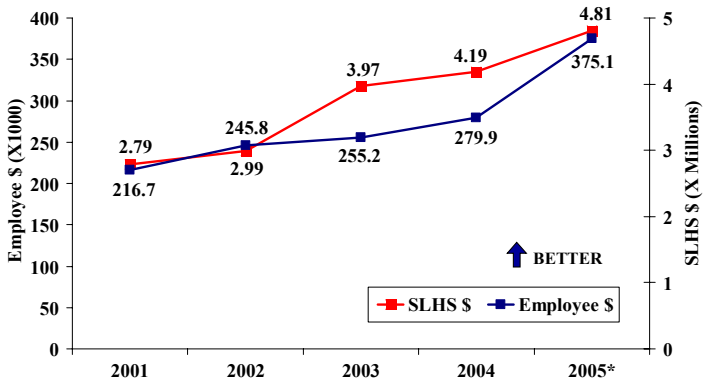
The aggregated results of the SBOD annual self-assessment (which consists of 10 questions asking about a director's personal performance as a member of the SBOD) have shown a continual increase, suggesting the SBOD are engaged and view their contribution to the SLHS as positive and important.

Measures	Goal	Results
• External compliance investigations	0	0
• % Employees trained in corporate compliance	100%	100%
• JCAHO survey	Full Accreditation	Full Accreditation
• CAP survey	Full Accreditation	Full Accreditation
• AABB survey	Full Accreditation	Full Accreditation
• RRC Survey – Certification	Full Accreditation	Full Accreditation
• Nursing College Certification	Full Accreditation	Full Accreditation
• Staff licensure	100% Compliance	Full Accreditation
• % Employees trained in ethical behavior	100%	100%
• # External ethics violations	0 violations	0 violations
• % Independent BOD	75%	100%
• Independent audit results	0 irregularities	0 irregularities

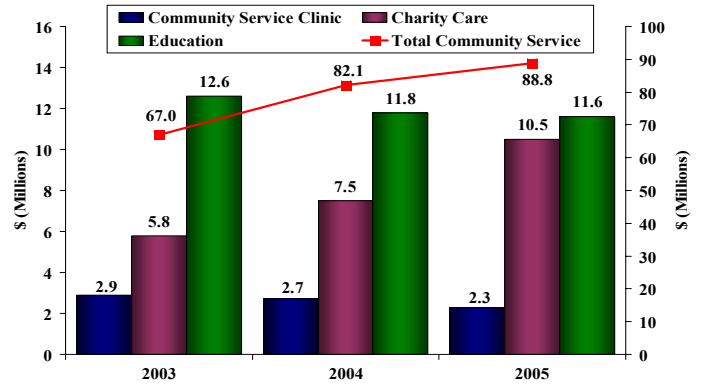
SLHS Governance and Social Responsibility – 2005



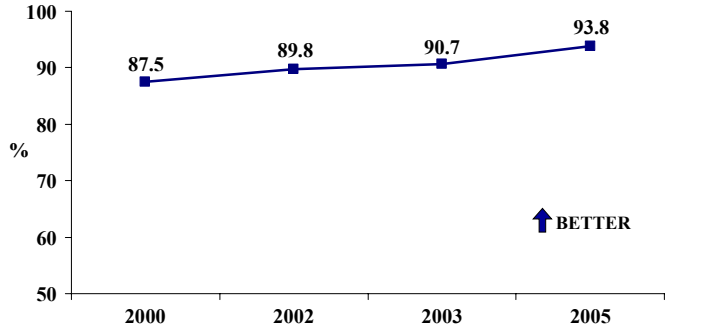
HSLG (n = 310) Community Service



Employee and SLHS Contributions to External Charitable Events. *2005 totals include $72,000 donated to hurricane victims



SLHS Community Service



SBOD Self Assessment Aggregate Score to 10 Questions (% good to excellent) Comparative data not available.