Mobilizing Strategic Change
Using the Balanced Scorecard
(videotaped presentation)

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Chief Operating Officer
St. Mary’s / Duluth Clinic Health System
Today’s Presentation

• SMDC overview

• Pre-BSC Strategic Planning

• Beginnings, evolution of BSC process and results

• A new era of accountability

• Judge the results
Health System Overview

- St. Mary’s Medical Center - 380 beds
- Miller Dwan Medical Center - 166 beds
- St. Mary’s Hospital of Superior - 55 beds
- Pine Medical Center - 30 acute beds, 86 skilled nursing beds
- More than 6,000 employees
- 352 employed physicians representing 40 medical specialties
- 25 community clinics throughout northern Minnesota, Wisconsin, and Upper Michigan
As a newly merged organization, we engaged a well-respected, national strategic planning firm to help develop our first strategic plan.
Resulted In...

• A very “comprehensive” plan -- 350+ initiatives!

• Contained no real accountability for implementation.

• An essentially political process. Anyone who had an “agenda” got their item in the plan.
Consequently...

• The Board of Directors remained unfocused and confused about their role.
• Management and employees had no clue about the strategic direction of the organization.
• Gradual decline of margin in a 2% world because the organization had no strategic focus.
Other factors at play:

• Changes in the external healthcare environment, such as the Balanced Budget Act.

• Coupled with the instability of a newly merged organization.
How we discovered the BSC

- CEO read Harvard Business Review article
- Executive team embarks on first BSC
1st Year Progress... and Pitfalls

• Progress
  - Began tracking organizational performance on more than a financial basis.

• Pitfalls
  - Functioned primarily as a new kind of “dashboard report”.
  - Rather than a new way of running the organization, was simply one more thing to do every month.
  - No connectivity of the measures to drive organizational success.
<table>
<thead>
<tr>
<th>Financial</th>
<th>Customer</th>
<th>Operational</th>
<th>People</th>
<th>Technical</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicator</strong></td>
<td><strong>Target</strong></td>
<td><strong>FY 99 Final</strong></td>
<td><strong>Indicator</strong></td>
<td><strong>Target</strong></td>
</tr>
<tr>
<td>A. Adjusted Discharges</td>
<td>23,890</td>
<td>23,592</td>
<td>Patient Satisfaction</td>
<td>Choose key focus areas for improvement</td>
</tr>
<tr>
<td>Encounters</td>
<td>912,188</td>
<td>892,243</td>
<td>Employer Satisfaction</td>
<td>Complete survey development in CY 1999</td>
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<tr>
<td>Cost per Adjusted Discharge</td>
<td>6,964</td>
<td>7,535</td>
<td>HEDIS Indicators</td>
<td>Select indicators for development plan</td>
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<tr>
<td>Cost per Encounter</td>
<td>215</td>
<td>252</td>
<td>Community Service</td>
<td>Complete reporting process and inventory</td>
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<tr>
<td>Operating Margin</td>
<td>2.0</td>
<td>1.3</td>
<td>Community Awareness</td>
<td>Complete survey in CY 1999</td>
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<tr>
<td>Excess Margin</td>
<td>3.8</td>
<td>3.3</td>
<td>Market Share</td>
<td>Complete baseline</td>
</tr>
<tr>
<td>Days Cash on Hand</td>
<td>103.6</td>
<td>108.6</td>
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<tr>
<td>Days in Accounts Receivable</td>
<td>77.7</td>
<td>82.8</td>
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<tr>
<td>Return on Investment</td>
<td>3.4</td>
<td>2.9</td>
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"C" = task completed; "CY" = Calendar Year 1999 task; "M" = task modified
Finance section: Target met: Target not met.
The Problem...

We were trying to work with a performance measurement tool in advance of crafting a focused business strategy.
The Organization was Ready for a New Approach

• Old “healthcare strategy formulation” didn’t work and we needed to look outside the healthcare industry.

• The Senior Team attended a Balanced Scorecard Collaborative conference, then spent time studying and discussing the principles.

• Decision was made to take a different approach to strategy development.

• Engage the BSC Collaborative to work with us to create a strategy map.
The New Strategy Design Process; Building the Strategy Map

• We began to view ourselves as a business and identified our high margin, market opportunities, which shaped the financial dimension of our strategy map.

• This increased margin opportunity would then allow us to reinvest in the non-growth areas of the organization.

• This intentional growth strategy would help us be more honest internally about where the organization needed to grow.
Customer Dimension

Value propositions provided clarity

Primary Care Patients
Customer Intimacy

Specialty Care Patients
Referring Providers
Product Leadership

Payers
Operational Excellence
Cause and Effect Relationships

Specialty Care Patients
Who Value Leading Edge Technology and Expertise

Continually Develop Clinical Excellence

Align Research Priorities

Develop Leading Programs/Techniques

Implement Managed Growth

Provided the jumping off point for understanding the strategic drivers that deliver on customer value and achieve successful financial performance.
**Vision:**
SMDC is a values-driven, integrated organization which will be recognized for excellence in customer service, quality patient care, financial strength, and support of community health

**FINANCIAL**
To financially sustain our Mission, on what must we focus?
- Implement Managed Growth
- Maximize High Margin, Market Opportunities

**CUSTOMER**
To achieve our Vision, how should we appear to our customers?
- Primary Care Patients
  - Excellent service
  - Personal relationships
- Specialty Care Patients / Referring Physicians
  - Leading edge technology
  - Leading edge expertise
- Payers
  - Innovative programs
  - Low cost service

**INTERNAL**
To satisfy our customers, at which operational processes must we excel?
- Easy Access
- On-Time Service
- Provide Outstanding Customer Service
- Continually Develop Clinical Excellence
- Strive for Operational Excellence
- Clinical Practice Management
- Align research priorities with targeted growth areas
- Develop state of the art techniques and programs
- Optimize Staff Efficiency
- Redesign operations for efficiency and effectiveness

**LEARNING & GROWTH**
How will we sustain our ability to change and improve?
- Clearly communicate expectations and accountabilities aligned with strategic priorities
- Instill a climate of pride in the organization & commitment to the mission
- Develop a Quality Mindset
- Develop Critical Staffing Resource Plans
- Implement technology to support internal processes
<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Initiatives</th>
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</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
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</table>
| Build a Strong Financial Base                 | @Operating Margin (Budget Margin Improvement Goal)                        | @2%                                                                    | Implement growth strategies in focused areas:  
|                                               | @Non-Operating Return (Budget)                                           | @9%                                                                    |   ̶  Cardiothoracic  
|                                               |                                                                          |                                                                         |   ̶  Orthopedics  
|                                               |                                                                          |                                                                         |   ̶  Neurosurgery  
|                                               |                                                                          |                                                                         |   ̶  Cancer  
|                                               |                                                                          |                                                                         |   ̶  Gastroenterology  
|                                               |                                                                          |                                                                         |   ̶  Radiology  
|                                               |                                                                          |                                                                         |   ̶  Surgery  
|                                               |                                                                          |                                                                         | Implement Virginia campus and business plan  
|                                               |                                                                          |                                                                         | Implement phase 2 Superior campus business plan  
| Implement Managed Growth                      | @ROI on growth initiatives                                               | @44.8%                                                                 |                                                                                                                                 |
|                                               | @Market Share (Acute/Ambulatory) (Annual)                                | @32.6% Acute                                                          |                                                                                                                                 |
|                                               |                                                                          | @53.7% Ambulatory                                                      |                                                                                                                                 |
| Deliver Cost Efficient Care                   | @Operating expense (cost)/adjusted discharge*                            | @54,676                                                                | Implement regional economic model  
|                                               |                                                                          |                                                                         | Supply standardization & expense reduction  
|                                               | @Drug expense/encounter                                                  | @357.65                                                                | Formulary Expansion & Drug Cost reduction  
|                                               | @Drug expense/adjusted discharge*                                        | @6135                                                                  | Complete full development & implementation of perpetual inventory system  
|                                               | @% compliance to formulary                                               | @60%                                                                   | Develop & implement anesthesia care delivery model  
|                                               | @Supply expense/adjusted discharge*                                     | @6693                                                                  |                                                                                                                                 |
| **Customer**                                  |                                                                          |                                                                         |                                                                                                                                         |
| Primary Care Patients                         | @Provider Patient Satisfaction (Semi-Annual)                             | @48% excellent rating                                                  | Implement Quality Plans to improve overall patient satisfaction  
|                                               | @Primary Care Market Share (Acute/Ambulatory) (Annual)                  | @31.5% Acute                                                           | Define SMDC value to the market and implement marketing plan  
|                                               |                                                                          | @52% Ambulatory                                                       |                                                                                                                                 |
| Specialty Care Patients / Referring Physicians| @Growth area market share (Annual)                                      | @59.9% Acute                                                           |                                                                                                                                 |
|                                               | @Acute care patient satisfaction (Quarterly)                            | @57.8% Ambulatory                                                     |                                                                                                                                 |
|                                               |                                                                          |                                                                         |                                                                                                                                 |
| Payers                                        | @% BC/BS member satisfaction                                            | @69%                                                                   |                                                                                                                                 |
|                                               |                                                                          |                                                                         | Establish baseline  
|                                               |                                                                          |                                                                         |                                                                                                                                 |
| **Internal**                                  |                                                                          |                                                                         |                                                                                                                                         |
| Strive for Operational Excellence             | @% satisfaction with lobby wait times                                   | @29.3% excellent rating                                               | Develop & implement Duluth campus way finding plan  
|                                               |                                                                          |                                                                         | Continue implementation of open access  
|                                               | @% of providers that meet appointment access standard                   | @70%                                                                   | Develop & implement Duluth campus facilities refurbishing plan  
|                                               | @% telephone access                                                    | @47% of clinics meet standard                                         |                                                                                                                                 |
|                                               | @% clinics with open access                                             | @60%                                                                   |                                                                                                                                 |
|                                               |                                                                          | @60%                                                                   |                                                                                                                                 |
|                                               |                                                                          |                                                                         |                                                                                                                                 |
| **Strategic**                                 |                                                                          |                                                                         |                                                                                                                                         |
| Climate for Change and Commitment             | @% sections meeting encounter targets/day                                | @100%                                                                  | Continue implementation of volume and schedule management system  
|                                               |                                                                          |                                                                         | Implement diversion avoidance plan  
|                                               |                                                                          |                                                                         | Implement hospital medicine service  
|                                               |                                                                          |                                                                         | Implement a consistent model of care for patients in critical care units  
|                                               |                                                                          |                                                                         | Develop & implement HIPAA compliance program  
|                                               |                                                                          |                                                                         |                                                                                                                                 |
| Technology                                    | @% diversion                                                           | @55 hrs/month                                                          |                                                                                                                                 |
|                                               | @Length of Stay                                                        | @432 days                                                               |                                                                                                                                 |
|                                               | @%KU/non-provider FTE                                                   | @649                                                                   |                                                                                                                                 |
|                                               | @%TE/adjusted discharge*                                               | @4.9                                                                   |                                                                                                                                 |
|                                               | @% salary cost/adjusted discharge* (SMMC & SMHS)                        | @692.573                                                               |                                                                                                                                 |
|                                               | @% salary cost/Encounter                                               | @669                                                                  |                                                                                                                                 |
|                                               | @Days in Accounts Receivables;                                          | @60 Acute                                                              |                                                                                                                                 |
|                                               | @Acute                                                                  | @73 - Ambulatory                                                       |                                                                                                                                 |
|                                               | @Ambulatory                                                            |                                                                         |                                                                                                                                 |
|                                               | @Bad Debt                                                              | @2.1%                                                                  |                                                                                                                                 |
|                                               | @%Charitable Care (Semi-Annual)                                         | @65.8 million                                                          |                                                                                                                                 |
| Learning & Growth                             |                                                                          |                                                                         |                                                                                                                                 |
| **Skill & Competency Development**            | @% growth areas strategic staffing positions filled (Quarterly)         | @100%                                                                  |                                                                                                                                 |
|                                               | @Performance to EPIC plan                                              | @100% on track                                                         |                                                                                                                                 |
|                                               |                                                                          |                                                                         |                                                                                                                                 |
|                                               |                                                                          |                                                                         |                                                                                                                                 |
|                                               |                                                                          |                                                                         |                                                                                                                                 |
|                                               |                                                                          |                                                                         |                                                                                                                                 |

* Case mix adjusted
Cascading the scorecard methodology throughout the organization
Vision:
SMDC is a values-driven, integrated organization which will be recognized for excellence in customer service, quality patient care, financial strength, and support of community health

OPERATIONAL PROCESSES

- Manage Our Growth
  - Increase general surgery in targeted growth areas
  - Define general surgery growth opportunities
  - Develop surgical critical care

- Build positive relationships with primary & referring MDs
- Provide state of the art technology and facilities
- Design state of the art facilities

- Deliver high quality, timely care
- Implement next generation surgical techniques
- Redesign operations for efficiency and effectiveness

A MOTIVATED AND PREPARED WORKFORCE

- The right people with the right skills
- Implement Technology to provide state of the art services and efficient care delivery

PRODUCT LEADERSHIP AND OPERATIONAL EXCELLENCE

- Maximize Operating Margins
- Achieve Operational Excellence

Financial Perspective

Customer Perspective

Internal Perspective

Learning and Growth

*1 Trauma & Surgical Care, Vascular, General Surgery
Vision:
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TECHNOLOGY LEADERSHIP AND OPERATIONAL EXCELLENCE

Target Growth Opportunities
Achieve Operational Excellence
Maximize Operating Margins

Customer Perspective

Offer Full Range of Imaging Services
Provide Timely Access
Deliver Fast High Quality Service

Financial Perspective

A MOTIVATED AND PREPARED WORKFORCE

Recruit & Retain Professional & Technical Staff
Invest in Learning for Professional and Technical Staff
Provide Access to Latest Technology Applications
Develop Communication Plan

Internal Perspective

Demonstrate Clinical Excellence
Design State of the Art Facilities
Improve Current Throughput

Operational Processes

Create State of the Art Technology
Achieve Accreditation for all Specialized Technologies
Create State of the Art Information Management
Develop Coordinated/Integrated Staff Coverage
Regional Clinics Strategy Map and Balanced Scorecard
**Vision:**
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**FINANCIAL**
To financially sustain our Mission, on what must we focus?
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**CUSTOMER**
To achieve our Vision, how should we appear to our customers?
- Primary Care Patients: Excellent service, Personal relationships
- Specialty Care Patients / Referring Physicians: Leading edge technology, Leading edge expertise
- Payers: Innovative programs, Low cost service

**INTERNAL**
To satisfy our customers, at which operational processes must we excel?
- Easy Access
- On-Time Service

**LEARNING & GROWTH**
How will we sustain our ability to change and improve?
- Clearly communicate expectations and accountabilities aligned with strategic priorities
- Instill a climate of pride in the organization & commitment to the mission

**Implementation**
- Continually Develop Clinical Excellence
- Strive for Operational Excellence
- Optimize Staff Efficiency
- Redesign operations for efficiency and effectiveness
- Develop state of the art techniques and programs

**FY 2002 Strategy Map**

= DC Deer River
Focused Objectives
## SMDC Deer River FY02 Balanced Scorecard

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measure</th>
<th>Full Year Target</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Build a Strong Financial Base</td>
<td>Contribution Margin</td>
<td>Improve margin $\geq 10%$ over FY01</td>
<td>Recruitment of an MD/Provider. Initiate services at Remer 5 days / week. Evaluate new or growth service lines and outer ring revenue resources. Explore opportunities for radiology revenue sharing.</td>
</tr>
<tr>
<td>Deliver Cost Efficient Care</td>
<td>Salary Costs/Encounter</td>
<td>Salary Costs $\leq 35$ per Enc.</td>
<td>Scheduling Initiative</td>
</tr>
<tr>
<td></td>
<td>Supply Costs/Encounter</td>
<td>Supply Cost $\leq 8$ per Enc. FY02 End</td>
<td>Supply Initiative</td>
</tr>
<tr>
<td><strong>Customer</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excellent Service</td>
<td>Customer Satisfaction with Telephone Access</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td><strong>Internal</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide Outstanding Customer Service</td>
<td>% of Providers on Open Access</td>
<td>70%</td>
<td>Advanced Access Initiative</td>
</tr>
<tr>
<td></td>
<td>Telephone Access</td>
<td>No trunk line busy mins.</td>
<td>ACD Initiatives</td>
</tr>
<tr>
<td>Strive for Operational Excellence</td>
<td>Encounter Targets Met</td>
<td>100%</td>
<td>Volume Management Initiative</td>
</tr>
<tr>
<td>Clinical Practice Management</td>
<td>% Diabetic Flow Sheet Utilized</td>
<td>60%</td>
<td>Clinical Pathway Initiative</td>
</tr>
<tr>
<td><strong>Learning &amp; Growth</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instill a Climate for Change and Commitment</td>
<td>Team Meetings</td>
<td>14</td>
<td>Create &amp; follow meeting schedule. Keep staff appraised of new developments, practice management data &amp; new operational models through meetings, informal comm. &amp; memos.</td>
</tr>
<tr>
<td>Skill &amp; Competency Development</td>
<td>% Employees completing Annual Competency Requirements</td>
<td>50%</td>
<td>Develop and Implement Competency Plan</td>
</tr>
<tr>
<td>Implement Technology</td>
<td>% Employees / Providers Participating in IT Initiatives</td>
<td>90%</td>
<td>Thin Client Initiative</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Epic Preparation</td>
</tr>
</tbody>
</table>
Relationship of the Map to Annual Initiatives

• Annually, at budget time, we revisit the strategy map to reaffirm strategic objectives or make minor changes
  - review measures to assure they are truly informing us of performance
  - set targets for next fiscal year
  - develop initiatives to deliver the targets
A New Era Of Accountability

- Monthly executive leadership Strategic Operating Review meetings:
  - review monthly performance indicators
  - discuss measures that are not meeting target and course correction plans
  - majority of the meeting spent discussing strategic issues within the context of our strategy map

- VP-level bi-weekly initiative progress meetings
A New Era Of Accountability

- Line management and employees
  - Organizational performance, strategic direction meetings held quarterly
  - Weekly 1/2 hour management briefings
  - Bi-annual employee forums
- All meetings use the framework of the strategy map and scorecard to communicate priorities and report on performance
- Monthly results reported to the whole organization via the intranet
Vision:
SMDC is a values-driven, integrated organization which will be recognized for excellence in customer service, quality patient care, financial strength, and support of community health

FINANCIAL
To financially sustain our Mission, on what must we focus?

Maximize High Margin, Market Opportunities
• Operating Margin
• Non-Operating Return

Implement Managed Growth
• Market Share
• ROI on growth initiatives

Deliver Cost Efficient Care

CUSTOMER
To achieve our Vision, how should we appear to our customers?

Primary Care Patients
Excellent service
• Primary care market share
• Provider patient satisfaction

Personal relationships

Specialty Care Patients / Referring Physicians
Leading edge technology
• Growth area market share
• Acute care patient satisfaction

Leading edge expertise

Payers
Innovative programs

Low cost service

% BC/BS Member Satisfaction

INTERNAL
To satisfy our customers, at which operational processes must we excel?

Provide Outstanding Customer Service

Easy Access
• Appt. access
• % Clinics with open access

On-Time Service
• Phone access
• Satisfaction with wait times

Continually Develop Clinical Excellence
% Clinical Depts with Quality Plans

Clinical Practice Management
• % patients on approved clinical pathways

Strive for Operational Excellence

Optimize Staff Efficiency
• FTE/adjusted discharge
• % sections meeting encounter targets/day

LEARNING & GROWTH
How will we sustain our ability to change and improve?

Instill a Climate for Change and Commitment
Clearly communicate expectations and accountabilities aligned with strategic priorities

% Employees who can identify organization’s focus areas

Instill a climate of pride in the organization & commitment to the mission

Employee/Physician satisfaction
• Performance to Values In Action Plan

Implement Technology
• Performance to EPIC plan

Develop Critical Staffing Resource Plans
• % Growth areas strategic staffing positions filled

Skill & Competency Development
Develop a Quality Mindset
• Performance to Quality Education and accountability plan

FY 2002 Strategy Map with Measures

1 Cardiothoracic, Orthopedics, Neurosurgery, Cancer, Gastroenterology, Surgery/Trauma, Radiology
<table>
<thead>
<tr>
<th>Measure</th>
<th>Accountable</th>
<th>Sr VP</th>
<th>Freq</th>
<th>July</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>YTD</th>
<th>YTD</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL</strong></td>
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<tr>
<td>Operating Margin $</td>
<td>THK</td>
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<td>Non-Operating Return $</td>
<td>THK</td>
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<tr>
<td>Cost/adjusted discharge *</td>
<td>MAJ</td>
<td>M</td>
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<tr>
<td>Drug cost/encounter</td>
<td>MAJ</td>
<td>M</td>
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<td>Drug cost/adjusted discharge *</td>
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<td>Supply cost/adjusted discharge *</td>
<td>MAJ</td>
<td>M</td>
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<td>Acute Care Patient Satisfaction SMMC</td>
<td>MAJ</td>
<td>S</td>
<td></td>
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<td>Acute Care Patient Satisfaction SMHS</td>
<td>MAJ</td>
<td>S</td>
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<tr>
<td>Appointment Access</td>
<td>MAJ</td>
<td>M</td>
<td></td>
<td>50%</td>
<td>58%</td>
<td>69%</td>
<td>74%</td>
<td>66%</td>
<td>66%</td>
<td>70%(Q2 Target)</td>
<td></td>
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<tr>
<td>Phone Access</td>
<td>MAJ</td>
<td>M</td>
<td></td>
<td>25%</td>
<td>12%</td>
<td>25%</td>
<td>28%</td>
<td>34%</td>
<td>34%</td>
<td>37%(Q2 Target)</td>
<td></td>
</tr>
<tr>
<td>% Patients on Approved Clinical Pathways</td>
<td>MAJ</td>
<td>M</td>
<td></td>
<td>N/A</td>
<td>78%</td>
<td>87%</td>
<td>75%</td>
<td>72%</td>
<td>72%</td>
<td>55%(Q2 Target)</td>
<td></td>
</tr>
<tr>
<td>FTE's Per 100 Adjusted Discharge*</td>
<td>MAJ</td>
<td>M</td>
<td></td>
<td>5.25</td>
<td>4.84</td>
<td>4.83</td>
<td>4.93</td>
<td>5.11</td>
<td>5.01</td>
<td>5.50</td>
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<tr>
<td>Salary cost/Adjusted Discharge*</td>
<td>MAJ</td>
<td>M</td>
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<tr>
<td>Salary cost/Encounter</td>
<td>MAJ</td>
<td>M</td>
<td></td>
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<tr>
<td>RVU/non-provider FTE</td>
<td>MAJ</td>
<td>M</td>
<td></td>
<td>814</td>
<td>733</td>
<td>836</td>
<td>1,014</td>
<td>803</td>
<td>836</td>
<td>830</td>
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<tr>
<td>% Sections meeting encounter targets/day</td>
<td>TCN</td>
<td>M</td>
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<td>N/A</td>
<td>N/A</td>
<td>T/B</td>
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<tr>
<td>Hours on Diversion</td>
<td>MAJ</td>
<td>M</td>
<td></td>
<td>58</td>
<td>117</td>
<td>28</td>
<td>65</td>
<td>11</td>
<td>11</td>
<td>20(Q2 Target)</td>
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<tr>
<td>Length of Stay</td>
<td>MA J</td>
<td>M</td>
<td></td>
<td>4.75</td>
<td>4.45</td>
<td>4.70</td>
<td>4.60</td>
<td>4.44</td>
<td>4.59</td>
<td>4.32</td>
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<tr>
<td>Days in accounts receivable; ambulatory</td>
<td>THK</td>
<td>M</td>
<td></td>
<td>59.67</td>
<td>59.85</td>
<td>65.77</td>
<td>59.02</td>
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<tr>
<td>Days in accounts receivable; acute</td>
<td>THK</td>
<td>M</td>
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<td>50.57</td>
<td>53.52</td>
<td>59.64</td>
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<tr>
<td>Bad debt</td>
<td>THK</td>
<td>M</td>
<td></td>
<td>2.17%</td>
<td>2.08%</td>
<td>2.55%</td>
<td>2.11%</td>
<td>1.33%</td>
<td>2.06%</td>
<td>2.08%</td>
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<tr>
<td>Charitable care $ spent</td>
<td>THK</td>
<td>M</td>
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<td><strong>LEARNING</strong></td>
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<td>Performance to Values In Action Plan</td>
<td>MAJ</td>
<td>M</td>
<td></td>
<td>Milestone met</td>
<td>Milestone met</td>
<td>Milestone met</td>
<td>Milestone met</td>
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<td>Milestone met</td>
<td>On plan</td>
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<tr>
<td>Performance to EPIC plan</td>
<td>THK</td>
<td>M</td>
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<td>Milestone met</td>
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<td>On plan</td>
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<tr>
<td>Performance to Quality Education and Accountability Plan</td>
<td>MAJ</td>
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<td>Milestone met</td>
<td>Milestone met</td>
<td>Milestone met</td>
<td>On plan</td>
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</table>

* Case Mix Adjusted

Status
- On Plan
- Progress toward Plan
- Off Plan
Judging the Results

- A complete paradigm shift for developing and implementing organizational strategy.
- Increased executive, management, and physician/staff accountability, but now with clearly defined targets.
- Aligning the entire organization through a common set of well understood objectives.
- Platform for developing a single organizational culture.
- Effective communication tool for governance, administration, management, and employees.
- Consistency of message.
- $18 million dollar financial turnaround and return to profitability.
- Growth strategy success leading to sustained financial performance at a level to fund new facilities
- Improve patient satisfaction results