

July 24, 2014

Dear Friends and Colleagues,

Despite healthcare's continuing uncertainty, and multiple concerns among many of the nation's hospitals, it's been a good year at NCH from any perspective. Our most recent accolade was being named, for the third consecutive year, as the *only* system in Southwest Florida recognized for excellence by *U. S. News & World Report*. (Our affiliate Mayo Clinic was honored as best nationally).

In light of this performance and recognition, all of us ought to be confident and optimistic about our future. And judging by the sentiment at last week's quarterly Town Hall meetings, most of us are just that. (A video of one of the nine interactive sessions can be viewed at www.nchmd.org/TownHallSummer2014.)

With outstanding performance should come rewards. And we are planning three nice announcements in that regard:

1. In recognition of all the hard work during the busiest and longest season NCH has ever had (and it continues!), we will distribute a monetary reward to eligible staff later this summer, which will incorporate the traditional holiday gift.
2. In January 2015, we will implement a merit pay increase based on performance reviews using a process similar to last year's.
3. Healthcare premiums costs will remain unchanged for 2015 and we are adding additional programs to earn valuable HRA points while improving overall wellness.

We'll have more to say about all this pending formal approval by the NCH Board. Please know these decisions run counter to what's going on at most healthcare organizations in the U.S., as well as the view of our industry by the three major credit-rating agencies. We continue to run a "tight ship" at NCH and are focused on further improvement. Here are some details from the Town Halls.

- In terms of quality and service, CNO **Michele Thoman** noted we have almost non-existent central line and ventilator associated infections. Our sepsis (blood infection) mortality has dropped from more than 30% to single digits and C. Difficile infections are half the national average. Patient satisfaction has improved in some areas and we have recorded the fewest patient complaints ever. The NCH Physician Group met its Patient Satisfaction goals for the first quarter and remains within 0.1% of goal. Patient satisfaction will continue as a prominent focus for improvement this coming year.
- In terms of other important metrics, CFO **Mike Stephens** noted an increase in hospital volume of 0.33%, decreased length of stay and patient days of 5.3%, along with revenue growth related to better and more accurate documentation. Supply costs are down in part due to our relationship with the Upper Midwest VHA, which followed our Mayo affiliation. Chief Strategy Officer **Mike Riley** notes our year-over-year inpatient market share increase of 1%, much greater than recent years.
- Efforts by **Zach Bostock**, Chief Administrative Officer of the NCH Physician Group, to increase the scope and distribution of primary care in southwest Florida are paying off, as 33 new physicians and nurse practitioners have joined us over the past two years. New patients are welcome (just call 239 436 2855 or visit <http://www.nchmd.org/default.aspx?id=1220>).
- Our NCH Foundation reported on by Senior Development officer **Cindy Nelson**, also continues to enjoy great community support with the most recent project being the Neonatal ICU.

So while healthcare continues to undergo monumental change, NCH continues to thrive. The credit belongs to each of you, and we salute your hard work and commitment. Clearly, we cannot afford ever to get complacent. But there is considerable good reason to remain confident and optimistic.

Respectfully,



Allen S. Weiss, M.D., President and CEO

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