OUR COMMUNITY...
OUR HOSPITAL

What makes a community pleasant, livable and vigorous? Good schools, plentiful housing, a safe environment because of outstanding police and fire protection... and something we often take for granted... a high caliber hospital. Top notch, local health care promotes peace of mind about health concerns, and is a valuable asset to a thriving community. As a previous City Manager, I know that a community is not complete without a local hospital. Here are some ways ValleyCare benefits the community.

Excellent Health Care

ValleyCare Health System brings world class, high-level medical care to the Tri-Valley. Our affiliations and services set us apart from our competitors; such as our affiliation with UCSF Benioff Children’s Hospital that brings a wider range of care for women and children at a local level; our comprehensive wellness center — LifeStyleRx; the American Heart Association’s “Get With the Guidelines” Awards for our cardiac care; the Center of Excellence designation for our Weight Loss Surgery Program and the national recognition of our Diabetes Program. Most importantly the proof of our excellent care is underlined by the emphasis on positive outcomes.

Close to the Community

Besides a highly qualified staff and excellent services, ValleyCare offers something a profit-based, corporation-style hospital can’t — that is being directly in touch with the community. All the members of our Board of Directors live and/or work in the Tri-Valley and are members of the ValleyCare Corporation.

Profits Returned to the Hospital

As a non-profit, community hospital, you can be assured that any excess revenue generated is returned to the hospital in the form of new equipment, services or facility improvements, rather than to shareholders as with a for-profit hospital.

To ensure that ValleyCare will remain the community, non-profit hospital this area has enjoyed for nearly 50 years, your support, both financially and by utilizing ValleyCare services, is critical.

Sincerely,

Deborah McKeehan, Chair
ValleyCare Board of Directors
When people are hospitalized, they generally care about three things — quality of medical care, a concerned and qualified staff, and positive outcomes. I am happy to report that ValleyCare receives high marks in all three areas.

ValleyCare is well known for high quality, personalized care delivered by a skilled and compassionate staff. This report focuses on the third area — how we aggressively work to promote favorable outcomes by implementing, measuring and tracking interventions — which add up to success.

Heart attack, chronic heart failure, pneumonia, obesity and post-surgical care account for a high percentage of medical complications and deaths in the United States. These are areas on which we have focused particular attention. Using proven treatment models and scientific data, ValleyCare consistently exceeds the target goal.

Our success in outcomes is due to the fact that we have adopted “evidence-based performance measures” as established by the Center for Medicare and Medicaid Services (CMS). Because of the national attention on these clinical focus areas, CMS has developed core measures to improve outcomes for heart attack, chronic heart failure, pneumonia, and surgical care. That means that medical decisions are based on the best current research evidence resulting in better outcomes such as: lower death and morbidity rates, reduced disability and shorter hospital stays. ValleyCare also measures outcomes in our Weight Loss Surgery Program.

The following pages explain the methods we use to promote positive results for hospitalized patients. I am proud of the fact that in most measurements our adherence to protocol is significantly above goal and in many cases 100 percent.

I am grateful to all of you who tirelessly support ValleyCare, enabling us to be the health care leader in the Tri-Valley and to continue providing excellent medical care to our community.

Sincerely,

Marcy Feit
Chief Executive Officer
ValleyCare Health System
Since heart disease is still the number one cause of death in the United States, and more than one in three people in the U.S. have cardiovascular disease, ValleyCare continues to focus on the most promising, up-to-date methods to combat this disease. Heart attack, one of the most common consequences of cardiovascular disease, is the focus of our evidence-based performance measures.

ValleyCare has reached 100% compliance in four of the six categories of intervention.

Heart Attacks in the United States
- 8.5 million heart attacks each year
- Over 800,000 deaths from cardiovascular disease each year, with more women than men
- Total direct/indirect costs of cardiovascular disease for 2010 estimated at $200–$300 billion
- Nearly 2/3 of sufferers do not completely recover

EVERY MINUTE COUNTS
Door to reperfusion times
ValleyCare Results 2Q 2010

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<table>
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<tbody>
<tr>
<td>ValleyCare</td>
<td>60 minutes</td>
</tr>
<tr>
<td>Like* Hospitals in CA</td>
<td>65 minutes</td>
</tr>
<tr>
<td>All Nation Hospitals</td>
<td>64 minutes</td>
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</tbody>
</table>

Hospitals similar to ValleyCare, with less than 200 beds.
What ValleyCare is Doing to Promote Positive Outcomes

1) **Aspirin**: Given upon arrival at the hospital and prescribed at discharge reduces adverse effects and possible death much like clot dissolving thrombolytic therapy.

2) **Ace Inhibitors or ARB Medication**: Prescribed at discharge to reduce the amount of work the heart has to do; and these drugs may also lower the risk of future heart attacks.

3) **Smoking Cessation Encouraged**: Tobacco use is the single greatest cause of disease in the U.S. and the most modifiable cause of premature death.

4) **Beta Blockers**: Used to relax blood vessels and slow heart rate, which may reduce death rates and complications.

5) **PCI Within 90 Minutes**: Percutaneous Cardiac Intervention (balloon angioplasty or stent). ValleyCare consistently surpasses the 90 minute national standard for "door-to-wire" time and surpasses the national average of 65 minutes. The faster blood flow is restored, the less damage to the heart resulting in better outcomes.

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**ACUTE MYOCARDIAL INFARCTION (AMI) CORE MEASURE**  
SECOND QUARTER 2010

![Bar graph showing performance metrics for AMI core measures, comparing ValleyCare's performance against targets and excellence goals.](image-url)
Precautions Reduce Surgery Risks

- Approximately **500,000** Surgical Site Infections (SSI) occur annually in the United States
- **22 percent** of preventable deaths in the U.S. are attributed to post-operative complications
- Patients who develop SSI have **twice the death rate**, are 60 percent more likely to spend time in the ICU, and are five times more likely to be readmitted

When patients require surgery at ValleyCare, our staff takes extra precautions to prevent complications of infection and blood clots. Studies have shown that antibiotics are most effective when given within one hour of surgery, and that is the standard requirement at ValleyCare.

What ValleyCare is Doing to Promote Positive Outcomes

1) Giving medication to prevent deep vein clots (DVT)
2) Continuing medications such as beta blockers if the patient currently takes them
3) Maintaining the optimal patient body temperature to reduce infection risk
4) Timely removal of urinary catheter
5) Controlling post-operative glucose levels
6) Appropriate hair removal
7) Effectively managing antibiotics

Our ValleyCare staff has surpassed all target goals set for this outcome.
A catheter-associated urinary tract infection (CAUTI) is an infection that occurs in someone who has a tube (called a catheter) in place to drain urine from the body. Statistics show that the urinary tract is the most common site of health care facility related infections, accounting for approximately 36% of infections reported by acute care hospitals. (APIC 2008)

- More than **30 million** catheters are inserted annually in the U.S., contributing to **1 million CAUTIs**.
- Each year in the U.S., more than **13,000 deaths** are attributed to UTIs.
- CAUTIs increase a patient’s length of stay in a hospital **costing thousands of dollars** each day.

Of the five major risk factors associated with the development of urinary tract infections, three are related to environment of care and include:

1) Duration of catheterization  
2) Catheter care violations  
3) Absence of systemic antibiotics

By aggressively tackling this issue with new protocols, communication and education of staff and physicians, **ValleyCare has reduced its CAUTI rate from 2.34 per 1000 patient days in 2008 to 0.54 in 2010**.

As a result of this impressive success, ValleyCare has been asked to be a mentor hospital through the Bay Area Patient Safety Collaborative (called BEACON), and to date has mentored five BEACON hospitals in these protocols. Additionally, ValleyCare has been invited to join the Institute for Healthcare Improvement (IHI) Mentor Hospital Network as a preventing CAUTI Mentor Hospital, joining only seven other hospitals nationwide. Not willing to rest on its success, ValleyCare has the goal to reduce its CAUTI rate to zero.
Body mass index (BMI) is the most widely used diagnostic tool to identify weight problems. It is a calculation using a person’s weight and height which defines weight categories that may lead to health problems. Obesity is defined as a BMI of 30 or greater.

During the past 20 years there has been a dramatic increase in obesity in the United States. According to the Centers for Disease Control (CDC), almost 34 percent of the U.S. adult population, more than 65 million Americans, are obese.

**Bariatric Surgery**

Bariatric surgery is currently available to those individuals with morbid obesity (BMI>40) or for those with BMI>35 and weight-related comorbidities. The number of American adults in each of these weight categories has also risen dramatically in the last several decades. Currently, nearly 6% of the U.S. population has a BMI over 40.
Obesity in the United States

- Obesity is now one of the leading causes of preventable death in the U.S., associated with between 100,000 and 435,000 deaths per year.
- Obese people pay 42% more in annual health care costs than normal-weight individuals.
- Obesity is a risk factor for: Type 2 diabetes, hypertension, coronary heart disease, stroke, osteoarthritis, gall bladder disease, obstructive sleep apnea, high cholesterol, and several kinds of cancer.
- Reduces quality of life for millions of Americans.

Over 200,000 bariatric surgical procedures were performed in the United States in 2007, according to the American Society for Metabolic and Bariatric Surgery (ASMB) — up from just over 100,000 in 2003. Since the inception of the ValleyCare Weight Loss Surgery Program in 2000, over 1300 procedures have been completed. The Program has been designated a Center of Excellence by the ASMBS since 2007. This prestigious designation is awarded to programs with a demonstrated record of favorable outcomes.

Improved or resolved comorbidities is the most significant reason for better quality of life. According to published literature, gastric bypass has profound impact on many health problems as follows:

<table>
<thead>
<tr>
<th>Obesity Comorbidity</th>
<th>% Improved or Resolved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 2 Diabetes</td>
<td>89-100</td>
</tr>
<tr>
<td>Obstructive Sleep Apnea</td>
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</tr>
<tr>
<td>Hypertension</td>
<td>78-93</td>
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<td>Hyperlipidemia</td>
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<td>Arthritis</td>
<td>73-83</td>
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<tr>
<td>GERD</td>
<td>92-93</td>
</tr>
<tr>
<td>Asthma</td>
<td>86-89</td>
</tr>
</tbody>
</table>

Facts and statistics from National Institute of Health; U.S. Department of Health and Human Services; Nutrition Clinical Practice and the CDC.

Bariatric Surgery Outcome Statistics

ValleyCare offers two types of weight loss surgery — Gastric bypass surgery and Lap-Band surgery — with both yielding more weight loss than most non-surgical approaches. Measured in terms of lost excess weight, the success rate for gastric bypass is 60–75 percent, and Lap-band is 47–62 percent.

Weight Loss Surgery patients at ValleyCare have lost a total combined weight of over 100,000 pounds, with quality of life changes beginning almost immediately after surgery. Patients report improvements in physical activity (94 percent), self-esteem (92 percent), social life and ability to work (75 percent).
Pneumonia is an inflammation of the lung usually caused by an infection — commonly bacteria, viruses and fungi. Those over 65 are especially vulnerable and hard hit by this serious condition. There are ways to lessen the impact of pneumonia, and ValleyCare has actively pursued strategies to enhance the possibility of successful outcomes for those patients.

What ValleyCare is Doing to Promote Positive Outcomes

1) Pneumonia and Flu Vaccines Administered — These vaccines are highly effective in preventing influenza-related pneumonia, hospitalizations and death.

2) Smoking Cessation Encouraged — Tobacco use is the single greatest cause of disease in the U.S. and the most important modifiable cause of premature death.

3) Blood Cultures — Ensuring blood cultures are performed before first antibiotic received helps determine treatment.

4) Antibiotic Timing and Selection — Personalizing antibiotic selection and receiving it within six hours of hospital arrival significantly improves patient outcomes.
Guarding against infections like pneumonia is a primary goal at ValleyCare, and hospital patients on ventilators are especially vulnerable. When new research showed ways to lessen the risk for Ventilator Acquired Pneumonia (VAP) in 2005, ValleyCare began participating in the Institute for Healthcare Improvement (IHI) 100,000 Lives Campaign. A component of the project is preventing VAP, one of the most significant hospital acquired infections for patients on ventilators.

The staff was given guidelines on a group of best practices, which have been shown to improve patient care and included:

1) Optimal head elevation
2) Steps to prevent peptic ulcer and deep vein clots
3) Daily assessment of when to remove the ventilator tube

As a result of this preventive action, ValleyCare has an exemplary record. Beginning in 2006, the number of cases was drastically reduced to 2.10 cases.

Since 2008, there have been no cases of pneumonia among patients on ventilators.

Ventilator Acquired Pneumonia:
- Average cost $135,795 per hospital stay
- Over 30,867 reported cases in the United States each year
Heart failure is a serious condition that occurs when the heart, though beating, cannot pump enough blood and oxygen to support other organs. The most common causes are coronary artery disease, high blood pressure and diabetes.

What ValleyCare is Doing to Promote Positive Outcomes

1) Discharge Instructions: Giving patients/family/care givers written discharge instructions helps ensure they understand what to expect when leaving the hospital.

2) Left Ventricular Function Assessment (LVS): Appropriate medication selection reduces complications and death in heart failure patients and requires identifying those with impaired LVS.

3) ACE Inhibitors or ARB Medication: ACE Inhibitors (or ARB therapy as an alternative) are effective in reducing complications and death in a wide range of heart failure patients.

4) Smoking Cessation Encouraged: Tobacco use is the single greatest cause of disease in the U.S. and the most important modifiable cause of premature death.

(from the Specifications Manual for National Hospital Inpatient Quality Measures)
ValleyCare Health System and Alameda County Emergency Medical Services (EMS) collaborated last spring to install cardiac monitors on all ambulances in the county. These monitors wirelessly transmit a patient’s electrocardiographic (ECG) tracings to an Emergency Medicine physician at ValleyCare Medical Center, alerting both the Emergency Room staff and the Emergency Cardiac Catheterization Lab Team before the patient arrives at the hospital. The ability to activate the Emergency Cardiac Team based on wireless ECG transmission places ValleyCare Health System on the national forefront in the care of patients experiencing acute heart attack.

**Designated Cardiac Receiving Center**

ValleyCare Medical Center has been a California Department of Public Health designated Cardiac Receiving Center for Alameda County as part of the American Heart Association’s Mission Lifeline Program for over four years. ValleyCare has a strong focus on the rapid triage and treatment of acute ST segment elevation myocardial infarction (STEMI), a life-threatening type of heart attack, which is determined by an electrocardiogram.

**Better Outcomes**

Lifesaving measures begin in the ambulance with the start of two IVs and aspirin. Once a patient arrives in the ER, ValleyCare’s Emergency Department physician and staff are able to perform a rapid assessment with immediate lab and diagnostic imaging. With the Cath Lab team ready and waiting, re-establishing blood flow to the blocked coronary artery with balloon angioplasty and stenting on ValleyCare patients averages 60 minutes or less (well below the national guideline of 90 minutes). Achieving record “door to reperfusion times” (the number of minutes from when a patient arrives in emergency until blood flow is restored) is due to consistent teamwork and communication between ValleyCare, Alameda County EMS and all medical personnel involved. The sooner blood flow is established, the less damage to heart muscle resulting in a better outcome for the patient.
COMMUNITY BENEFITS
AND CHARITY CARE

The California economy and shortfalls in local, state and federal budgets have imposed increasing financial demands on community hospitals. Larger uninsured/under-insured populations, decreased reimbursement and increased costs have presented significant challenges to California hospitals.

Meeting Challenges

Fortunately, ValleyCare has been able to meet these challenges and continues to be the leader in providing quality healthcare to the Tri-Valley community. By paying attention to costs, launching fund-raising campaigns and developing collaborative affiliations with notable healthcare providers such as UCSF Benioff Children’s Hospital, UC Davis Cancer Care Network and others, ValleyCare will continue to provide vital health services to this community. We have also developed a Medical Foundation that will assure the community access to quality physician care, thus eliminating “ability to pay” as an access issue.

Not-For-Profit

ValleyCare is not-for-profit, which means we reinvest any net income back into the organization for new technology, services, programs and facilities. No money is sent out of the community to pay stockholders. It also means we do not receive any income from taxes, and we are required to provide a specified level of uncompensated care, as well as offer programs/services that benefit the community.

In the last fiscal year, ValleyCare provided over $15.4 million in community benefits and over $28.3 million in unreimbursed Medicare costs.

COMMUNITY BENEFIT STATEMENT

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<th>Category</th>
<th>Amount</th>
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<td>Traditional Charity Care</td>
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<tr>
<td>Health Research/Education/Training Programs</td>
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<tr>
<td>(including medical/surgical clinical experience for nursing students)</td>
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<tr>
<td>Benefits for Vulnerable Populations</td>
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<tr>
<td>(including hospitalists for pediatric patients)</td>
<td>$1,967,133</td>
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<td>Benefits for Broader Community</td>
<td>$849,053</td>
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<tr>
<td>Inpatient Clinical Pharmacy Services</td>
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<td>$15,463,898</td>
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<tr>
<td>Unreimbursed Medicare Costs</td>
<td>$28,301,608</td>
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VALLEYCARE
CURRENT MEMBERS AS OF JANUARY 1, 2011

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Corporate Board Liaison

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Andrew Knight, M.D.
Cardiology
Ayman Hosny, M.D.
Morgan Lin, M.D.
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Cynthia Penn-Duecker, M.D.
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