2014 Report

Community Responsibility & Sustainability

Texas Health
Resources®

DEAR FRIENDS,

Texas Health Resources is *committed to community*. The health and well being of North Texas is and always has been the focus of everything we do. We are continuing to develop new ways to improve the health of the people in the communities we serve by investing in proven methods to change behaviors and empowering individuals to improve their own health and well-being. This is the only way we are going to bend the cost curve of health care in the right direction over the long term.

The *Community Responsibility and Sustainability Report* highlights some of our accomplishments in 2014 across North Texas. We successfully navigated through many significant changes during the year, even as we encountered some unexpected challenges.

Texas Health continued our journey of transforming from a hospital-centric system to a patient-centered health system with a strong focus on well-being. We are creating collaborative networks that span the continuum of care, offer consumers broader choices and provide access to care closer to where people live and work.

In 2014, we invested considerable resources to improve organizational efficiencies and clinical performance. We also created population health strategies and programs that will help keep our North Texas neighbors healthy and out of the hospital. While you can read more about our progress in this report, some of our key community health achievements included:

- Assisting Fort Worth leaders with developing the Blue Zones®Project blueprint to make healthy choices easier for residents by optimizing their physical surroundings, policies and social connections.
- Reducing variation in how diabetes care is delivered through our Comprehensive Diabetes Care Initiative, which received the Texas Hospital Association's 2014 Bill Aston Quality Award for measurable success in improving quality and patient outcomes.
- Building strategic alliances and expanding health services and tools to provide the right care at the right time in the right place in the right way to the people of North Texas.

CEO Barclay Berdan expresses Texas Health Resources' commitment of service to the communities of North Texas.

Within our own walls, Texas Health implemented clinical and organizational programs to help us operate more efficiently and safely. We published detailed comparison information in our Quality and Safety Report to the Community to not only share how we are performing, but also to drive continuous improvement.

Additionally, we:

- Implemented innovative approaches to redesigning care to improve quality and enhance affordability, such as developing "bundled" care products on select procedures.
- Conducted an independent assessment of patient and employee safety to help us become a high reliability organization.
- Reduced our supply costs by nearly $16.1 million, and created a new position to manage system-wide utility consumption and environmental sustainability.

In September 2014, Texas Health Presbyterian Hospital Dallas was the first hospital in the U.S. to both diagnose and treat a patient with Ebola Virus Disease as confirmed by the Centers for Disease

Control and Prevention. This unprecedented situation presented many challenges, and I was extremely impressed with how our entire health care system pulled together at a critical time.

I also was humbled by the dedication and grace of caregivers at Texas Health Dallas who labored under very difficult circumstances, and I was proud to see how others across our system supported Texas Health Dallas in every way possible. Fulfilling our commitment to transparency and accountability, we have shared lessons we learned with thousands of health care practitioners and policymakers to improve the nation's ability to respond to similar events.

The challenges and changes that our organization experienced throughout 2014 also brought out the best in our people and our organization. Although facing challenges can be difficult, addressing them together as an organization brought all of our employees and teams across the system closer. As a result, we ended the year with employee engagement in the 98th percentile and earned a spot on the prestigious FORTUNE 100 Best Companies to Work For® list as a first-time applicant.

We began 2015 firmly committed to being an innovative, patient-centered, consumer-driven, high reliability organization that provides affordable, quality care and industry leading customer service. This approach is exemplified by our commitment to FreshAIR: Affordability, Innovation and Reliability.

As we look to create new opportunities and possibilities, we will continue our journey to become a benchmark for other health systems across the country by inspiring changes that improve well-being and the health of populations. Thank you for supporting our mission.

Sincerely,

Barclay E. Berdan, FACHE
Chief Executive Officer

TABLE OF CONTENTS

INTRODUCTION

PURPOSE OF THIS REPORT

Texas Health Resources' (Texas Health) 2014 *Community Responsibility & Sustainability Report* provides a high-level overview of our citizenship and sustainability programs, commitments and goals, as well as progress being made to enhance our workplace, our environment of care and to improve the health of the people in the communities we serve. The report serves to:

- Capture progress being made in a more transparent and meaningful manner.
- Identify opportunities to streamline processes, reduce costs and improve efficiencies.
- Compare our performance and achieve a competitive advantage as a faith-based, nonprofit health care system.
- Provide a clear picture of our economic, social and environmental investments to help internal and external stakeholders better understand our mission, vision and values.
- Enhance Texas Health's long-standing reputation as a good corporate citizen and leader in the community.

The content sheds light on our 2014 calendar year operational areas of excellence. It is helping us to identify opportunities for improvement so that we may prioritize sustainability strategies and investments for the future.

A group of Texas Health volunteers get ready to make patients' day a bit brighter.

REPORT SCOPE

Texas Health Resources operates, through its controlled affiliates, a health care system with services and facilities throughout north central Texas. Texas Health's wholly owned facilities include 13 acute-care hospitals, 15 behavioral health hospitals and centers, 11 sports medicine and fitness centers, five outpatient facilities and surgery centers, and one transitional care and rehabilitation hospital. These tax-exempt hospitals have been recognized as exempt from federal taxes under the Code as organizations described in Section 501(c)(3), and a list of those hospitals can be found here.

In addition, Texas Health is the sole member or sole shareholder of certain other wholly-owned affiliates engaged in health care related activities including Texas Health Physicians Group, a Texas 501(a) physician organization and recognized as exempt from federal income taxes under the Code as an organization described in Section 501(c)(3).

Physicians on the medical staff of Texas Health's hospitals practice independently and are not employees or agents of the hospital or Texas Health. Texas Health and some of its controlled affiliates participate with physicians and non-physicians to operate hospitals and other health-related ventures. Some of those ventures are considered a physician-owned hospital under federal law.

Board of Trustees

In addition, there are numerous other non-hospital related joint ventures included in Texas Health's financial statement. Some programs and benefits described in this report may be applicable only to wholly owned facilities and/or the employees of the wholly owned affiliates.

The information presented in this report covers Texas Health's wholly owned facilities, and is based primarily on calendar year 2014 performance. It does not include data on subsidiaries, joint ventures, leased facilities, upstream or downstream suppliers, or outsourced operations unless otherwise noted.

The following key internal teams provided direction and scope, and helped in identifying relevant topics that reflect Texas Health's economic, environmental and social impacts, or issues of interest to our stakeholders:

- Behavioral Health
- Care Continuum & Collaboration
- Communications & Image
- Community Affairs
- Community Health Improvement
- Compliance
- Diversity & Inclusion
- Faith & Spirituality Integration
- Governance Services
- Government Affairs & Advocacy
- Environment of Care & Emergency Management
- Information Services
- Information Systems & Application Management

- Performance Improvement
- Quality Outcomes
- Quality & Patient Safety
- Real Estate Engineering
- Service Excellence
- Strategy & Planning
- Supply Chain Management
- System Engineering
- Texas Health Physicians Group
- Texas Health Population Health, Education & Innovation Center
- Texas Health Research & Education Institute
- Texas Health Resources Foundation
- Texas Health Resources University

Based on these contributions, we describe critical sustainability strategies, programs and performance indicators that we believe are most relevant to communicate at this time. It is important to note that we have not yet sought stakeholder engagement or independent assurance of this report. As we continue identifying and gathering information on issues that are most relevant and material to our organization, we plan to report even more robustly in the future.

All financial figures are quoted in U.S. dollars, unless noted otherwise. References to "Texas Health," "the organization," "we" and "our" refer to Texas Health Resources.

For more information about this report, please contact Texas Health Resources' Community Affairs Department at THRCommunityAffairs@TexasHealth.org.

OUR PATIENTS

We seek to deliver safe, quality and compassionate care.

WHY IT MATTERS:

To remain competitive, we are committed to improving health outcomes and patient satisfaction.

OUR PEOPLE

We provide a safe, stimulating and inclusive workplace.

WHY IT MATTERS:

To succeed, we must attract and retain top performers.

OUR COMMUNITIES

We identify and address community health needs and support vital programs.

WHY IT MATTERS:

Our communities need access to quality health care, education and tools to enhance well-being.

OUR ENVIRONMENT

We strive to create a healthy and safe environment of care.

WHY IT MATTERS:

Our goal is to reduce operational costs, environmental impacts and service disruptions.

OUR LEADERSHIP

We hold leaders accountable for sustained performance.

WHY IT MATTERS:

To fulfill our mission, leaders must demonstrate values and guiding principles based on The THR Promise℠

PROGRESS MADE

OUR PATIENTS

- Delivered care appropriate for patients' diagnosis 97%-100% of the time
- Received the Texas Hospital Association's Bill Aston Quality Award for Comprehensive Diabetes Care program
- Improved patient satisfaction in every setting since 2009
- Aligned with Blue Cross and Blue Shield of Texas to improve patient health and reduce duplication
- Offered bundled care products on select procedures to reduce costs and simplify billing
- Helped develop blueprint to make Fort Worth a Blue Zones® Project community
- Became first in nation to both diagnose and treat patient with Ebola Virus Disease

OUR PEOPLE

- Named to FORTUNE 100 Best Companies to Work For® list
- Created Texas Health Resources University to align organizational learning
- Scored in the 98th percentile for employee engagement
- Enabled 65% of women and 18% of ethnic minorities to serve in management
- Encouraged employees to lose 13,000 pounds and exercise 76.8 million minutes
- Offered benefits coverage to employees' same-sex spouses and partners
- Improved job offer acceptance rate to 95.3%

OUR COMMUNITIES

- Provided $653 million, or $1.8 million a day, in charity care and community benefit
- Delivered pastoral care to 126,000 people and received high satisfaction scores
- Received nearly $22 million in gifts through the Texas Health Resources Foundation
- Volunteered 90,063 hours since 2001
- Contributed nearly $10 million through Texas Health Gives since 2006
- Provided $8 million to support strategic nonprofit partners since 2011
- Created Texas Health 365 Fund to provide critical community health resources

OUR ENVIRONMENT

- Created position to manage utility consumption and environmental sustainability
- Reduced electricity use 3.3% since 2011, saving $4 million
- Reduced physical environment deficiencies 49% since 2011
- Spent $82.2 million directly with minority and women suppliers since 2012
- Saved nearly $55 million on procurement expenses since 2012
- Designed multiyear migration of 500 applications to replicate technology infrastructure
- Earned LEED® certification at Texas Health Harris Methodist Hospital Alliance

OUR LEADERSHIP

- Named Barclay Berdan chief executive officer on 9/1/14
- Maintained accreditation and compliance while expanding health care services
- Published first *Quality and Safety Report to the Community*
- Exceeded top decile performance for leadership behaviors
- Scored 90% to 100% on financial and operational audits
- Created a Physician Compensation Subcommittee
- Delivered HIPAA, compliance and ethics training to 100% of the workforce

Community Responsibility at-a-Glance

OUR ORGANIZATION

Texas Health Resources is one of the largest faith-based, nonprofit health care delivery systems in the U.S. Our support of patient-centered care is demonstrated through the faithful stewardship of resources entrusted to us to deliver numerous health care services to more than 1.6 million people each year.

2014 HIGHLIGHTS

DIAGNOSED & TREATED the first patient on U.S. soil with the Ebola Virus Disease

SCORED IN 98TH PERCENTILE FOR EMPLOYEE ENGAGEMENT

BARCLAY E. BERDAN, FACHE, named as Texas Health's new chief executive officer as of Sept. 1, 2014

Spent **$82.2 million** directly with minority and women suppliers since 2012

Earned LEED® certification at Texas Health Harris Methodist Hospital Alliance

Provided nearly **$653** million, or **$1.76** million per day, in charity care and community benefit

Earned a spot on **FORTUNE 100 Best Companies to Work For**® list as a first-time applicant

Began offering benefits coverage to employees' same-sex spouses and domestic partners

Delivered **evidence-based care** appropriate for patients' diagnosis 97-100% of the time

ABOUT TEXAS HEALTH

The history of Texas Health is rooted in the healing ministries of the Presbyterian Church and the United Methodist Church. Our faith-based heritage and traditions are at the heart of everything we do. Texas Health was formed in 1997 after combining the operations of three highly respected organizations into one health care system: Harris Methodist Health System in Fort Worth, Presbyterian Healthcare Resources in Dallas and Arlington Memorial Hospital.

We then restructured our governance system, streamlined the organization, and consolidated core business and support services into one organization. Years later, we began entering into additional joint venture agreements to significantly expand the system's geographic scope and added Texas Health Physicians Group in 2009.

Focusing on the future, we serve the greater Dallas-Fort Worth Metroplex. Recognizing that some services may be offered more efficiently or effectively by organizations with established competencies in those areas, we chose to create strategic partnerships for those services and currently focus on acute care and community-based care as our two primary service offerings.

We care for each patient's mind, body and spirit with confidence in the contributions of medicine, science and the healing power of faith. We serve a diverse population, and respect and welcome all faiths that are represented by our patients, employees and volunteers.

TEXAS HEALTH'S CORE SERVICE AREAS:

- ACUTE AND INPATIENT CARE
- OUTPATIENT DIAGNOSIS AND TREATMENT
- EMERGENCY SERVICES
- RECOVERY AND REHABILITATIVE CARE
- COMMUNITY-BASED CARE
- PREVENTION AND WELLNESS EDUCATION

2014 FACTS

$4 BILLION TOTAL OPERATING REVENUE

~1.6 MILLION patient visits

250+ community ACCESS POINTS

5,500+ PHYSICIANS with active staff privileges

$6.6 BILLION total assets

24 care hospitals — Acute care, short stay rehabilitation and transitional

MISSION
To improve the health of the people in the communities we serve

LARGEST private employer in DALLAS/FORT WORTH

~21,000 employees

65 OUTPATIENT FACILITIES

3,800+ licensed hospital beds

560 AT TEXAS HEALTH PHYSICIANS GROUP PRACTICING PHYSICIANS

WHERE WE OPERATE

Headquartered in Arlington, Texas, Texas Health serves the fourth-largest metropolitan region in the United States: the Dallas-Fort Worth Metroplex. Our health care system includes 24 wholly owned hospitals and joint-venture facilities, and a network of physician practices that serve 16 counties.

OUR FISCAL HEALTH

Texas Health operates in the nation's fourth-fastest growing state, which has been steadily growing for more than a decade.[1] The population of our service area is projected to increase by 68.7 percent by 2050, more than double the national growth rate.[2] To meet this need, we are building deep financial reserves to maintain adequate operating capital, and to invest in innovation and growth. Simultaneously, we are preparing for and counterbalancing declines in revenue resulting from health care reform:

- Medicare is reducing what it pays hospitals for health care services—while costs of these services continue to escalate.
- Texas leaders are not using state funds to expand Medicaid, which increases our burden for uncompensated care.

Employers and payers are demanding reductions in health care costs. To prepare for an influx of patients, we have and will continue to invest in outpatient service centers, ambulatory surgery centers and integrated health campuses. This is generating incremental revenue and providing a cohesive continuum of care for our patients. In 2014, we generated $4.0 billion in total operating revenue and improved our Standard & Poor bond rating to AA.

TEXAS HEALTH'S
MEDICAL SERVICE AREA
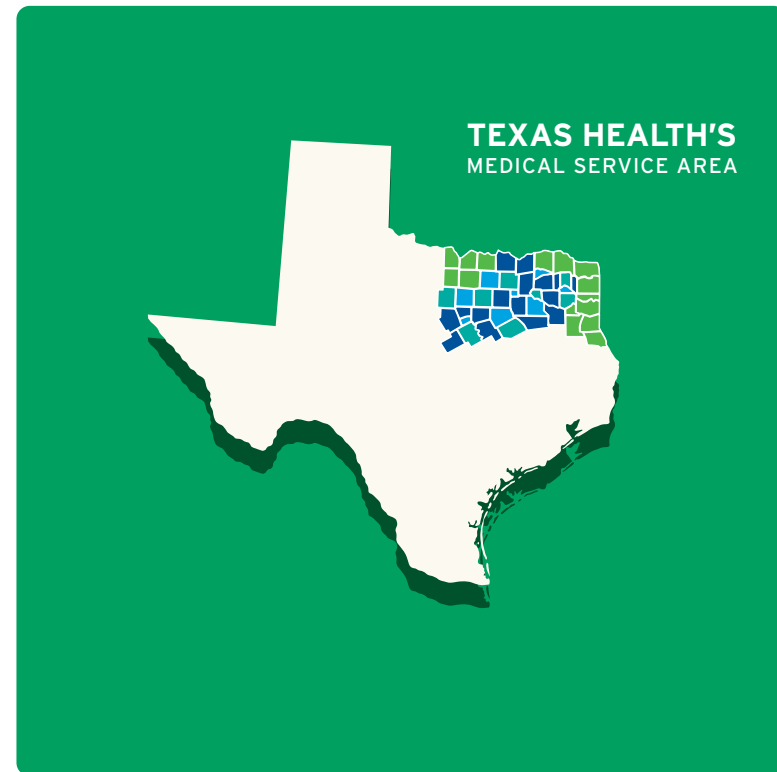
[1] http://www.cbsnews.com/media/top-10-fastest-growing-states/8/ [2] Dallas-Fort Worth Hospital Council "The Economic Impact of the Texas Health Resources System on the Dallas-Fort Worth Area," November 2013.

Economic Contribution

Texas Health serves as a critical economic engine that provides wages and jobs, taxes and local business development to suppliers in our 16-county service area, which is home to more than 6.9 million people. According to the Dallas Regional Chamber, the health care industry in the Dallas/Fort Worth region has a value of $52 billion annually, representing about 15 percent of all regional economic activity.

IN 2014, TEXAS HEALTH CONTRIBUTED TO THAT GROWTH THROUGH

$4 Billion	Total operating revenue
$2.02 Billion	Salaries, wages and benefits
$635.9 Million	Provision of goods and services
$27.2 Million	Procurement from minority/women enterprises
$653 Million	Charitable care/community benefit
$1.5 Million	Sponsorships, grants and charitable giving

WHAT WE BELIEVE

Our mission, vision and values have inspired and guided Texas Health since we formed in 1997. We developed and added The THR Promise℠: Individuals Caring for Individuals, Together®, in 2004 to reinforce the commitment we have to hold ourselves accountable to our patients and to one another. After our first decade in existence, Texas Health embarked on a 10-year transformation to evolve from a hospital system to an integrated health system that provides a continuum of care and services. By embracing innovation, capitalizing on best practices and adapting to the health needs our patient population, we have nearly achieved this goal.

We recognize, however, that our journey to strengthen our healing ministry and sustain as an organization will never be complete. We must now build on previous successes to fulfill our mission and be recognized as an industry leader through the lens of Fresh AIR: Affordability, Innovation and Reliability.

OUR VISION FOR SUSTAINABILITY

As a faith-based, nonprofit health system with a mission to improve the health of the people in the communities we serve, Texas Health recognizes fulfilling its mission is only possible by being a thriving and healthy organization itself. We are taking steps to reduce our own environmental footprint and improve population health by:

- Demonstrating our core values of Respect, Integrity, Compassion and Excellence each day.
- Maintaining strong financial and operational performance.
- Providing safe, high-quality and innovative care.
- Attracting, developing and retaining top performers.
- Maintaining high standards of conduct and integrity.
- Embracing diverse ideas and facilitating teamwork.
- Ensuring ongoing patient, employee and physician satisfaction.
- Recognizing and rewarding employees for achieving organizational goals.
- Delivering increased value, while lowering costs.
- Reducing or eliminating environmental and safety risks.
- Using natural, financial and human resources wisely.
- Forging strategic and mutually beneficial community relationships.
- Advocating for the needs and rights of our patients, employees and communities.

MISSION

To improve the health of the people in the communities we serve.

VISION

Texas Health Resources, a faith-based organization joining with physicians, will be the health care system of choice.

VALUES

- **RESPECT** - Respecting the dignity of all persons, fostering a corporate culture characterized by teamwork, diversity and empowerment.
- **INTEGRITY** - Conducting our corporate and personal lives with integrity; building relationships based on loyalty, fairness, truthfulness and trustworthiness.
- **COMPASSION** - Sensitivity to the whole person, reflective of God's compassion and love, with particular concern for the poor.
- **EXCELLENCE** - Continuously improving the quality of our service through education, research, and responsible stewardship of resources.

EBOLA AT TEXAS HEALTH:
THE LESSONS AND THE IMPACTS

In 2014, Texas Health Presbyterian Hospital Dallas (Texas Health Dallas) was the first hospital in the U.S. to both diagnose and treat a patient with the Ebola Virus Disease (Ebola), as announced by the Centers for Disease Control and Prevention. A significant amount of information surrounding this event has been communicated by Texas Health Resources' leadership to internal and external audiences, both during and after the event.

Due to restraints under federal and state privacy laws, we are no longer able to share any details regarding the impacted patients or their care. We can and have shared lessons learned from this incident to improve both the care we provide and the ability of clinicians, hospitals and policymakers throughout the country to save lives.

What We Learned

As stated by Texas Health Resources' CEO Barclay Berdan, "Being prepared to diagnose and treat a person walking into your emergency room is very different than treating and caring for an Ebola patient that you know in advance is coming to your facility. Emergency Department processes must be designed to provide rapid, effective screening as well as isolation for the safety of patients and care teams. Face-to-face dialogue among nurses, doctors and patients also is critical."

Texas Health updated its processes and procedures based on the lessons learned. Some of these included:

- Upgrading medical record software to clearly highlight travel risks.
- Initiating new triage procedures to quickly identify at-risk patients and to move high-risk patients immediately into infection control isolation.
- Performing an additional safety and quality check of clinical data before discharging patients from the Emergency Department (e.g., checking vital signs 30 minutes prior to discharge and notifying the physician of any abnormality).
- Hardwiring best practices for interprofessional collaboration between physicians and nurses.

Texas Health Dallas staff and community members pray for the Ebola victims.

Health systems throughout North Texas expressed their support of the caregivers at Texas Health Dallas.

Uniting Together

The event drew employees closer together like a family. System leaders communicated continuously with employees at Texas Health Dallas and throughout the entire Texas Health Resources system to provide status updates, respond to questions and monitor the teams' needs and morale. Human Resources leaders quickly addressed employees' questions, offered counseling and reinforced Texas Health's safe workplace policy as well.

An Outpouring of Support

Support for the system, hospital, employees and physicians on the medical staff from the community— including people from competing health systems— was overwhelming and inspiring. This included hundreds of messages of encouragement from the community and professionals at other local health care organizations; tangible support for care teams in the form of food, posters and cards; toiletries for those who were furloughed; and general solidarity with local medical providers.

Encouragement from our nation's leaders was also much appreciated. President Barack Obama called to thank Texas Health Dallas caregivers for their heroic efforts, and former President George W. Bush visited the Dallas campus to acknowledge the team for their professionalism and courage throughout this unprecedented event.

Former President George W. Bush visited Texas Health Dallas to show his support. He told staff: "If it (Ebola) had to be somewhere, I am thrilled it was here. This is a team of people who really care. And the idea of sharing lessons you learned with others... I think that's great."

U.S. President Barack Obama spoke via speakerphone with the care team at Texas Health Dallas. He thanked everyone for their courage and pledged his support. He also expressed his appreciation for the lessons and knowledge they have been providing to others.

While the event temporarily reduced the number of patient visits and revenue at Texas Health Dallas, by mid-December daily net revenue was back to pre-event levels and the Emergency Department was only slightly down from September's patient volume. Patient satisfaction scores also improved over time, increasing from the 82nd percentile in September to the 97th percentile in November.

This incident identified both strengths and weaknesses in Texas Health's and our nation's preparedness to manage health epidemics and the functions that support them—from emergency response to communications to hazardous waste management. Texas Health will continue to impart information and close identified gaps to further enhance the care it provides.

In March 2015, Texas Health Dallas created the Thomas Eric Duncan Memorial Fund for the express purpose of providing assistance to Ebola victims in Africa. The hospital donated $125,000 to support nurse and physician training in Liberia, Duncan's home country.

REWARDS & RECOGNITION

Honors and awards for excellence are often bestowed on Texas Health and the many dedicated health care professionals who strive daily to meet the needs of individuals in the communities we serve. In 2014, we continued to be recognized for our quality of care, workplace and management practices. Some of our key awards included:

AWARD	WHY
FORTUNE 100 BEST COMPANIES TO WORK FOR®	Providing exceptional management credibility, job satisfaction, camaraderie, pay and benefit programs, hiring practices, methods of internal communication, training, recognition programs and diversity efforts
2014 BILL ASTON QUALITY AWARD FROM THE TEXAS HOSPITAL ASSOCIATION	Improving quality and patient outcomes through the Comprehensive Diabetes Care program
QUEST® AWARD FOR HIGH-VALUE HEALTHCARE FROM PREMIER HEALTHCARE ALLIANCE	Top performance in up to six dimensions of care (cost, evidence-based care, mortality, harm, patient experience and readmissions); Texas Health Azle and Texas Health Cleburne were among only 18 hospitals nationwide to achieve top performance in all six areas
TOP PERFORMERS ON KEY QUALITY MEASURES® FROM THE JOINT COMMISSION	Exemplary performance in using evidence-based clinical processes that improve care
U.S. NEWS & WORLD REPORT	Being among the best in the Dallas-Fort Worth area in the 2014 Best Hospitals metro-area rankings
GOLD RECOGNITION FROM THE NATIONAL BUSINESS GROUP ON HEALTH	Being among the Best Employers for Healthy Lifestyles
2014 *INFORMATION WEEK* ELITE 100 LIST	Being among the nation's most innovative users of information technology
BECKER'S HEALTHCARE 2014 LIST OF "150 GREAT PLACES TO WORK IN HEALTHCARE"	Offering benefits, wellness programs, commitment to diversity and inclusion, professional development opportunities and environments that promote employee satisfaction and work-life balance

OUR LEADERSHIP

Texas Health Resources' leaders are responsible for guiding the execution of our Mission, Vision, Values and Promise so that we can maintain organizational and financial sustainability.

Each year, our leaders develop strategic plans, operationalize business objectives, engage employees and patients on key issues, evaluate performance and track continuous improvement to strengthen our health system.

2014 HIGHLIGHTS

Scored 90% to 100% on financial and operational audits

CREATED a Physician Compensation Subcommittee to **SUPPORT** Texas Health's evolving physician integration models

BARCLAY E. **BERDAN,** FACHE, named as Texas Health's new chief executive officer as of Sept. 1, 2014

Exceeded top decile performance for leadership behaviors

Incurred **ZERO** fines or nonmonetary sanctions for noncompliance with environmental, privacy and other laws and regulations

Maintained accreditation and compliance, while expanding health care services and the continuum of care

Added new Board of Trustee committees:
- Physician Compensation Subcommittee
- Three zone Subcommittees
- Investment Subcommittee

PUBLISHED our first *Quality and Safety Report to the Community: A Transparent Report Card from Texas Health Resources* to be accountable and to make improvements based on the data

Delivered HIPAA, compliance and ethics training to **100%** of the workforce

GOVERNANCE STRUCTURE

Texas Health designed its governance structure, board composition and policies to protect stakeholder and systemwide interests. Our governance structure achieves standardization, follows best practices, and facilitates systemwide decision making, accountability and efficiency.

Our governance system and leadership teams work hand-in-hand to align all parts of our organization toward quality and value, to integrate clinical services and to provide a continuum of care. The Joint Commission and the American Hospital Association Center for Healthcare Governance's Blue Ribbon Panel have commended our well-established governance program.

[1] Each wholly owned hospital also has its own board of trustees, who oversee the implementation of hospital-specific strategic plans and performance.

GOVERNANCE PLAN

Texas Health's Governance Plan serves to:

- **CLARIFY** required roles and responsibilities at each level of the organization.

- **RECRUIT** leaders with a diverse set of competencies to assess business strategies and outcomes, and represent the diverse communities we serve.

- **BUILD** employee and community accountability and trust through engagement and sound performance.

- **COLLECT** timely data, information and tools to optimize strategic decision making.

- **EVALUATE** and adjust multiyear strategies and priorities.

- **LINK** governance performance standards, continuing education and best practices to our strategic plan.

BOARD COMMITTEES

Texas Health's Board of Trustees provide organizational oversight and stewardship. The standing committees include:

- GOVERNANCE COMMITTEE

- FINANCE COMMITTEE

- QUALITY & PERFORMANCE COMMITTEE

- AUDIT & COMPLIANCE COMMITTEE

- PEOPLE & CULTURE COMMITTEE

- STRATEGIC PLANNING & DEPLOYMENT COMMITTEE

- PHYSICIAN COMPENSATION SUBCOMMITTEE

- THREE ZONE SUBCOMMITTEES

- INVESTMENT SUBCOMMITTEE

Board of Trustees

Members of Texas Health's Board of Trustees[1] (board) voluntarily give their knowledge, experience, expertise and time to serve our system. The diverse group includes independent health care, business and community leaders who offer a range of professional competencies.

Fourteen voting members are elected to govern for up to three consecutive, three-year terms. Our CEO, the chair of the Physician Leadership Council, the bishop of the Central Texas Conference of the United Methodist Church and the general presbyter of the Grace Presbytery of the Presbyterian Church (USA) serve as ex-officio members. Three non-voting members serve in the chair emeritus role, which does not carry a term. Together, they are responsible for establishing goals, making strategic policies and decisions, overseeing organizational performance and accountability, and nurturing stakeholder relationships.

Compensation

Board members serve voluntarily and receive no financial compensation. In 2014, our board created a Physician Compensation Subcommittee to support Texas Health's evolving physician integration models. It also created three Zone Subcommittees as well as an Investment Subcommittee.

Evaluation

Board members complete a self-assessment survey each year to review their performance, as well as to gauge the quality of board/leader relationships, communications, orientation and education. The survey evaluates, in part, the management of our social and economic performance. Survey findings reliably measure the board's performance against recommended best practices for governance, which are compared to national averages and previous board self-assessment surveys.

Succession planning

Our Board Leadership Continuity and Growth Plan serves as a roadmap for system and hospital board membership continuity, recruitment, growth and development. The plan helps sustain and continuously improve the level of board leadership across the system.

> "Results of both system and hospital board self-assessments have outperformed national peers for more than a decade."

Executive Leadership

Texas Health's leaders bring tremendous clinical, business and operational expertise to our organization. They have various perspectives and competencies, possess an unwavering commitment to excellence, embed uncompromising values, aspirations and expectations throughout the system, and consistently evaluate and communicate our performance.

Our executive management team is responsible for different facets of operational strategy and performance, leading our transformation into a fully integrated health system, and for improving financial and organizational sustainability.

1.
Zone-level leadership group guides coordination across North Texas and continuum of care.

2.
Triad Council increases clinical leadership and integration.

3.
Physician Leadership Council engages physician leaders to provide high-level strategic input and involvement in the system.

4.
Physician Policy Council approves systemwide clinical policies, including those covering the continuum of care.

TEXAS HEALTH RESOURCES LEADERSHIP

Read more about our leaders at TexasHealth.org/Leadership.

BARCLAY E.
BERDAN

Chief Executive Officer

JEFFREY L.
CANOSE, M.D.

*Chief Operating Officer and
Senior Executive Vice President*

DANIEL
VARGA, M.D.

*Chief Clinical Officer,
Senior Executive Vice President*

HAROLD
BERENZWEIG, M.D.

*Executive Vice President,
Southwest Zone Clinical Leader*

CHARLES W.
BOES

*Executive Vice President,
General Counsel*

JOAN
CLARK

*Senior Vice President,
Chief Nurse Executive*

KIRK
KING

*Executive Vice President,
Southwest Zone Operations Leader*

MICHELLE
KIRBY

*Senior Vice President and
Chief People Officer*

MARK C.
LESTER, M.D.

*Executive Vice President,
Southeast Zone Clinical Leader*

RONALD R.
LONG

*Executive Vice President,
Chief Financial Officer*

BRETT
MCCLUNG

*Executive Vice President,
North Zone Operations Leader*

TRICIA
NGUYEN, M.D.

*Executive Vice President,
Population Health; President,
Texas Health Population Health,
Education & Innovation Center*

SHAWN
PARSLEY, D.O.

*President,
Texas Health Physicians Group*

ELIZABETH
RANSOM, M.D.

*Executive Vice President,
North Zone Clinical Leader*

Engagement

Senior leaders use multiple mechanisms, including social media, to communicate with and engage the workforce, patients and the community. In 2014, Texas Health:

- Launched e-learning modules with video messages from senior leaders reinforcing the organizational strategy.
- Created an interactive blog with posts from senior leaders to inform employees about organizational changes and industry trends.
- Created a Physician Leadership Council Policy Committee as a way for executives to engage medical staff leaders from each entity in bimonthly dialogue and decision-making on key systemwide issues.

Succession Planning

Our board oversees Texas Health's succession planning process and approves plans for the CEO, executives and senior leaders. To support this effort, senior leaders and physician executives develop and maintain plans identifying appropriate succession candidates for their positions, which are assessed annually. Potential successors receive coaching and special project assignments.

In 2014, after 43 years of leadership, Chief Executive Officer Doug Hawthorne stepped down August 31. Barclay Berdan, FACHE, succeeded him as CEO and Jeffrey Canose, M.D., FACHE, was appointed senior executive vice president and chief operating officer.

Also during the year, Texas Health appointed executive and senior leaders. They include:

- Michelle Kirby as senior vice president and chief people officer.
- Kirk King, FACHE, as executive vice president and operations leader for the Southwest Zone.
- Winjie Tang Miao as senior vice president and system integration officer.

Barclay Berdan, FACHE, became Texas Health's new CEO in September 2014.

ACCOUNTABILITY

Texas Health's board members and senior leaders adhere to and advocate for our Mission, Vision, Values and Promise, as well as our Code of Business Ethics and Governance Plan. Our leadership expects accountability from each other, clinicians and employees alike, and guides improvement in the quality of care our patients receive, manages deadlines and budgets, and drives continuous improvement.

We put a number of strategies in place to drive accountability throughout the system. Some of these include:

- Adopting appropriate standards of the Sarbanes-Oxley Act, which call for stronger board independence and fiscal oversight.
- Incorporating best practices from industry consortia, such as the Patient Safety Culture Initiative[2] and Malcolm Baldrige criteria.[3]
- Ensuring independence [4] on hospital boards by including community representatives. This also meets Internal Revenue Service requirements for nonprofit, tax-exempt 501(c)(3) organizations.
- Meeting annually to align major strategic initiatives with The THR Promise[SM].
- Confirming managers adhere to budget and financial policies, sustain credit ratings and protect our organizational assets.

FISCAL ACCOUNTABILITY

PROCESS	TARGETS	RESULTS					
		'09	'10	'11	'12	'13	'14
INTERNAL AUDIT FINDINGS CLEARED	100%	100%	100%	100%	100%	100%	100%
EXTERNAL FINANCIAL AUDIT CLEAN OPINIONS	100%	100%	100%	100%	100%	100%	100%
OMB CIRCULAR A-133* AUDIT REPORT MATERIAL WEAKNESS	0	0	0	0	0	0	0
OPERATIONS/ COMPLIANCE RISK ASSESS†	ANNUALLY	FULL	FULL	FULL	FULL	FULL	FULL

- Externally auditing financial statements and practices to confirm accuracy.
- Evaluating progress being made on business priorities and strategic plans, the quality of care being delivered and whether stakeholder needs are being met.
- Reviewing patient, physician and employee satisfaction surveys, and comparing findings with national and regional benchmarks.
- Creating our own proprietary Approval, Authority and Responsibility Matrix for board members, leadership teams and management to provide uniformity and accountability for decisions being made throughout the system.

Additionally, our system board committees:

- Approve and oversee development and execution of strategic and financial plans, and performance against them.
- Review systemwide key performance indicators, as well as quality and financial dashboards.
- Assess progress against strategic plans.
- Monitor financial performance, including credit ratings, protection of organizational assets, and adherence to budget and financial policies.

"**ACCOUNTABILITY** reinforces our core value of **EXCELLENCE,** which boosts **PRIDE** throughout our workplace."

TRANSPARENCY

Transparency has become a strategic imperative for organizations. Trust grows when patients, employees, community members and senior leaders understand how Texas Health operates and what it is doing to meet community expectations.

We have an ongoing commitment to being transparent about our current state of affairs. In fact, our leaders regularly discuss and address performance shortfalls, expectations and actions that board members, senior leadership, directors, managers and key employees at all levels can take to improve our organizational performance.

Texas Health also requires board members, officers, directors, certain contracted physicians and employees managing specific tasks to review our Duality and Conflict of Interest Policy and complete a disclosure form annually. These are assessed and shared with governing boards.

Quality & Safety Report

Texas Health published detailed comparison information about the quality and safety of its clinical care in 2014 in the Quality and Safety Report to the Community: A Transparent Report Card from Texas Health Resources to be transparent, accountable and to make improvements based on the data.

ETHICS & COMPLIANCE

As a faith-based, nonprofit community health care provider, Texas Health is committed to operating ethically and conducting business safely, fairly, legally and with integrity. Since our inception, we have integrated our values of Respect, Integrity, Compassion and Excellence into our expectations for legal and ethical conduct. By so doing, we earn and maintain the trust of those we employ and serve.

Legal and Ethics System

Texas Health has a systematic and well-deployed Legal and Ethics System designed to meet and exceed regulatory, legal and accreditation requirements. It is overseen by our chief compliance officer, Executive Leadership Committee and the board's Audit and Compliance Committee. Our System Compliance Committee and Business Ethics Council regularly reviews legal and ethics measures, and evaluates the effectiveness of the Legal and Ethics System as well.

We provide mandatory ethics and compliance training for employees, volunteers, employed physicians, physician leaders and our board of trustees. Physicians agree to abide by medical staff bylaws and our Physician Code of Conduct, and we provide ethics and compliance materials at initial credentialing and at each re-credentialing. Suppliers also must agree to comply with our ethics and compliance policies.

"Texas Health operates an Institutional Review Board, mandatory research activity training, a research Conflict of Interest committee, ethics consultations and a patient advocacy process at all hospitals."

Reporting

Employees and patients can anonymously report allegations of improprieties to supervisors, patient advocates, our chief compliance officer or CEO or through a toll-free hotline without fear of retaliation. Per our policy, we investigate all incident reports and respond to improprieties with disciplinary action, including termination, if warranted. Confirmed violations are reported to senior leaders and the board. Physician violations are handled through disciplinary action under medical staff rules and regulations.

* Board of Trustees ** Target = % published in 2011 Ethics Resource Center National Business Ethics Survey † indicates a voluntary measurement that is not mandatory by an external party or agency

ETHICS PROCESS

PROCESS	TARGET	RESULTS					
		'09	'10	'11	'12	'13	'14
BOT* COMPLIANCE AND HIPAA TRAINING	100%	100%	100%	100%	100%	100%	100%
SUPPLIER HIPAA AGREEMENTS IN PLACE	100%	100%	100%	100%	100%	100%	100%
COMPLIANCE AND HIPAA TRAINING, EMPLOYEES/ VOLUNTEERS	100%	100%	100%	100%	100%	100%	100%
BOT, OFFICER AND OTHER CONFLICT DISCLOSURES	100%	100%	100%	100%	100%	100%	100%
HIPAA NON-COMPLIANCE RESOLVED †	100%	100%	100%	100%	100%	100%	100%
EMPLOYEES DO NOT FEAR RETALIATION †	>81%**	N/A	N/A	96%	97%	96%	95%
COMPLIANCE HOTLINE CALLS	INVESTIGATED	100%	100%	100%	100%	100%	100%
COMPLIANCE/PRIVACY DASHBOARDS †	QUARTERLY	ISSUED	ISSUED	ISSUED	ISSUED	ISSUED	ISSUED

Compliance

Texas Health operates in a complex legal and regulatory environment with numerous strict regulations and standards at the national, state and local levels. Many of these regulations and standards are designed to ensure access to care, protect privacy, promote patient and workforce safety, and enforce public responsibility. We have policies and procedures designed to provide compliance with these standards. We strictly adhere to guidelines to avoid legal, financial and reputational harm, as well as negative impacts to patient care.

Each year, we dedicate resources and staff to:
- Assess regulatory risks and emerging legislation.
- Monitor, address and audit compliance with laws and regulations.
- Report compliance and ethics-related activities and audit results.
- Investigate and resolve allegations of wrongdoing.
- Identify and manage potential conflicts of interest.
- Deploy annual mandatory business ethics, compliance and privacy training.
- Conduct due diligence and include ethics, compliance and confidentiality provisions in contracts.
- Take disciplinary action when warranted.

KEY LEGAL, REGULATORY AND ACCREDITING REQUIREMENTS

AGENCY/REGULATION	FOCUS
Centers for Medicare & Medicaid Services (CMS)	Participation in Medicare and Medicaid programs
The Joint Commission (TJC)	Accreditation standards; safe practices; Centers of Excellence certification for specialty programs
Health Insurance Portability & Accountability Act (HIPAA)	Workplace safety
State/local health departments	Standards for facilities, services and staffing
American Nursing Credentialing Center (Magnet)	Nursing quality
Blue Cross, Aetna, United Healthcare and Cigna	Centers of Excellence certification for specialty programs

Oversight

Texas Health's Audit & Compliance Committee and senior leaders oversee compliance with laws and regulations that govern our industry and workplace. Each quarter, board members meet with the chief compliance officer, legal counsel and senior leaders to review our compliance dashboard of risk assessments, compliance issues and results. This committee has oversight responsibility for our Business Ethics and Compliance Program, our Privacy Program and our Information Security Program among its other duties.

Privacy

Texas Health is committed to responsibly and proactively safeguarding our patients' health information from inappropriate use or disclosure. Federal and state privacy laws and regulations also govern how we use, disclose and protect health information. We have a privacy compliance program that provides for the management, oversight and coordination of our privacy policies. It also oversees training, auditing, monitoring, investigating and reporting unsecured information breaches.

In 2014, Texas Health's privacy officers investigated and resolved 459 privacy complaints, allegations and incidents from nearly 1.6 million patients who were seen at our hospitals. Of the issues reported, 262 were substantiated or partially substantiated. In accordance with breach notification regulations and our privacy policies, we notified applicable regulatory agencies and potentially impacted individuals who were affected by a breach that involved their protected health care information.

Progress being made

Texas Health investigated and resolved 131 compliance matters in 2014. We took corrective action and provided additional education on policies and standards where needed. Additional outcomes include the following:

DESCRIPTION	OUTCOME
Number of legal actions for anti-competitive behavior, antitrust and monopoly practices and their outcomes	**None**
Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental, privacy and other laws and regulations	**$0**
Termination of business partnerships due to compliance concerns	**None**
Incidents of non-compliance with regulations that resulted in a fine, penalty or warning	**None**
Incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling	**N/A** *to Texas Health*

ACCREDITATION, LEGAL COMPLIANCE & RISK MANAGEMENT

PROCESS	TARGET		RESULTS					
			'09	'10	'11	'12	'13	'14
ACCREDITATION/LICENSURE								
TJC/CMS ACCREDITATION REVIEW	FULL		FULL	FULL	FULL	FULL	FULL	FULL
STATE – TSHS* LICENSURE	ACHIEVED		ISSUED	ISSUED	ISSUED	ISSUED	ISSUED	ISSUED
MAGNET/PATHWAYS TO EXCELLENCE †	ACHIEVED		ISSUED	ISSUED	ISSUED	ISSUED	ISSUED	ISSUED
CAP/CLIA** †	ACHIEVED		ISSUED	ISSUED	ISSUED	ISSUED	ISSUED	ISSUED
AHRP/ACGME*** REVIEWS †	FULL		N/A	N/A	N/A	N/A	N/A	N/A

REGULATORY/LEGAL COMPLIANCE			'09	'10	'11	'12	'13	'14
WORKPLACE SAFETY/OSHA CITATIONS	ZERO		ZERO	ZERO	ZERO	ZERO	ZERO	ZERO
WORKPLACE SECURITY COMPLIANCE⁺	100%		100%	91%	87%	92%	93%	97%
EPA COMPLIANCE MANAGEMENT****	100%		100%	100%	100%	100%	100%	100%
SANCTION SCREENING (FEDERAL AND STATE)	MONTHLY		100%	100%	100%	100%	100%	100%
SANCTIONS LEGAL VIOLATIONS †	ZERO		ZERO	ZERO	ZERO	ZERO	ZERO	ZERO

HEALTH CARE SERVICE/SAFETY RISK MANAGEMENT			'09	'10	'11	'12	'13	'14
PATIENT SAFETY–SALTS***** MONITORED	100%		100%	100%	100%	100%	100%	100%

† indicates a voluntary measurement that is not mandatory by an external party or agency   ⁺ Incorrectly reported in 2013 report   * Texas Department of State Health Services   ** College of American Pathologists Laboratory Accreditation Program and Clinical Laboratory Improvement Amendment   *** Alliance for Human Research Protection and Accreditation Council for Graduate Medical Education   ****Zero EPA fines, sanctions or regulatory allegations   ***** Safety Action Learning Tool

OUR PATIENTS

Texas Health Resources (Texas Health) strives to be recognized nationally as an excellent and innovative health care system that provides integrated, coordinated care across the continuum. Putting patients first and improving their health outcomes is helping us achieve this goal.
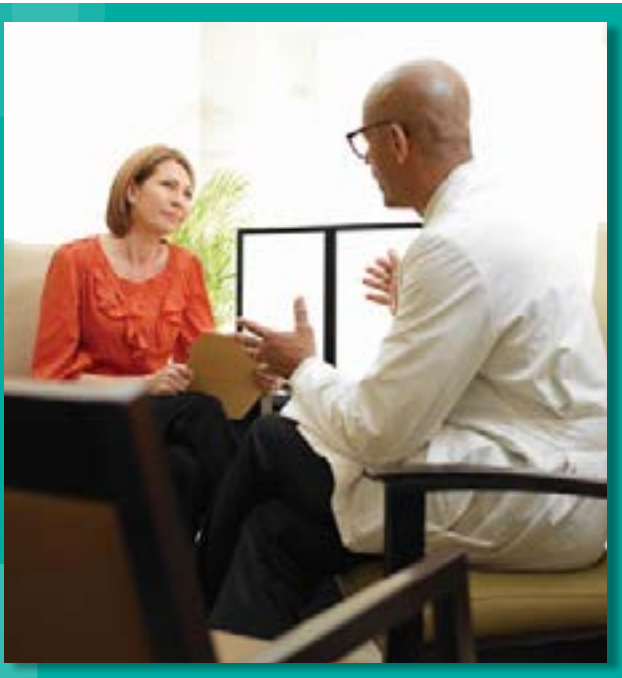
2014 HIGHLIGHTS

DELIVERED evidence-based care appropriate for patients' **DIAGNOSIS 97%** to **100%** of the time

Improved patient satisfaction in EVERY setting since 2009

Helped develop the blueprint for improvement initiatives that will make Fort Worth a Blue Zones® Project community

Aligned with Blue Cross and Blue Shield of Texas to improve patient health, and REDUCE UNNECESSARY VISITS and duplication of services

Affiliated with MinuteClinic® in select CVS/pharmacy® stores and Target Clinic locations to offer walk-in medical care supported by Texas Health Physicians Group

DELIVERED COMPREHENSIVE PHYSICIAN TRAINING TO HELP ORCHESTRATE POPULATION HEALTH PROGRAMS

Began developing bundled care products on select procedures to reduce costs and simplify billing

RECEIVED the Texas Hospital Association's 2014 Bill Aston Quality Award for our Comprehensive Diabetes Care program

Published **medical quality and safety information** in the QUALITY AND SAFETY REPORT TO THE COMMUNITY: A TRANSPARENT REPORT CARD

PATIENT EXPERIENCE

As a faith-based nonprofit, Texas Health is in the business of caring for people in need; we put patients at the center of everything we do. Delivering an exceptional patient experience characterized by compassion, clear communication and helpful navigation through each step of the care process not only earns our patients' trust, it also improves health and outcomes, and lowers readmissions and costs—all things that are essential to our mission, vision and values.

In 2014, Texas Health's dedicated Service Excellence experts expanded development opportunities for all staff systemwide. They also rolled out strategies to 241 Texas Health Physicians Group (THPG) clinics to reduce variation in service. This effort included training nearly 1,000 receptionists and medical assistants to standardize the Service Excellence culture among the providers who work across 11 North Texas counties. This same training will be given to regional directors and clinic leaders in 2015.

To address potential issues faster, we began pushing satisfaction reports to practice managers and hired a patient advocate to add structure around THPG's complaint management process. Improvements made to date have already boosted complaint resolution (primarily related to billing) to an A- rating with the Better Business Bureau.

To measure patient satisfaction and their likelihood to recommend Texas Health, we contract with national vendor Press Ganey, which benchmarks scores against national, customized and local databases. Overall, we have improved satisfaction in the inpatient, outpatient, Emergency Department and ambulatory services settings since 2009.

SERVICE EXCELLENCE STRATEGY

Designed using evidence-based tactics that have the greatest impact, Texas Health's strategies include:

- Ongoing clinical and leader rounding to build relationships, monitor care and answer patients' questions or concerns.
- Giving system leaders and staff tools, tactics and techniques that improve the patient experience.
- Monitoring patient satisfaction surveys to identify what is most important to patients, what we do well and what we could do better.
- Addressing service failures immediately and identifying opportunities for improvement.
- Using Texas Health MyRounds®, an online tool that allows clinical leaders to track patient comments and ideas during rounding.

LIKELIHOOD TO RECOMMEND HOSPITAL
PRESS GANEY MEAN SCORE

'14	92
'13	91.6
'12	90.9
'11	90.3

85   87   89   91   93   95
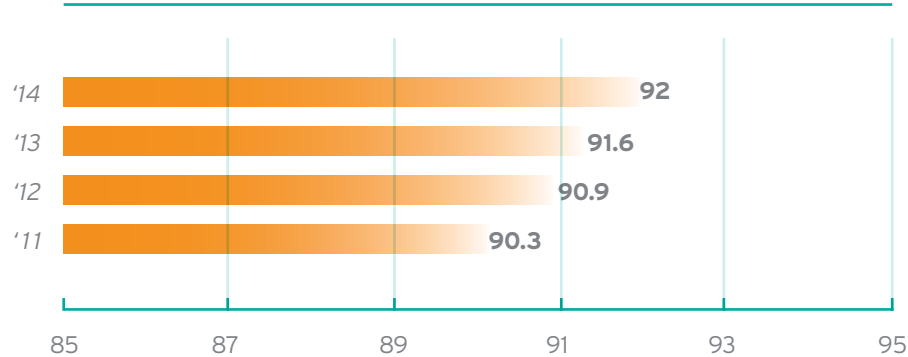
HCAHPS WILLINGNESS TO RECOMMEND
PERCENT "DEFINITELY YES"

'14	80.6
'13	79.9
'12	78.2
'11	76.7

70   75   80   85
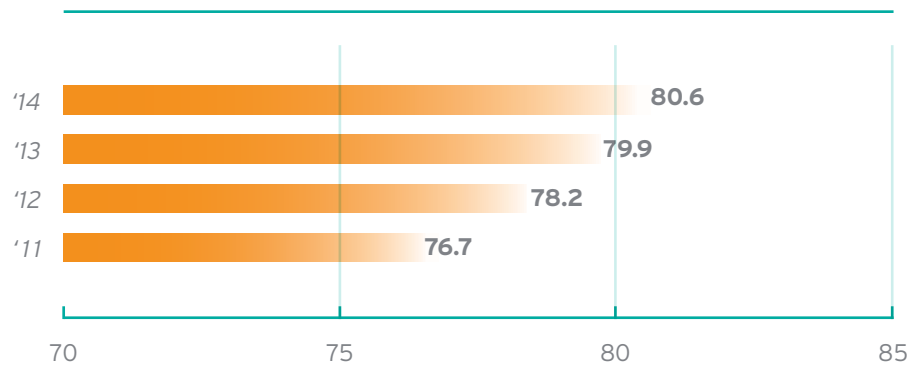
MAKING CARE CONVENIENT

Texas Health Harris Methodist Hospital Alliance launched an interactive education program that helps patients understand their diagnosis and treatment. Using tablets attached to ergonomic swing arms, patients can access reliable health care information, adjust temperature and order meals from their beds.

"When you are in the hospital, you are usually not at your best, which can make it difficult to understand your diagnosis and treatment," said Kendra Slatton, chief nursing officer. "With this program, we are giving patients the options of how and when they want to learn, helping to hopefully create a more engaged, empowered patient."

RESEARCH AND MEDICAL EDUCATION

Accredited by the Association for the Accreditation of Human Research Protection Programs, Texas Health Research & Education Institute (THRE) enables thousands of physicians on the medical staffs and their clinical teams to conduct cutting-edge medical research and receive certified medical training to use innovative clinical treatments, devices and processes.

Research

THRE is one of the most comprehensive medical research hubs in the state and offers Texas Health's affiliated physicians and clinicians, medical research firms and universities a single location to design, test and implement innovative medical technologies, procedures and protocols. Along with two stand-alone facilities equipped with exam rooms, labs, pharmacies, monitoring space and research teams, THRE also operates a Minimally Invasive Technology Center that offers tools, techniques and training on minimally invasive procedures. Research coordinators, nurses, data analysts and statisticians support research trials and innovations, along with developing and executing grants.

While companies and universities fund their own research projects and any system personnel who may assist, Texas Health underwrites studies that support hospital initiatives conducted by its own physician investigators and clinical teams. An independent Institutional Review Board reviews and approves proposed studies to validate they are appropriate, scientifically sound, and comply with ethical and legal guidelines.

560 PHYSICIANS, ALLIED HEALTH AND OTHERS SUPPORTED

200 STUDIES CONDUCTED

30+ RESEARCH STAFF

94 RESEARCH EVENTS, TRAININGS AND MEETINGS HELD

Each year, THRE hosts high school students to recruit the next generation of medical innovators. It uses these events to teach students about medical education, training and research, explore career options and demonstrate advances in medical technology.

Medical Education

THRE helps physicians and other health care professionals deliver high-quality health care to patients through continuing medical education (CME) programs. THRE is accredited with commendation by the Accreditation Council for Continuing Medical Education. Along with traditional classroom learning, skills training and committee learning, health professionals take courses online and through live streaming.

THRE received the 2014 Outstanding CME/CE Enduring Material Award from the Alliance for Continuing Education in the Health Professions for *Women and Depression: Navigating the Clinical Course*©. This innovative CME offering was THRE's first experience with a learning game applied in a clinical setting. The game is designed to help improve health care providers' ability to recognize, diagnose and treat major depressive disorders, while also considering gender differences in behavioral health.

24,846 PHYSICIAN & HEALTH CARE PROFESSIONAL PARTICIPANTS

1,454 CME ACTIVITIES HELD

35,000 CREDIT HOURS AWARDED

POPULATION HEALTH MANAGEMENT

Texas Health's mission is to improve the health of the people in the communities we serve. To fulfill our mission, we must not only care for people when they are ill, but also work to keep them healthy and out of the hospital. Through our Population Health, Education & Innovation Center, teams are identifying, developing and implementing innovative population health strategies, tools and programs to help North Texans achieve greater overall well-being.

Well-being initiatives

Texas Health is implementing the following strategies to improve residents' physical, mental and emotional health:

Developing Blue Zones® communities

Poor health is estimated to potentially cost Fort Worth $5 billion in lost productivity and health care costs over the next 10 years, undermining the city's economic viability and residents' quality of life. To provide holistic well-being support to people living in Fort Worth, Texas Health partnered with city officials, the Fort Worth Chamber of Commerce and Healthways, Inc. to transition the city into a certified Blue Zones Project by 2018.

Blue Zones Projects make healthy choices easier for residents by optimizing their physical surroundings, policies and social connections. Since the initiative began, Texas Health has provided $500,000 to conduct a feasibility study, and strategic direction and counsel. Texas Health CEO Barclay Berdan also serves on its Steering Committee.

People live measurably longer, active and happier lives, and have lower rates of chronic disease in Blue Zones Project communities.

Texas Health Harris Methodist Fort Worth's employees ride around the hospital campus.

Over the next four years, the city will be implementing environmental changes in six key areas, including worksites, schools, grocery stores, restaurants, individuals and community policy. Once goals are met, Fort Worth will be certified as a Blue Zones Project Community.

In 2014, Blue Cross and Blue Shield of Texas became a pivotal sponsor by committing $5 million to the community well-being improvement initiative. Half of these dollars were allocated for a Community Catalyst Grant, which matched other donations given in that year. Also during the year, the Gallup-Healthways Well-Being Index® conducted a baseline survey of well-being to help Blue Zones Project leaders identify specific challenges that Fort Worth residents face. The city's overall score was 58.8, slightly under the U.S. average of 61.9. Using this information, leaders developed a project blueprint and hired staff to begin executing improvement initiatives.

In 2015, workshops aimed at building healthy neighborhoods are being held, along with a schools and food policy summit. Planners also are meeting with local schools, grocery stores, restaurants, worksites, faith-based organizations and others that have expressed interest in becoming Blue Zones Project Approved organizations. Community engagement is an essential component of the project.

Offering a well-being assessment tool

The Gallup-Healthways Well-Being Index®, which collects health and well-being data, found that states that score higher on overall well-being have lower obesity, blood pressure and smoking rates, and higher levels of exercise. In 2014, the state of Texas ranked 10th in overall well-being among U.S. states, improving its position from 27th the year before.

As Texas Health's commitment to improving health extends far beyond the walls of our health system, we are working to improve people's quality of life and lower health care costs. One way we are achieving this is by helping North Texas communities measure their overall well-being—and then offering resources to create an improvement plan.

We created a free online tool to assess people's sense of purpose, social connections, financial security, community relationships and physical health. Looking at each of these elements as a whole can determine their overall well-being. As of 2014, the tool became available to residents throughout North Texas. In coming years, Texas Health will continue gathering well-being data in an effort to identify what programs and services should be offered in particular neighborhoods, which supports our key strategy of improving population health.

5 ELEMENTS OF WELL-BEING

SENSE OF PURPOSE
Liking what you do each day and being motivated to achieve your goals.

SOCIAL CONNECTION
Having supportive relationships and love in your life.

FINANCIAL SECURITY
Managing your economic life to reduce stress and increase security.

COMMUNITY RELATIONSHIP
Liking where you live, feeling safe and having pride in your community.

PHYSICAL HEALTH
Having good health and enough energy to get things done daily.

Clinical Initiatives

To target health services when and where they are needed most, and to streamline the billing process, Texas Health is:

Leveraging clinical analytics

Texas Health reviews patient data captured through its electronic health record and health information exchange to proactively deliver interventions before health issues escalate, and to deliver the right treatment at the right time in the right place. This not only improves patient outcomes, but also lowers health care costs.

Facilitating physician-directed care

As part of health reform, physicians are transitioning away from providing individual-based care to directing the care for entire populations—and they are being compensated based on outcomes achieved instead of per office visit. In this role, physicians can better control costs, strengthen relationships with patients and care teams, and improve care coordination. Texas Health began preparing physicians to fundamentally change how they practice medicine by offering extensive leadership training in 2014.

Bundling payments

To reduce expenses of both care providers and insurers, and to help patients and providers better understand the total cost of care, Texas Health is streamlining billing by offering bundled care products. While the concept of providing one bill for related health services seems simple, it requires providers to reduce unnecessary variations in service, and create new order sets[1] and processes. It also requires integrating disparate billing processes and technologies.

In 2014, we began consolidating billing for the following procedures and will continue to add more in the future:

- Major joint replacement at Texas Health Harris Methodist Hospital Southwest Fort Worth and Texas Health Presbyterian Hospital Plano.
- Spine care at Texas Health Harris Methodist Hospital Fort Worth.
- Coronary artery bypasses graft and valve replacement at Texas Health Presbyterian Hospital Dallas.

[1] An order set is a standardized list of orders for a specific diagnosis that were developed by physicians using evidence-based best practices.

$4 TRILLION ESTIMATED HEALTH CARE COSTS IN U.S. BY 2017

50+% COSTS WILL BE DUE TO PREVENTABLE DISEASES

88% OF AMERICAN HEALTH CARE $$$ DOLLARS ARE $$$ SPENT TO ACCESS CARE & TREATMENT, BUT JUST 4% IS SPENT ON LIFESTYLE OPTIONS THAT COULD MAKE PEOPLE HEALTHIER* TEXAS HEALTH IS WORKING TO REVERSE THIS TREND

35+% OF PEOPLE LIVING NEAR TEXAS HEALTH HAVE MORE CHRONIC DISEASES COMPARED TO OTHER TEXANS

* New England Healthcare Institute

Improvement Initiatives

Americans spend 88 percent of their health dollars to access care and treatment, but just 4 percent on lifestyle options that could make them healthier. Texas Health is working to reverse this trend. We are providing the people of North Texas with resources to improve their health so they don't develop chronic diseases that require expensive, long-term care. Additionally, we are:

Delivering culturally competent care

Texas Health is focused on delivering more culturally effective and responsive health services to multicultural populations to improve their outcomes and satisfaction. Our teams continuously learn about the nuances of the cultural dynamics in health for the different communities that seek our care. For example, we participate in Binational Health Week, one of the largest mobilization efforts to improve the health and well-being of underserved immigrants and migrants of Latin American origin living in the U.S. and Canada.

Designing health improvement programs

After completing a robust Community Health Needs Assessment in 2013, Texas Health began designing health improvement programs centered on increasing health awareness, literacy and navigation and reducing chronic disease. Since then, we have been:

- Developing resource guides to notify residents of available health services and how to access them.
- Expanding outreach to our faith community partners to conduct congregational health assessments and evaluate that support levels are meeting members' needs.
- Partnering with community centers, the Dallas-Fort Worth Hospital Council, public health departments, YMCA, University of North Texas Health Science Center, United Way and others to maintain health awareness, literacy and navigation.
- Expanding the Healthy Zone School Recognition Program that focuses on nutrition and physical activity, and preventing childhood obesity in four independent school districts.
- Implementing Blue Zones Project communities, starting with the City of Fort Worth.
- Implementing Stanford University's Better Choices, Better Health™ Program both online and at Texas Health hospitals. This evidence-based, chronic disease self-management program provides weekly support and action plans to help residents improve their health.
- Launching a Comprehensive Diabetes Care program to better coordinate diabetes treatment among providers.

Texas Health delivers culturally effective and responsive health services to multicultural populations to improve their outcomes and satisfaction.

SNAPSHOT: TACKLING DIABETES

According to the Centers for Disease Control and Prevention, diabetes affects the health of 9.8 percent of the population of Texas—approximately 2.6 million people. Diabetes costs Texans more than $18 billion each year in medical costs, lost work time and productivity.

To address this growing health problem and reduce variations in how diabetes care is delivered, Texas Health created a systemwide Comprehensive Diabetes Care Initiative that improves community education, advances treatment options and better coordinates care between hospitals and other health providers. We want every patient, no matter where they are seen, to receive the same advanced evidenced-based care. We standardized patient education materials in 2014 to aid in that effort.

Each Texas Health facility offers diabetes patients ongoing support and education to help them manage their disease more effectively and lower health care costs. Thousands of nurses have received comprehensive training on diabetes management, and more than 250 Diabetes Resource Team members share information and best practices with other caregivers at their hospitals.

As 80 percent of hospitalists[2] deliver diabetes treatment, they can access on-demand training on such topics as diabetes, oral glycemic agents and insulin. Texas Health also standardized physician order sets to provide consistent and expedited care orders once diabetes is diagnosed. We began offering these order sets to independent physicians, those practicing at Texas Health Physicians Group and to hospitalists at some of our joint-venture partners in 2014.

In the community, an outpatient work group engages and educates primary care physicians in our eight American Diabetes Association-certified outpatient centers. Texas Health opened two new Diabetes Wellness Centers in Plano and Denton during the year. Thanks to the program, Texas Health is seeing positive outcomes. Specifically, patients' readmission rates have reduced 3.65 percent since 2012 (from 16.81 percent to 13.16 percent in 2014), their in-range glycemic values have increased and we have been able to reduce insulin medication errors.

Texas Health's Comprehensive Diabetes Care program seeks to become the premier provider of diabetes services in North Texas. In 2014, it received the Texas Hospital Association's 2014 Bill Aston Quality Award for measurable success in improving quality and patient outcomes through a sustained patient care initiative.

The American Diabetes Association has accredited Diabetes Wellness Centers at eight Texas Health facilities to date.

[2] Hospitalists are physicians whose primary professional focus is the general medical care of hospitalized patients.

CONTINUUM OF CARE

The need to manage patient care outside the walls of Texas Health facilities creates new opportunities for collaboration with physicians, clinics and primary care providers. We have been transforming our model of health services to one that is based on a physician-directed, care-team approach, which is designed to keep people healthy and out of hospitals except when they are acutely sick or injured. As part of this process, Texas Health is aligning core competencies with services to provide the highest quality of care in the areas in which we excel. As a result, we are building a clinician network of size, scale and capability to manage all lives for which we are accountable.

Expanding Our Reach

Texas Health forges agreements with physicians, payers, employers and other health systems to align efforts around what is best for the patient across the entire continuum of care. In 2014, we formed a strategic alliance with Blue Cross and Blue Shield of Texas to create one of the largest Accountable Care Organizations (ACOs) in the nation. It is designed to improve patient health and reduce unnecessary hospital admissions, readmissions, emergency room visits and duplication of services.

The partnership also is allowing us to:

- Identify disease and illness early on through effective management and coordination of patient care.
- Use advanced technology and support services to make more informed decisions.
- Facilitate the patient and provider relationship and transitions in care.
- Implement an alternative or non-fee-for-service payment arrangement.
- Lower cost trends by strengthening coordination among payers and providers.

Also during the year, Texas Health, Texas Health Physicians Group (THPG) and Cigna began collaborating to improve health, care affordability and the patient experience. The partnership will benefit more than 17,000 people covered by a Cigna health plan who receive care from approximately 250 THPG primary care physicians.

PROVIDING A
CONTINUUM OF CARE

HEALTH CARE

Texas Health *Physicians Group*

Independent *Physicians*

POPULATION HEALTH

AMBULATORY SERVICES

- Integrated Healthcare Campus
- Urgent Care/ Emergency Department
- Diagnostics
- Ambulatory Surgical Center

POST-ACUTE SERVICES

- Home Health
- Skilled Nursing
- Long-Term Acute Care Hospital
- Rehabilitation
- Hospice/Palliative Care

HOSPITALS/ACUTE CARE
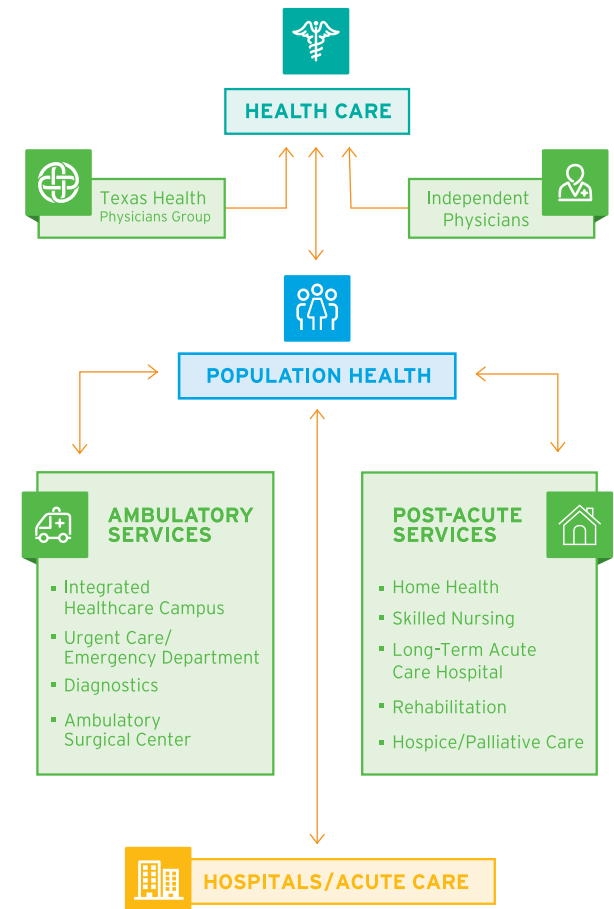
Growing Our System

Texas Health continued constructing and expanding our own care facilities during the year. These included:

- Building a new cardiac catheterization lab at Texas Health Harris Methodist Hospital Alliance in honor of Doug Hawthorne, FACHE, founding CEO emeritus of Texas Health. It will allow cardiologists to perform sophisticated diagnostic procedures.

- Offering physical and neurological evaluations and treatment plans for concussion patients at the Texas Health Ben Hogan Concussion Center.

- Constructing the Texas Health Behavioral Health Center Arlington to provide depression, stress, anxiety, addiction and other behavioral health support.

- Collaborating with Sound Physicians and MD on Call to provide a medical hospitalist program and services at Texas Health Presbyterian Hospital Dallas.

- Providing primary care services in Terrell, extending health care services to a new community.

- Opening Azle Minor Care to treat non-emergent acute conditions to all people regardless of financial need.

Texas Health leaders break ground on a new medical office building to serve the North Texas community.

830+ PRACTICING PHYSICIANS
AND MEDICAL PROFESSIONALS

250 CLINICS AND ANCILLARY
SERVICE SITES IN 11 COUNTIES

146 PROVIDERS RECOGNIZED BY THE NATIONAL COMMITTEE
FOR QUALITY ASSURANCE FOR DELIVERING QUALITY CARE

53 MEDICAL SPECIALTIES OFFERED

91 CLINICS RECOGNIZED BY THE TMF HEALTH QUALITY INSTITUTE
FOR PROVIDING EXCEPTIONAL PREVENTIVE SERVICES

32 MEDICAL HOMES RECOGNIZED FOR IMPROVING
CLINICAL OUTCOMES AND PATIENT SATISFACTION

SNAPSHOT: TEXAS HEALTH PHYSICIANS GROUP

Texas Health Physicians Group (THPG) is a nonprofit physician organization that helps Texas Health sustain its financial viability and transform the way primary and specialty care is organized and delivered. Its clinical team and patient navigators work to improve care quality and outcomes by better coordinating prevention and wellness programs, as well as acute care, long-term and hospice care. This is integral to Texas Health's strategy to become an integrated provider of care and to improve population health.

In 2014, THPG affiliated with MinuteClinic®, the walk-in clinic inside select CVS/pharmacy® stores, to provide consulting physicians to MinuteClinic providers in more than 40 locations. In addition, THPG affiliated with eight Dallas-area Target Clinic locations, the retailer's first clinics in Texas to offer walk-in medical care.

Also during the year, THPG spent considerable time preparing for the implementation of the ICD-10 coding conversion that will occur in October 2015, and consolidated more than 100 primary care physicians' websites to create www.THPG.org. Finally, the National Committee for Quality Assurance recognized THPG's 32 medical homes and two specialty practices for taking transformative steps to focus on patient-centered care.

SAFE AND QUALITY CARE

Texas Health's ability to fulfill our mission and preserve our reputation is based on providing high-quality care that is evidence-based and scientifically sound. After all, it is our medical expertise, innovation of care and history of success that earn patient trust and increase referrals.

Performance Improvement

Continuous clinical performance improvement is a key strategy for Texas Health. We know we must design and deploy innovative care models that measurably improve patients' quality of care, health and well-being. To accomplish this, we review industry benchmarks, identify internal and external best practices and lessons learned, set performance goals and monitor how well we:

- Deliver reliable care that is safe, outcome-focused and provided in a kind way.
- Provide access to care and how promptly we treat patients.
- Communicate health and treatment information.
- Perform against publicly reported clinical, safety and efficiency measures.
- Avoid readmissions or hospital-acquired infections/conditions.
- Transition patients within and across care settings.

To identify areas of underperformance and opportunity, clinical and operational leaders routinely review performance quality and safety metrics and patient satisfaction data at the unit, hospital, zone and system levels. If necessary, they appoint a taskforce to create and deploy actionable processes for improvement based on internal and external best practices.

In 2014, Texas Health completed a number of projects to drive clinical improvements. For example, we continued to simplify and pilot tools within our electronic health record that extract clinical data to offer real-time analysis of patient care. This helps us deliver appropriate and rapid interventions. We have already piloted tools to help us target and treat at-risk surgical patients or those who had pneumonia, heart failure or acute myocardial infarction.

This year, we collaborated with clinical leaders and used these tools to screen inpatients to determine if they were current on their immunizations. We identified and vaccinated an additional 226 people, from the prior year, before they were discharged. This improved our influenza immunization scores to 99.46 percent and represented another step in improving population health.

SNAPSHOT: EARLY SEPSIS DETECTION SAVING LIVES

Sepsis, an overwhelming immune response to infection, contributes to up to half of all U.S. hospital deaths* as symptoms can set in before they are detected.

Through a collaborative effort with the Center for Transforming Healthcare, Texas Health Presbyterian Hospital Plano embarked on a project to determine ways to identify and treat the condition before it worsened. Through the combined effort of clinical leadership and staff, the hospital significantly modified multiple processes of care—from creating new workflow methods and electronic tools in the electronic health record to issuing new physician order sets systemwide.

These changes reduced sepsis mortality rates by more than 20 percent, saving approximately 47 lives, earning Texas Health Plano the 2014 Texas Health Resources Quality Award in the Performance Improvement category. These best practices have been shared systemwide.

Kaiser Permanente Northern California Division of Research study.

Safety

Texas Health is committed to the health and safety of our patients. We work tirelessly to refine our practices, reduce risks, and promote a safe treatment and healing environment, while aligning our patient safety goals with the goals of The Joint Commission. Considering the following statistics, it is incumbent on not only Texas Health, but the entire health care industry, to see that patients are not further harmed while under our care:

- More than 500,000 falls happen each year in U.S. hospitals, resulting in 150,000 injuries.[3]
- One in 20 patients contract hospital-acquired infections.[4]
- Medication errors harm an estimated 1.5 million Americans each year, resulting in 220,000 to 440,000 deaths and billions in additional medical costs.[5]

To address our key patient requirements of *heal me* and *keep me safe*, Texas Health designed and deployed the following key patient safety strategies:

High reliability in safety

As part of our efforts to create a culture and processes that reduce system failures and respond effectively when they occur, Texas Health conducted an independent assessment of patient and employee safety events in 2014. The assessment identified a broad view of improvement opportunities and proactive ways to recognize potential hazards before they cause harm.

Our goal is to reduce variation in practice and waste, and inflict zero harm to patients. In 2015, we will unveil error prevention tools, and deliver mandatory training to all leaders and frontline staff to teach leadership behaviors and strategies to implement our commitment to zero harm.

> " Texas Health's goal is zero harm, and to see that patients receive consistent, excellent care **every time, in every setting.** "

ADDITIONAL SAFETY PRECAUTIONS

Texas Health takes additional precautions to protect patients from harm. They include:

- Washing hands consistently.
- Communicating with patients and clinical teams to promote accurate treatment and monitoring.
- Assessing skin to prevent pressure ulcers.
- Preventing central line infections.
- Observing clinical teams to validate best practices are being followed.
- Identifying why and where falls occur.
- Requiring and administering vaccinations.
- Reducing hospital-acquired infections.
- Using smart pumps for intravenous administration of medications and fluids to avoid medication errors.

---

[3] According to the National Patient Safety Foundation   [4] Ibid   [5] Journal of Patient Safety, September 2013

Safe surgery initiative

The World Health Organization's Safe Surgery Initiative calls for clinical teams to take a timeout immediately before surgery to confirm a patient's identity, the procedure to be conducted, location of surgical site and any unique patient needs. By following these critical steps, we are reducing avoidable risks.

Bar-coded medication verification

Medication administration errors can put patients at risk of adverse reactions or even death. In response, Texas Health implemented computerized physician order entry systemwide to reduce errors related to handwriting interpretation. We also employed Bar-coded Medication Verification, which allows clinicians to verify if the right patient is receiving the *right medication*, at the *right dose* via the *right route* and at the *right time*.

All medications are bar-coded either by the manufacturer or by the hospitals' pharmacy department. Prior to administering, caregivers scan the patient's armband and then the barcode. Our electronic health record immediately verifies if it is the correct medication. If a discrepancy occurs, the caregiver is alerted so the process can be stopped and corrected.

Mitigating emerging issues

In 2014, Texas Health responded to a nationwide alert The Joint Commission issued notifying health providers that misconnected medical tubing (e.g., using an intravenous tube at an epidural site) can cause severe patient injury or death. In response, the International Organization for Standardization developed new manufacturing standards that make it nearly impossible to connect tubing delivery systems that serve different functions. Texas Health has been working with vendors to distribute newly designed tubing systemwide to prevent connection errors from occurring.

Also during the year, hospitals across the U.S. experienced shortages in medications and normal saline solutions. Texas Health worked with pharmaceutical vendors to ensure its inventories were sufficient to deliver safe patient care. Fortunately, no patient was adversely affected. Finally, Texas Health closely monitored emerging diseases, such as severe acute respiratory syndrome (SARS), and shared significant information systemwide on proper patient screening.

10 Hospitals earned an

A SAFETY RATING
from The Leapfrog Group

Safety Outcomes

One way Texas Health measures safety performance is through the Agency for Healthcare Research and Quality's PSI 90[6] composite score, which aggregates numerous patient safety indicators. We have steadily improved our PSI 90 and hospital-acquired condition metrics, reduced our MRSA[7] rates nearly 42 percent since 2012, and have achieved top decile performance for delivering influenza vaccinations according to evidence-based standards. We are working to further reduce hospital-acquired urinary tract infections, colorectal surgical site infections and central line-associated bloodstream infections.

[6] The PSI 90 composite measure includes pressure ulcers, Iatrogenic pneumothorax, central venous catheter-related bloodstream infections, accidental puncture or laceration, as well as post-operative hip fractures, hemorrhage/hematoma, physiologic and metabolic derangements, respiratory failure, pulmonary embolism or deep vein thrombosis rate, Sepsis and wound dehiscence. [7] MRSA is methicillin-resistant *Staphylococcus aureus*, a type of staph bacteria that is resistant to many antibiotics. It can cause bloodstream infections, pneumonia and surgical site infections.

PSI 90 COMPOSITE

PSI 90 COMPOSITE SCORE (AHRQ)

'10 '11 '12 '13 '14
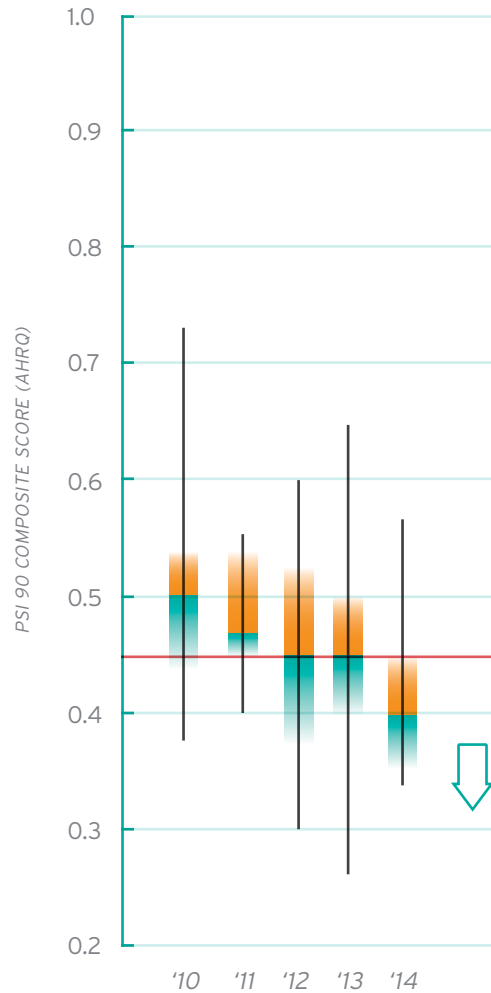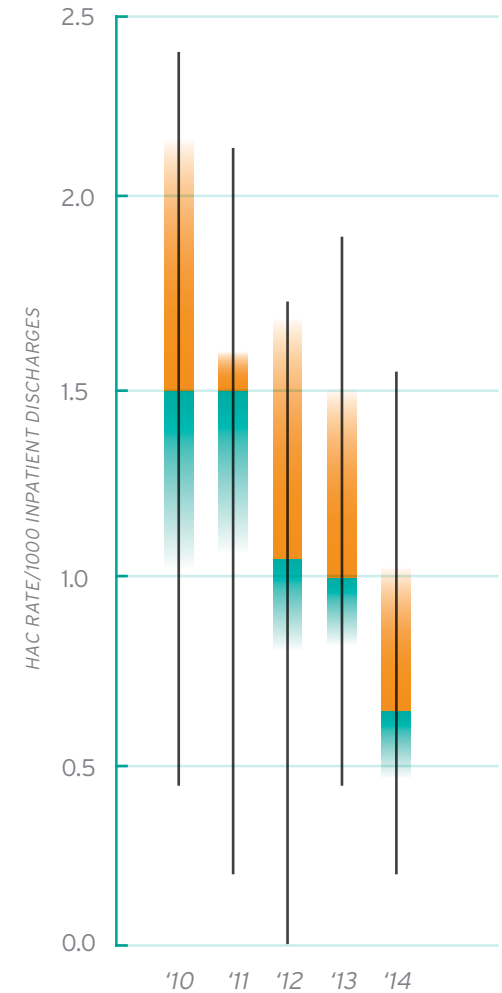
— CENTERS FOR MEDICARE AND MEDICAID SERVICES' VALUE-BASED PURCHASING BENCHMARK

HOSPITAL-ACQUIRED CONDITIONS

HAC RATE/1000 INPATIENT DISCHARGES

'10 '11 '12 '13 '14

QUALITY MEASUREMENT & OUTCOMES

As a nonprofit health care system and a community resource, Texas Health routinely assesses and annually reports on care provided by its staff to confirm best practices are being followed and to identify improvement opportunities. We believe this information drives continuous performance improvement through accountability.

Measurement

Two of the primary ways Texas Health assesses clinical performance include:

1. Participating in the Premier Health Alliance QUEST project[8] to measure and compare how frequently we deliver evidence-based care in a safe, effective and efficient environment against other hospital and ambulatory settings.

2. Monitoring how well we prevent or treat heart attacks, heart failure, pneumonia, blood clots, hospital-acquired infections and strokes against standards (core measures[9]) developed by The Joint Commission and the Centers for Medicare & Medicaid Services (CMS).

Another key way we monitor quality of health care is through readmission rates. Hospital readmissions typically occur when patients do

[8] The QUEST collaborative is a group of 350 high-performing U.S. hospitals working to reduce mortality, harm, readmissions and cost of care. [9] The Centers for Medicare & Medicaid Services' core measures evaluate clinical performance and financially compensate hospitals for above-average work.

not understand how to manage their condition, do not adhere to discharge instructions or fail to receive timely physician follow-up. Texas Health spent considerable time in 2014 helping patients sustain their health and avoiding penalties for higher-than-expected readmission rates. These efforts included:

Engaging at-risk patients

Texas Health uses clinical analytics tools and the patient intake process to identify people at risk for poor self-management and readmission based on their health history. This allows us to more closely monitor and aggressively communicate with medium- and high-risk patients immediately.

Redesigning care management

Texas Health in 2014 refined the roles and responsibilities of the care management team, which is composed of care managers, clinical nurse managers and bedside nurses. The group helps confirm medical services and care delivered to patients are appropriate, coordinate care to verify patients see the right health professional at the right time, and effectively transition patients to other providers following discharge. By having care managers focus about 80 percent of their time on improving the care transition process, we have seen a decline in the length of patient stays and number of readmissions, as well as improved patient satisfaction.

We communicate closely with at-risk patients to ensure they understand their treatment and medication plan prior to discharge.

Transitioning care safely

Inadequately sharing patients' health history, care plans and treatment needs when they transition from our care to a rehabilitation center or their home has significant consequences. Often, this can waste time and resources, reduce the quality of patient care and increase the likelihood of readmission. To improve the care transition process in 2014, Texas Health:

- Increased the frequency and extent of communication it has with external health providers to improve understanding and alignment on patient status, treatment plans and next steps.

- Provided care instructions to patients immediately upon admittance, throughout their stay, upon discharge and within three to seven days of being released. Recognizing that patients are often heavily medicated, stressed and confused, we repeat these instructions to help them heal faster and avoid being readmitted.

- Coached bedside nurses to effectively and safely guide patients through the discharge process.

- Coordinated follow-up appointments for high-risk patients with their primary care physician or specialist, or scheduled a nurse practitioner to visit their home three to seven days following discharge. We also helped verify patients filled prescriptions and took medications as directed. Lower-risk patients receive the same attention about a week following discharge. We continue this follow-up 30, 60 and 90 days post-discharge to monitor if patients continued to follow care plans.

In addition to managing care transitions, Texas Health is strengthening how it coordinates care to reduce variation among hospitals, physicians' offices and other community health providers. These variances can result in an incomplete view of a patient's health status, treatment history and current medical needs, which directly impacts their quality of care. In 2015, Texas Health will continue to align with others to drive broader accountability for care outcomes.

Appointing clinical nurse leaders

According to the American Association of Colleges of Nursing, "strengthening nursing leadership at the point at which care is delivered" reduces readmissions, improves patient satisfaction and safety, drives core measure compliance and saves money. As part of Texas Health's care management redesign in 2014, we deployed 110 clinical nurse leaders (CNLs) systemwide to oversee the clinical care given to groups of 12 to 16 patients at a time.

Having CNLs continuously review clinical data and direct care of small groups improves patient outcomes. They are able to provide a continuity of care, facilitate interdisciplinary collaboration, mentor bedside nurses and implement process improvement strategies. CNLs also conduct daily interdisciplinary patient progression discussions to improve care coordination and care transition to decrease the risk of readmission.

HCAHPS CARE TRANSITION

Chart values: '12 — Top Decile 62.3%, Texas Health 53.3%; '13 — Top Decile 62.1%, Texas Health 55.6%; '14 — Top Decile 62.1%, Texas Health 57.2%.

Legend: TOP DECILE | TEXAS HEALTH
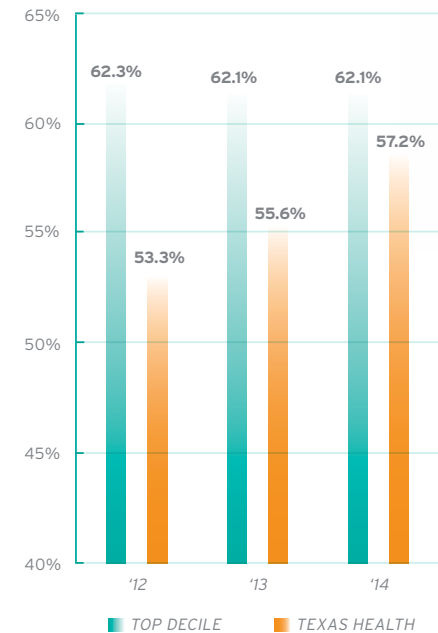
DEVELOPING THE
CREAM OF THE CROP

Texas Health pays tuition for nurses who pursue a master's level, two-year clinical nursing leadership certification through Texas Christian University. Graduates commit to working here for at least two years.

Participating in the CMS Partnership for Patients program

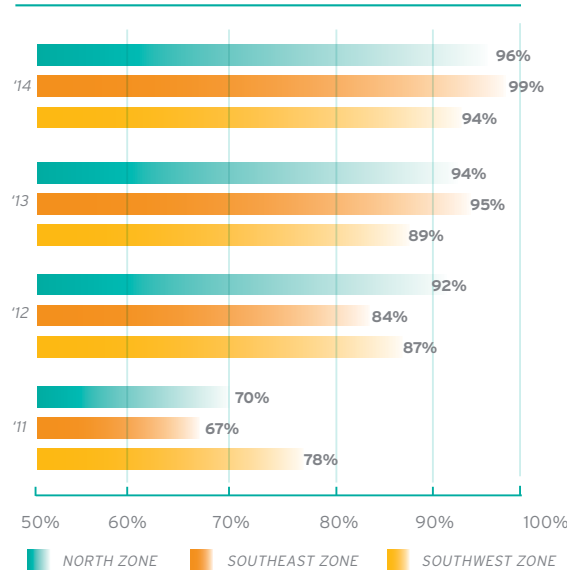Texas Health partners with nearly 3,700 hospitals, health care providers and institutions to identify best practices and solutions to help reduce hospital-acquired conditions and readmissions through the Partnership for Patients program. Texas Health shared best practices in managing insulin learned from our Comprehensive Diabetes Care program with other members in 2014.

Outcomes

By using and sharing best practices, increasing how often patients receive evidence-based care and reducing variation systemwide, Texas Health has made progress in recent years in reducing variation across our hospitals, advancing clinical quality and maximizing reimbursement. For example, our overall appropriate care score quantifies how often we provide patients with every evidence-based practice suggested for their disease type. In 2014, Texas Health hospitals delivered overall evidence-based care appropriate for patients' diagnosis at least 97 percent of the time. In coming years, we will continue taking action to improve consistency in our clinical performance across the system.

STROKE APPROPRIATE CARE SCORE

'14: 96%, 99%, 94%
'13: 94%, 95%, 89%
'12: 92%, 84%, 87%
'11: 70%, 67%, 78%

■ NORTH ZONE   ■ SOUTHEAST ZONE   ■ SOUTHWEST ZONE

Stroke core measures improved significantly from 2011 to 2014 to approach top decile performance.

SEVERITY ADJUSTMENT MORTALITY RATIO

O/E RATIO
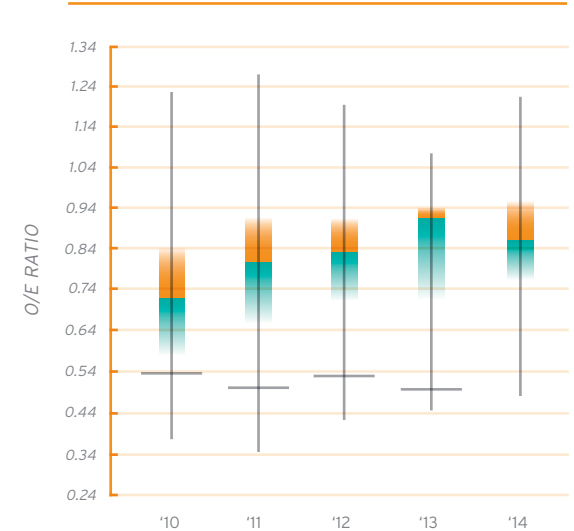
Texas Health's all-cause mortality remains better than expected and improved from 2013 to 2014.

SURGICAL COMPLICATION RATE
(PATIENTS WITH 1+ COMPLICATIONS)

'14: 4.6
'13: 4.7
'12: 5.0
'11: 5.2
'10: 5.4

The rate of surgical complications has dropped nearly 15 percent since 2010.

BEHAVIORAL HEALTH
% OF PATIENTS WHO REDUCED DEPRESSION SCORES AFTER TREATMENT

'14: 96%
'13: 95%
'12: 85%
'11: 70%
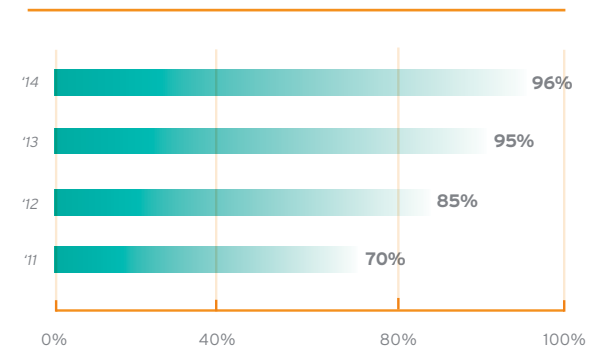
90 percent of outpatients receiving behavioral health care completed the program in 2014 compared to 68 percent in 2011.

Readmissions

While not all readmissions are preventable, the Centers for Medicare & Medicaid Services (CMS) estimate that avoidable Medicaid readmissions cost $17 billion annually[10]. To reduce avoidable hospital stays, CMS financially penalizes hospitals if higher-than-average readmission rates for select procedures are being seen.

In 2014, its Hospital Readmissions Reductions Program withheld up to 2 percent of a hospital's reimbursement payment if it had too many patient readmissions within 30 days of discharge because of heart attack, heart failure or pneumonia. CMS increased this withholding to 3 percent in 2015 and also charged penalties for excessive readmissions of patients who had knee or hip replacements, or had lung ailments, such as chronic bronchitis.[11]

CMS withheld a portion of payments at 56 percent of all Texas hospitals during the year, including seven at Texas Health. None of our hospitals had more than one-half of 1 percent of its reimbursements withheld.[12] Overall, our all-cause[13] readmission rates have decreased since 2012.

[10] http://revcycleintelligence.com/news/preventable-readmissions-cost-cms-17-billion [11] http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Readmissions-Reduction-Program.html [12] http://kaiserhealthnews.org/news/medicare-readmissions-penalties-by-state/ [13] All-cause means patients were admitted for one issue and were readmitted within 30 days for another issue.

30-DAY UNPLANNED READMISSIONS O/E RATIO

'14
- COPD: 0.93%
- PNEUMONIA: 0.88%
- HEART FAILURE: 0.97%

'13
- COPD: 0.95%
- PNEUMONIA: 0.98%
- HEART FAILURE: 0.97%

'12
- COPD: 0.99%
- PNEUMONIA: 0.94%
- HEART FAILURE: 0.99%

'11
- COPD: 0.98%
- PNEUMONIA: 1.05%
- HEART FAILURE: 0.89%

'10
- COPD: 0.95%
- PNEUMONIA: 1.07%
- HEART FAILURE: 1.16%

x-axis: 0   0.2   0.4   0.6   0.8   1.0   1.2

■ COPD   ■ PNEUMONIA   ■ HEART FAILURE

ALL-CAUSE* READMISSIONS

'14 — 7.6%
'13 — 7.81%
'12 — 8.25%

x-axis: 7.00%   7.50%   8.00%   8.50%

TRANSPARENCY

Texas Health recognizes that patients expect to know whether or not a provider delivers exceptional care prior to receiving services. By making data publicly available, we empower patients to make informed decisions to actively participate in their care, which improves their satisfaction and health outcomes.

In April 2014, Texas Health published detailed comparison information about the quality and safety of our medical care in the Quality and Safety Report to the Community: A Transparent Report Card from Texas Health Resources. We are being forthcoming with this data because as a faith-based, nonprofit health care system and a community resource, we believe that consumers should know how we are performing.

ACCREDITATION

Texas Health voluntarily seeks accreditations to drive program quality and service, as they are one way to validate the effectiveness of internal controls. Over the past decade, all of our hospitals have achieved full accreditation by The Joint Commission, and have complied with other federal and state laws and regulations. Additionally, many of our hospitals have earned:

- Magnet Recognition Program® or Pathways to Excellence® status, which recognizes health care organizations that provide the very best in nursing care.
- Cycle III Chest Pain Center accreditation (the highest possible).
- Primary Stroke Center and Acute Heart Failure accreditation for best practices, implementation of clinical practice guidelines and performance measurement activities.
- National Accreditation Program for Breast Cancers for meeting the highest quality breast cancer standards.
- American Diabetes Association accreditation for work in comprehensive outpatient diabetes care and management.
- Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program, which helps reverse serious life-altering and life-threatening medical conditions in adolescents who may be appropriate candidates for bariatric surgery.
- Commission on Cancer of the American College of Surgeons accreditation for our top-performing cancer program.

TEXAS HEALTH'S ANNUAL
QUALITY & SAFETY REPORT

CONTAINS PERFORMANCE DATA ON:

click here

- CANCER
- CHILDBIRTH
- EMERGENCY DEPARTMENT
- HEART ATTACKS/ FAILURE/PROCEDURES
- INFECTION PREVENTION
- MEDICAL IMAGING
- PHYSICIAN OFFICE CARE
- PNEUMONIA
- PREVENTIVE CARE
- STROKE
- SURGERY

RECOGNITION

Texas Health and many of its hospitals were recognized in 2014 for delivering exceptional care, including:

AWARD	WHY
2014 BILL ASTON QUALITY AWARD FROM THE TEXAS HOSPITAL ASSOCIATION	Improving quality and patient outcomes through our Comprehensive Diabetes Care program
QUEST® AWARD FOR HIGH-VALUE HEALTHCARE FROM PREMIER HEALTHCARE ALLIANCE	Two hospitals achieved top performance in cost, evidence-based care, mortality, harm, patient experience and readmissions; only 18 hospitals nationwide achieved this distinction
TOP PERFORMERS ON KEY QUALITY MEASURES® FROM THE JOINT COMMISSION	Exemplary performance in using evidence-based clinical processes that improve care
U.S. NEWS & WORLD REPORT BEST HOSPITALS	Being among the best in the Dallas-Fort Worth area in the 2014 Best Hospitals metro-area rankings
PREMIER PARTNERSHIP FOR PATIENTS AWARD	Excellence of achievement in hospital-acquired conditions and readmissions
MISSION: LIFELINE® SILVER QUALITY ACHIEVEMENT AWARD BY THE AMERICAN HEART ASSOCIATION	Implementing specific quality improvement measures for the treatment of patients who suffer severe heart attacks
SILVER-LEVEL BEACON AWARD FOR EXCELLENCE™ FROM THE AMERICAN ASSOCIATION OF CRITICAL-CARE NURSES	Meeting national criteria consistent with Magnet Recognition Program, the Malcolm Baldrige National Quality Award and the National Quality Healthcare Award
PREMIER AMERICAN EXCESS INSURANCE EXCHANGE RISK MANAGEMENT AWARD	Best practices around open visitation in the trauma intensive care unit, which reduced liability and enhanced quality of care

HEALTH INFORMATION MANAGEMENT

More than 1,000 Americans die each day from preventable medical errors and another 10,000 experience serious complications, which costs about $1 trillion annually.[14] To improve patient safety and enhance coordination of care, Texas Health has invested millions of dollars on health information management systems, which include electronic health records, health information exchanges and other critical technological infrastructure. Not only do these technologies improve health outcomes, they also improve organizational communication and efficiency.

The following describes our key technology investments and improvements being realized as a result:

Electronic Health Record (CareConnect)

Placing patient medical history and treatment plans at physicians' fingertips helps them quickly and decisively deliver effective patient care, which is why Texas Health was one of the first health systems in the U.S. to deploy an electronic health record, CareConnect. With an investment of more than $200 million dollars, this system is the foundation for patient care, safety, quality and efficiency because it:

- Gathers clinical business intelligence to identify trends, gaps and best practices.
- Provides immediate and secure access to health and family health history, medications, results and physician/surgeon notes.
- Coordinates patient care among physicians, pharmacies, labs and providers to expedite the continuum of care.

- Provides prompts, alerts, protocols and checklists to standardize care delivery, order appropriate tests and initiate follow up.
- Reduces duplication of services, orders, tests and paperwork.

In 2014, Texas Health expanded CareConnect to two joint-venture hospitals and 39 clinics within Texas Health Physicians Group. We also:

- Improved patient safety by connecting inpatients' medical devices to CareConnect. This distributes accurate and timely data to clinicians so they can monitor patients' condition and quickly alter treatment if needed.
- Supported the implementation of three bundled care programs that enable patients to pay one price for their entire pre-operation, hospital and post-acute care.
- Modified CareConnect workflows to support hospitals and outpatient clinics that are supporting Delivery System Reform Incentive Payment[15] (DSRIP) initiatives and population health registries.

RETURN ON OUR INVESTMENT

Since being deployed, CareConnect and other health information technologies have earned $74 million in incentives for satisfying Medicare and Medicaid "Meaningful Use" criteria.

---

[14] http://www.healthcareitnews.com/news/deaths-by-medical-mistakes-hit-records, July 2014. [15] DSRIP´s purpose is to restructure health care delivery by reinvesting in the Medicaid program, with the primary goal of reducing avoidable hospital use by 25 percent over five years. The government offers hospitals financial incentives for achieving predefined results in system transformation, clinical management and population health.

Health Information Exchanges

While CareConnect has digitized patient health records, Texas Health prefers that patient information does not reside in digital siloes. This is the reason why we developed and participate in Health Information Exchanges (HIEs). As we expand more into supporting population health, HIEs will enable us to share health information with the North Texas health care community.

HIEs securely extract patient medical information from electronic health records from different health providers to create a single view of a patient's health status that any authorized clinician can access. This improves the coordination and management of health care, eliminates duplicate testing and reduces harmful mistakes. Texas Health launched an HIE to reach systemwide entities, clinics within Texas Health Physicians Group, and select joint venture providers to collect and share patienthealth information that aids in treatment.

Medical Technology

Texas Health deploys various medical and health information technologies that benefit patients and providers alike. For example, these innovations facilitate less-invasive procedures, faster diagnosis and the automatic monitoring of health status, which improves health outcomes and patient satisfaction.

In addition, patients utilizing MyCare, a secured patient portal, can communicate directly with their physician, view clinical results, read discharge instructions, access immunization records and refill prescriptions. Also during the year, we implemented an electronic cardiovascular results system, as well as tools that help standardize order sets, glycemic management, sepsis care, flu screenings and other clinical procedures.

TEXAS HEALTH RECEIVES *INFORMATIONWEEK* ELITE 100 RECOGNITION

Texas Health hospitals in Dallas, Fort Worth and Plano installed "Peek-a-boo" audiovisual systems in their NICUs in 2014. They allow parents who are unable to be at their child's bedside to watch and speak to them using a computer or smartphone any time of day. The systems facilitate parent-child bonding and offer parents peace of mind.

Operational Technology

Texas Health invests in billing, scheduling, coding and other business technologies to keep the health system operating efficiently.

Using technology to automate or expedite tasks reduces the time needed to complete them as well as associated costs. It also helps drive compliance with rules and regulations.

2014 progress

U.S. health care providers that transmit health information electronically will be required to use a new coding system, called ICD-10[16], for diagnoses and inpatient procedures as of October 2015. Preparing for this transition has been a significant undertaking. Texas Health has worked since 2012 to train physicians and coders, and upgrade numerous applications to support ICD-10 codes.

Also during the year, we:

- Supported Health Information Management centralization with tools such as computer-assisted coding, which improves the efficiency of coding and billing by scanning medical documentation, identifying key terminology and suggesting codes for that particular treatment or service.
- Developed a pilot program that makes online appointments with 10 clinics at Texas Health Physicians Group.

In the coming year, we plan to make information technology maintenance more affordable, and increase resources to support innovation and strategic initiatives.

[16] ICD is the abbreviation for the International Classification of Diseases, which is used by the World Health Organization to classify diseases and monitor their incidence and prevalence. The ICD-10 system will have approximately 141,000 diagnosis and procedures codes, which will produce better data for health quality measures, research, monitoring, performance and reimbursement.

**RECOGNITION FOR
TECHNOLOGICAL LEADERSHIP**

Texas Health is a recognized leader in the deployment and use of health information management systems and technologies. In 2014, the system was:

- Named by *Hospital & Health Networks* magazine as one of the nation's "Most Wired" health care systems for the 14th time in 16 years.
- Selected by IDG's *Computerworld* magazine as one of the top 100 workplaces for IT professionals.
- Ranked 18th on 2014 *InformationWeek* Elite 100 for providing better services to patients and cutting delivery costs.
- Recognized for system hospitals reaching Stage 7 HIMSS for moving toward a paperless environment, an achievement reached by only 3.6 percent of U.S. health care organizations.

OUR PEOPLE

Texas Health Resources (Texas Health) is committed to creating a workplace devoted to respect, integrity, compassion and excellence. Our leaders provide a safe, inclusive and stimulating work environment and continuously recognize the dedication and expertise of employees who serve our patients every day.

Being a great place to work is important to us. Our benefits, compensation, recognition and development programs are thoughtfully designed and managed to not only recruit and retain the best people, but also to support The THR Promise℠: Individuals Caring for Individuals, Together®, which is the foundation of our culture.

In 2014, our nearly 21,000 employees, as well as our medical staff, physicians and volunteers, continued to embody the caring and compassionate values that make Texas Health one of the best health systems in the nation and one of the largest employers in North Texas.

2014 HIGHLIGHTS

Began offering benefits coverage to employees' same-sex spouses and domestic partners

Earned a spot on FORTUNE 100 Best Companies to Work For® list as a first-time applicant
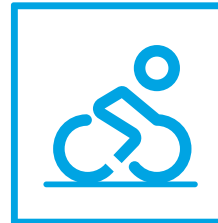
Empowered employees to lose 13,000 pounds and exercise 76.8 million minutes

Recognized 70+% of employees with at least one award, exceeding goal by 30%

Enabled 83% of women/ethnic minorities to serve in management

Created Texas Health Resources University to create a more aligned learning organization and provide the knowledge, skills and tools necessary for system excellence

SCORED IN **98**th PERCENTILE for employee engagement

Improved offer acceptance rate to 95.3%, up 2% over 2013

90% of employees believe their job made good use of their skills and abilities

RECRUITMENT

Texas Health is committed to hiring diverse, compassionate and innovative caregivers to deliver quality patient care and sustain the health system. We thoughtfully recruit those who are committed to patient satisfaction and to make us the provider of choice in North Texas.

Since the competition for health care services and talent in our region is fierce, we are deliberate and fact-based in our hiring approach. We centralize recruitment resources, focus on getting the right talent in the right place within our large organization, and work to hire employees who represent the patient and stakeholder communities they serve.

Market Challenges

Like most health systems, Texas Health faces a shortage of qualified employees in nursing, case management, rehabilitation services and other clinical roles. Not only is the pool of qualified candidates shrinking, but our existing workforce is aging as well. Additionally, changing patient demographics and health needs require innovative approaches and advanced education from our people. Texas Health works diligently each year to offer compensation and education that supports our employees' needs.

Hiring Strategies

To address market challenges, Texas Health has a robust workforce planning initiative that helps it identify and close gaps between the workforce of today and the human capital needs of tomorrow.

It enables us to more efficiently and effectively balance workforce demand and capacity, assess skills, optimize the distribution of talent, enhance job satisfaction and transfer knowledge. In addition to workforce planning, we implement the following recruitment strategies:

- Partner with academic institutions, offer scholarships and reimburse tuition to encourage more people to enter and advance in the field of health care.
- Conduct online behavioral self-assessments, interviews and reference checking to ensure that candidates are a good fit with our culture.
- Hire locally and promote multicultural leaders to reflect the diverse communities we serve.
- Improve recruitment efficiencies to lower replacement costs and boost candidate satisfaction.
- Help newly graduated nurses transition to professional practitioners.
- Expand candidate searches regionally or even nationally.
- Increase bonuses paid for employee referrals.
- Offer a robust compensation program.

Texas Health measures recruitment efficiency and effectiveness processes against regional and national benchmarks, and makes course corrections as needed based on monthly data and quarterly detailed reviews with hiring leaders.

Progress Being Made

Social scientists have suggested from empirical research that as much as 80 percent of employee turnover is caused by sub-optimal hiring decisions.[1] In light of this and similar research, Texas Health continuously seeks to improve how it hires.

One way we did this in 2014 was by incorporating a 360-degree behavioral review of candidates, which scores applicants based on cultural and job expectations. This assessment identifies applicants who were not the best fit for our culture and therefore allows us to move on to candidates who are more aligned with Texas Health's values and culture. This approach helps avoid unnecessary expense and enhances morale, productivity and quality of care.

Other progress made during the year includes:

- Centralizing orientation and onboarding systemwide, and appointing an onboarding navigator to provide new hires with a more personalized experience. This helps ensure that all new employees receive the same information and clearly understand our system and culture.
- Updating our Affirmative Action Plan per new legislation, which requires us to survey applicants to better understand the population of military veterans and individuals with disabilities. We will set hiring goals for these groups in 2015.
- Exceeding recruitment satisfaction goals for both hiring managers and job candidates.
- Maintaining our time-to-fill position rates, which measure how long a position is opened until it is filled.
- Implementing online training to educate managers on recruitment, selection and interview processes.

95.3% Offer acceptance rate **UP 2%**

53% REDUCTION in time to process a candidate through recruitment workflow

30% open positions filled by EMPLOYEE REFERRALS

3 CONSECUTIVE YEARS achieved **top 75 percentile** for key recruitment indicators

4,005 NEW HIRES **UP 24%** SINCE 2010
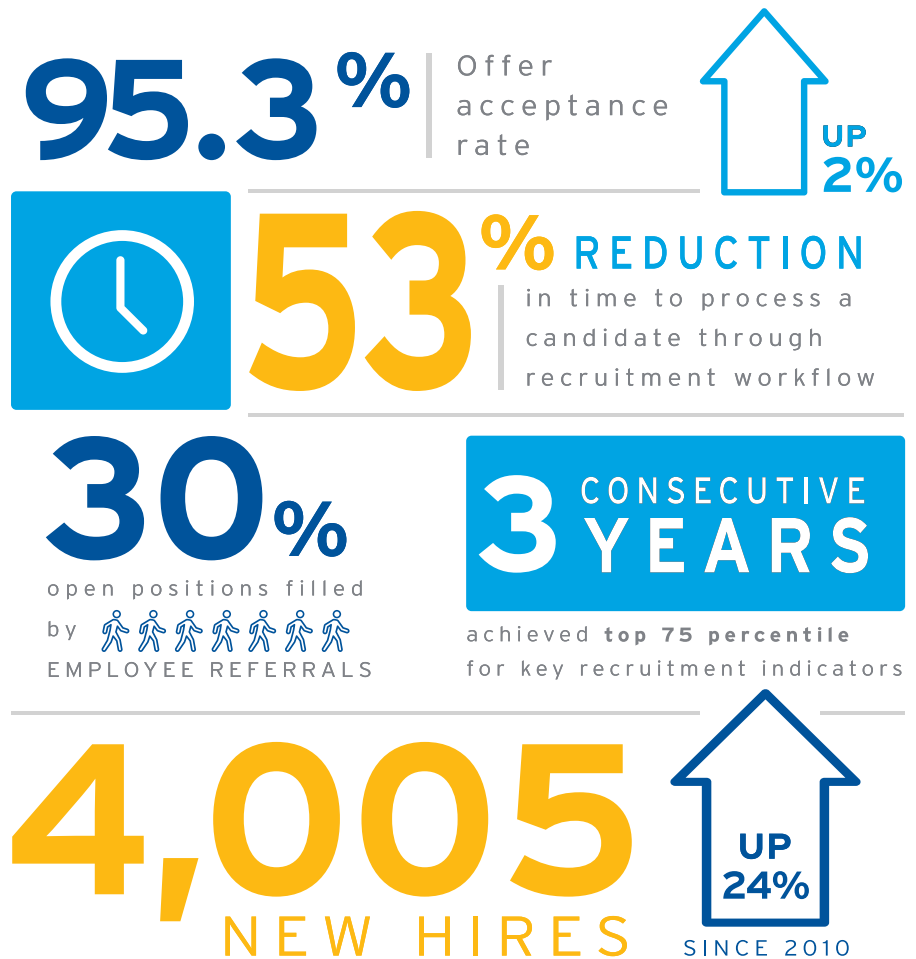
[1] Harvard Business Review

RETENTION

Employee retention is a key performance indicator and a strategic focus throughout Texas Health. Preserving our reputation as a best place to work helps us retain the brightest talent in the region.

Strategies

To maintain excellence systemwide, Texas Health:

- Selectively hires and promotes, compensates competitively, recognizes achievements, and provides opportunities for educational and clinical development.
- Teaches new employees about culture and performance expectations, the role their team plays and how they can contribute individually to success.
- Gives managers the tools they need to help new hires quickly assimilate, create strong working relationships and establish professional development plans.
- Appoints experienced workers to precept and mentor recent graduates and new employees.
- Balances workload demands and continuously measures employees' commitment and satisfaction.

We continually track and assess employee retention to ensure that we are maintaining our top talent. Our retention strategies start with our "Fueled by Feedback" philosophy and by ensuring that we have open communication with our employees, assessing their feedback and meeting with high performers who voluntarily leave the organization to identify potential issues. We review this information to make course corrections and craft improvement plans.

While workforce reductions are rare, Texas Health makes it a priority to match affected employees with other available positions that are best suited to their qualifications and interests. We also aggressively provide placement assistance and market competitive severance pay to support our employees. If rehired within six months, impacted employees receive full credit for prior service.

Best Place to Work

Texas Health earned a spot on the 2015 FORTUNE 100 Best Companies to Work For® list based on 2014 criteria. The survey measures attitudes about management credibility, job satisfaction, camaraderie, pay and benefit programs, hiring practices, methods of internal communication, training, recognition programs and diversity efforts.

Texas Health was the only health care system in North Texas and one of only nine in the U.S. to be included.

Performance

Texas Health's efforts to centralize and standardize recruitment have produced consistently lower vacancy rates than the local market. In 2014, due to an increasingly competitive market, our vacancy rate increased from 3.8 percent in 2013 to 4.2 percent, yet fewer employees left the organization (15.8 percent), compared with 18.9 percent locally. Additionally, 91 percent of employees said they would "recommend this organization to a friend as a great place to work," up from 80.6 percent in 2010.

Also during the year, we continued:

- Improving retention by actively listening to and engaging employees, and developing programs to continually improve workplace satisfaction.

- Developing the technical and team skills of allied health and nursing professionals to improve community health. We received a state grant to continue this development in 2015.

- Gathering workforce planning demand forecasts and developing recruitment strategies that align with demand and our strategy.

- Partnering with community resources including educational, workforce development and health care associations to advance common employment goals in North Texas.

- Enhancing manager skills by developing a new leader orientation. In 2015, we will launch a leadership capacity and capability program to help leaders identify top talent and create succession plans.

SYSTEMWIDE RETENTION

Year	Retention Rate
'14	84
'13	88
'12	88
'11	87
'10	88
'09	89

75   80   85   90   95

■ RETENTION RATE   — EXPECTED LOW RANGE   — EXPECTED HIGH RANGE
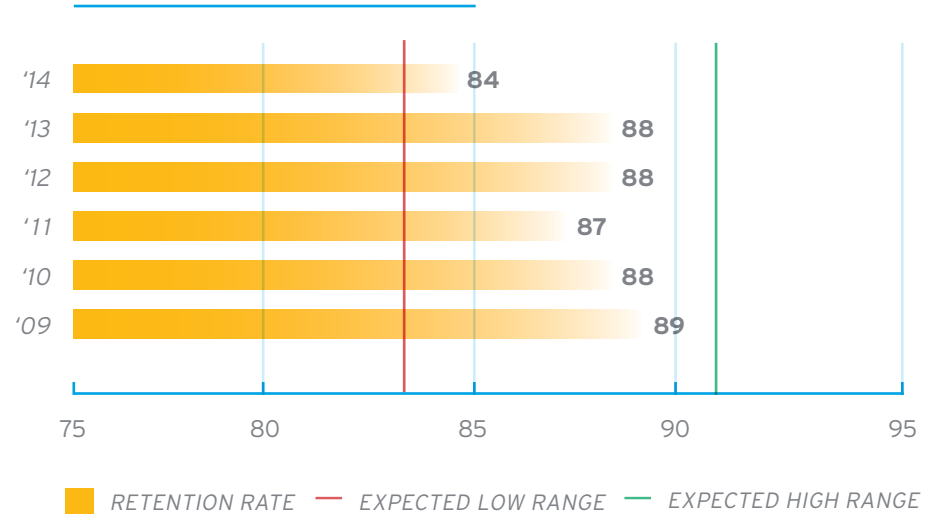
COMPARISON OF 2014 VOLUNTARY TURNOVER

NORTH TEXAS	18.9
U.S.	16.5
TEXAS HEALTH	15.8

10   12   14   16   18   20
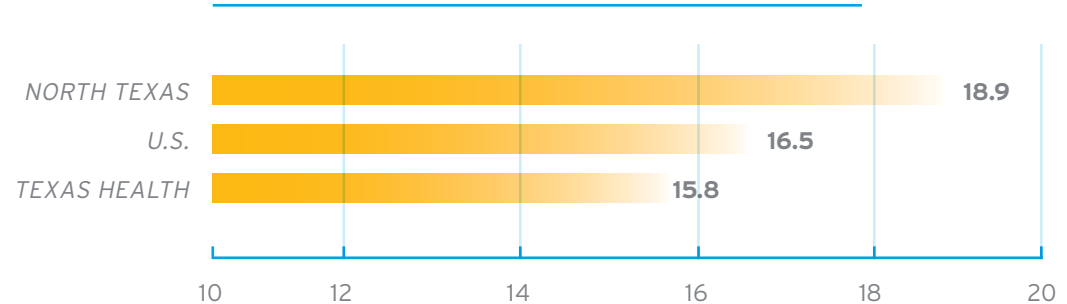
LEARNING & DEVELOPMENT

Texas Health recognizes that stimulated and educated employees sustain and enhance organizational health, which is why we make considerable investments in their learning and development. We also recognize that development is essential to attract and retain the best talent, and to align our goals with theirs. We use three primary tools to deliver education and training throughout the system: our Learning and Development System, MyTalent and Texas Health Resources University. Physicians also receive continuing medical education at the Texas Health Research & Education Institute.

Texas Health Resources University

To create a more aligned learning organization and provide the knowledge, skills and tools necessary for system excellence, Texas Health transitioned its Center of Learning to Texas Health Resources University (THRU) in 2014. THRU identifies and develops competencies at the individual, team and organizational levels, which are aligned based on legal, accreditation and licensing requirements. The university also shares thousands of resources and best practices to develop employees' skills for current or aspirational positions.

Additionally, Texas Health took steps to create a dynamic learning culture by conducting the first-ever systemwide learning needs assessment to ensure that we were delivering the right resources and education to the right people. We also created a System Education Resources Team to support the design, development, implementation and evaluation of learning programs.

My Talent

MyTalent is a software application used to administer, document, report and deliver online learning and training programs. It also enables employees and their supervisors to review and discuss long-term development plans. In 2014, Texas Health centralized MyTalent to drive standardization and coordination of training across the system, consolidate education resources, and achieve economies of scale and financial stewardship.

Development Programs

Texas Health designs and implements the following development programs to strengthen the skills of various employee groups:

Leaders

We give emerging leaders the skills they need to prioritize projects, manage people and address strategic challenges through our Leadership Continuity and Growth Program and one-year Talent Academy, which connects the goals of the organization to learning and meaningful project work for the individual.

Physicians

Physicians annually participate in continuing medical education that meets state requirements. Also during the year, Texas Health partnered with the American College of Physician Executives to design a program that will enhance physicians' leadership, operational and strategic skills.

Nurses

Texas Health is focused on forecasting, planning, developing and implementing learning programs for nurses, which includes delivering standardized training to improve patient outcomes. Nurses can earn specialty certification through our Nursing Career Advancement program or through memberships in professional organizations. We also partner with local colleges and universities to address emerging clinical educational needs and labor shortages.

Allied health professionals

THRU offers or sponsors allied health education learning opportunities, with a strategic focus on advanced certification programs and continuing education to keep employees abreast of new knowledge, trends, technology, regulatory and compliance-related issues. Our Youth Prodigy program targets high school graduates who are interested in registered nursing and allied health careers. We also partner with local colleges and universities to create a pipeline of qualified clinical professionals through our Grow Our Own academic program.

LEARNING & DEVELOPMENT SYSTEM

- Balances organizational, site and individual development needs.

- Engages and aligns employees' performance expectations with organizational goals.

- Puts employees in settings that fully leverage their talents and expertise.

- Provides innovative tools for success.

- Grooms high performers for leadership and specialist roles.

- Drives workforce alignment and clarity with our strategic plan.

New hires

To learn about Texas Health's patient-focused culture, workplace safety and security, code of ethics, legal and ethical policies and job-specific requirements, new employees participate in system, entity and department-specific orientations. They also learn how their individual job responsibilities support our mission, vision and strategy. In 2014, we centralized this orientation to deliver one consistent approach and experience.

Career Progression

We help employees determine if they are in the right job based on their values and interests using our Career Navigator program. It provides formal mentoring and clinical preceptors, which are led by experienced employees. To encourage ongoing development, we reimbursed $5.9 million in tuition for 2,031 employees who continued their formal education in 2014; we also subsidized specialty certifications and memberships.

Performance Monitoring

Throughout the year, Texas Health assesses employees' competencies through the Performance Excellence Acknowledgment program (PEAK), new hire cultural assessments and competency evaluations. This helps us match their strengths, talents and abilities to the right job, pinpoint opportunities for improvement, and verify adherence to certification and licensing requirements.

For physicians, we review performance relative to key clinical metrics and require them to complete a formal credentialing process every two years. Unsatisfactory performance is elevated to an entity's medical staff credentialing committee and if needed, to the entity's board of trustees. Participating doctors in Texas Health Physicians Group also receive an annual performance review.

Program Effectiveness

We regularly refine development programs to protect the system's viability and competitiveness, and to align learning with business strategies. We evaluate learning effectiveness by capturing real-time feedback; demonstrating skills; using checklists and job aids; checking off training; and conducting exams, surveys, focus groups and interviews. In 2014, we conducted a systemwide learning needs assessment to identify training needs and gaps.

90% Believe their jobs made good use of their **SKILLS & ABILITIES**

87% BELIEVE **TEXAS HEALTH** provides sufficient career development opportunities

77% of **leaders** believe it's important for employees to discuss career plans with direct managers; of these, **95%** already had these discussions

Succession Planning

At Texas Health, succession planning is well thought out and managed to help ensure the sustainability of the system. We identify high-impact employees who are critical to organizational success and provide specialized development for succession planning. Our primary succession planning responsibilities include:

Board of Trustees
- Develops board leadership continuity and growth plans.
- Manages succession planning for the CEO and direct reports.
- Advises on upcoming leadership vacancies and required competencies.

CEO/Executive Committee
- Oversees succession planning and development of senior leaders.

Executives
- Identifies high-potential staff, including physician leaders.
- Conducts flight risk assessments to prepare identified successors for key positions.

In 2014, we benchmarked succession planning best practices and identified gaps in our succession development model. This launched an effort between THRU and human resources to focus on revamping current practices, including 360-degree assessments and identification of high-potential employees.

Texas Health grooms and develops high-impact employees to take on leadership roles.

COMPENSATION & BENEFITS

Texas Health's compensation and benefits packages demonstrate our investment in the caring professionals who help us achieve our mission. We design these packages to enable employees to take care of their body, mind and spirit—today and in the future.

Compensation

Annually, we assess industry and market standards to keep all salaries competitive and reward exceptional performance with higher pay. Executive compensation is determined with input from our board of trustees' Executive Compensation and Benefits Subcommittee, Governance Committee, Physician Compensation and Transaction Subcommittee, and external consultants. They review and update compensation packages every one to three years in accordance with industry and market standards.

Benefits

Texas Health tailors medical benefits to the needs of our diverse workforce. We pay more than 80 percent of insurance premiums and scale employees' costs based on their salary level to make health coverage even more affordable. We also subsidize health plan costs for older workers moving from full- to part-time status.

Our 401(k) retirement plan increases our match with employee contributions based on their years of service up to $1.25 per $1 contributed after 10 years of service, which gives us a competitive advantage in our market. Additionally, we offer unique employee benefits, from on-site child care services and discounted fitness centers, to chapels in each hospital and employee discounts on various products and services.

Texas Health's benefits have been recognized by both employees and external entities, and contribute to our high retention rate. We regularly re-evaluate offerings, monitor employee feedback and conduct market analyses to make sure that salaries and benefits remain competitive.

In 2014, our organization continued to keep benefits costs low, added coverage for same-sex spouses and domestic partners, and maintained employee satisfaction with our benefits offerings (satisfaction scores have exceeded 85 percent since 2009). In the coming year, we will pay for up to 20 visits to acupuncturists and chiropractors per employee per year.

At
Texas Health

we want medical

premiums to be affordable.

Those who earn less, pay less.

With premiums based on salary level, employee-only coverage is available for as low as $1.08 per pay period for those with a salary under $25,000.

ENGAGEMENT

Robust employee and physician engagement is critical to fulfilling Texas Health's mission, vision and values, and for achieving our strategic objective of becoming nationally recognized as an excellent and innovative health care system of choice. Highly engaged and satisfied employees are better able to collaborate to improve patient care, are more loyal and productive, and are more likely to recommend Texas Health.

Voice of the Workforce

Texas Health fosters an engaged and satisfied work culture by:

- Seeking employee feedback through annual surveys and informal listening methods.
- Conducting senior leader listening rounds to encourage discussions about patient care and work environments.
- Partnering with managers to implement action plans that make Texas Health an even better place to work.
- Recognizing excellent performance, ideas or suggestions for improvement through our Applause! and other recognition programs.
- Offering an employee grievance program to solve problems with the help of specially trained coaches.

Monitoring Feedback

Texas Health evaluates employee engagement through survey comments, exit interviews and other feedback mechanisms. We use an innovative text analytics tool on survey results to identify themes and sentiment. This helps us better understand why our employees feel the way they do and how we can address areas of concern.

In 2014, we launched a Fuel by Feedback program to take our culture of feedback to the next level. The program's goals are to sustain and increase employee engagement, and support and sustain Texas Health's efforts to be the best place to work and receive care. To help achieve these goals, we rolled out the following communications and training:

- *Open Door, Empty Chair* – Encourages managers to be purposefully visible, involved and accessible.
- *You Said, We Did* – Provides leaders with a communication template to share ways they act on employee feedback.
- *Give Me a Chance to Make a Difference* – Encourages leaders to seek and act on staff input.

" I love my work and the people I work with—
but my patients are my joy. "

Progress Being Made

To benchmark satisfaction and engagement performance, we use a national survey administered by Press Ganey, as it allows for comparisons against similar organizations outside Texas Health. Individual department managers review survey results and develop appropriate action plans as needed. Texas Health surveyed hospital volunteers for the first time in 2014 to gather their insights on areas of strength and weakness. Our goal is to rank in the 90th percentile or better, which we exceed in 2014 by ranking in the 98th percentile, up from the 93rd percentile in 2013.

For their high levels of employee engagement, Texas Health Presbyterian Hospital in Dallas and Texas Health Harris Methodist Hospital in Fort Worth received the 2014 Press Ganey Beacon of Excellence Award[SM] and the 2014 Commitment to Excellence Award[SM].

98%
EMPLOYEE ENGAGEMENT

Physician Engagement and Alignment

Texas Health has been enhancing physician engagement to help improve and facilitate their participation and alignment in key strategic and operational decisions at both the system and entity level. At Texas Health Physician Group, we employ a variety of tactics to communicate with physicians. Whenever possible, we engage physicians to communicate with physicians. Most all-group emails to providers are sent by our physician leaders and we always include a physician as a speaker when we offer webinars.

We leverage multiple communication channels to engage employees on roles, responsibilities and expectations, and to gather feedback:

- In-person meetings, forums, conferences, surveys, focus groups, quick polls, rounding, town halls and exit interviews.

- Confidential email to the CEO.

- *Texas Health Now:* Quarterly video broadcast from the CEO/senior leaders about strategic initiatives and progress toward goals.

- *Face to Face:* CEO walking tours to discuss key issues with front-line employees and patients.

- *Fueled by Feedback:* Facilitates ongoing engagement between employees and their managers.

In addition, we communicate through:

- A monthly newsletter, called *THPG Insider*, which is distributed directly to physicians.
- The monthly practice staff newsletter, called *The Scoop THM*, features a section for practice managers that lists the action items and deadlines that physicians need to know.
- A dedicated intranet page for physicians, nurse practitioners and physician assistants.
- Annual all-group provider meetings and in-person meetings by zone. These are large evening events with both Texas Health and physician speakers.
- Webinars on a variety of topics.

Since 2010, we have surveyed physicians to assess the extent of engagement and alignment, and scores have steadily improved. In 2014, systemwide scores were in the 86th percentile for engagement and in the 82nd percentile for alignment. Press Ganey refined its survey response structure during the year; therefore, scores are not directly comparable to previous assessments.

BENEFITS OF AN ALIGNED & ENGAGED MEDICAL STAFF

Improvements in:

- Quality and safety measures
- Clinical outcomes
- Hospital-physician collaboration and relations
- Physician retention
- Patient admissions and satisfaction
- Overall financial performance

PHYSICIAN ENGAGEMENT & ALIGNMENT

ENGAGEMENT
- 4.29
- 4.07

ALIGNMENT
- 3.85
- 3.54

0   2   3   4   5

■ *TEXAS HEALTH*   ■ *NATIONAL AVERAGE*
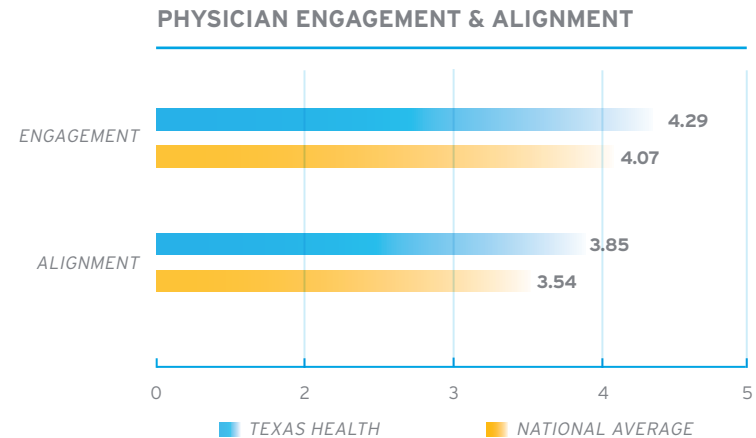
OCCUPATIONAL SAFETY

Workplace injuries are costly to employees' well-being and to organizations due to workers' compensation expenses and lost productivity. Texas Health employees' most frequent injuries include unsafe lifting of patients, falls, strains and sprains—so it designed its safety management system, programs, policies, standards and controls to keep them free from harm while at work. Not only does this improve workplace satisfaction and bring employees home safely to their families, but it helps preserve our fiscal health.

Accident Prevention

Texas Health takes a comprehensive approach to providing a safe operating environment and preventing accidents:

- Our safe workplace policy and procedures help protect employees from harm, violence, threats and harassing behaviors.
- Each entity has both an Environment of Care Committee that monitors safety issues and leads the formation of action plans, as well as a Threat Management Team that works to mitigate workplace violence.
- We promote safety systemwide through continuous training and communication.
- Employee Health nurses provide safety resources and education, and help ensure employees are physically able to perform their jobs safely.

We formed a system-level Physical Environment Work Group in 2014. The group's members meet monthly to discuss and share best practices on employee safety,

fire safety, building security, infection prevention and risk management. Also during the year, we:

- Created a fleet management policy and standard operating procedures, and provided courier driver training.
- Continued publishing a quarterly employee newsletter to reinforce safety training and protocols.
- Produced a safe patient handling video to remind caregivers how to properly lift and move patients.

Training

Texas Health provides safe workplace training to all new hires and employees. Refreshed annually, the training encompasses how to spot and resolve workplace hazards and potential violence; avoid slips, trips and falls; how to manage fatigue; and other topics. We require employees to score 80 percent or higher on a training recap exam before they can perform their duties. This reinforcement of the personal accountability of each Texas Health employee ensures that we have all eyes on creating a safe workplace. Additionally, we offer select groups more specialized training, such as how to safely:

- Dispose of medical waste.
- Store and use chemicals.
- Monitor and prevent workplace violence.

Inspection

Texas Health continuously monitors employees with the greatest exposure to communicable

We train every Texas Health employee to be accountable for maintaining a safe workplace.

diseases, blood and bodily fluids, and hazardous materials, as well as the frequency of reportable injuries, to identify trends and maintain compliance with regulatory standards in life safety, emergency management and environment of care. This effort includes:

- Conducting annual inspections that include performance elements mandated by the Joint Commission, National Fire Protection Association, Food and Drug Administration and Occupational Safety and Health Administration (OSHA).
- Holding annual medical surveillance assessments of high-risk areas and surveying clinical employees.
- Completing biannual safety tours in clinical areas and annual tours in non-clinical areas to identify potential worksite hazards. Members of the Physical Environment Workgroup participate and review findings.
- Requiring employees to report incidents and near-misses to Employee Health.

In 2014, we identified, communicated and addressed the top causes of slips, trips and falls. This enabled our teams to reduce these incidents by 10 percent, meeting our goal. These causes will be systematically inspected at least once a year during workplace environment tours. We also developed recommendations and shared how to reduce injuries caused from unsafe patient handling.

Analysis

Texas Health's Environment of Care Committee and multidisciplinary entity committees analyze safety data to evaluate potential hazards; identify improvement needs; and analyze injury frequency, cost and severity. After every incident, managers complete an incident review form to investigate the issue and discuss safe choices with employees. In select cases, we perform root cause analyses of safety events to inform systemwide decision-making and implement corrective actions.

Performance

Texas Health's OSHA incident rate for 2014 was 4.7, which is substantially lower than the national average of 6.3 for hospitals. We reduced our days away from work, job transfer or restriction (DART) rate from 2.1 to 1.9 in 2014 and also maintained our lost-time incident rate of 1.4, which surpassed the OSHA industry benchmark of 1.5. In the coming year, we aim to:

- Notify caregivers to replace unsafe needles with approved needles.
- Provide crisis prevention, de-escalation and active shooter training.
- Create an executive-level safety dashboard of injuries and illnesses that will be communicated monthly.

5%
REDUCTION
IN **DART RATE***

14.28%
INCREASE IN
LOST TIME
INCIDENT RATE*

* Since 2009

SAFETY ELF

Texas Health executed a creative safety awareness campaign in 2014 using a "safety" elf (from Elf on the Shelf™ fame). Employees could check out an elf and take photos of it being naughty (unsafe) or nice (safe), helping to raise awareness.

OCCUPATIONAL HEALTH & WELLNESS

Our communities look to Texas Health for guidance and inspiration in adopting a healthier lifestyle, so improving health begins with us. We combine individual and organization health strategies to reduce the risk of disease, absenteeism, and associated insurance and workers' compensation costs. We also take innovative steps to inspire change in the way employees and their families think about their own health, and implement behavior interventions that improve quality of life over the long term.

In 2014, Texas Health began pursuing certification as a Blue Zones Worksite® to create a healthier, happier and more productive workplace. This initiative will break new ground and provide opportunities to improve the health and wellness of our workforce.

Health Assessments

To assess workforce health, we track employee total health scores, medical claims data, health risk assessments, health screenings, compliance with influenza vaccinations, the rate of avoidable admissions and employee risk levels over time.

We then develop, monitor and refine targeted interventions where needed, such as reducing incidence and cost of diabetes and high blood pressure. In 2014, 85 percent of employees completed health assessments.

All employees and their immediate family members can call Health Advocacy, a 24/7 nurse line, to get health care advice and support, as well as assistance navigating the health care system. In addition, Total Health Nurses, who are skilled case managers, identify employees who have complex and chronic conditions to help improve their health. They provide health resources, coordinate appointments with multiple physicians and provide long-term care support. Of the 2,404 employees identified as high-cost claimants in 2014, 1,162 (48 percent) began working with these nurses. This support reduces emergency room visits and readmission rates.

---

* National Business Group on Health/Towers Watson Employer Survey on Purchasing Value in Health Care, 2014

$9.8 MILLION Savings in EMPLOYEE medical costs

13,000 lbs. Weight lost from Walkingspree Program

35% Participation in HEALTH FAIRS

41% TOBACCO QUIT RATE

5 LOWER PRESCRIPTION costs than national average*

3.4% REDUCTION in EMPLOYEES' high-risk health factors

Wellness

Texas Health's award-winning Be Healthy employee wellness program is designed to motivate employees to move from health awareness to action. It promotes the benefits of healthy lifestyle choices, and offers strategies and rewards to help them make necessary changes that reduce risk factors and improve well-being. Employees can earn up to $550 annually by participating.

Our primary wellness strategies include:
- Annual health fairs and assessments.
- Cancer and biometric screenings.
- Personal health coaching.
- Free fitness challenges.
- Tobacco cessation program.
- On-site Weight Watchers and fitness centers.
- Employee assistance program.
- Medical nutrition therapy.
- Eat Fit healthy food choices.
- Diabetes education.
- 24/7 nurse line.

These strategies have reduced the prevalence of obesity, smoking, high stress and other high-risk categories among our workforce. In turn, medical and pharmacy utilization has dropped, and our employee medical costs have increased only 30.3 percent since 2003. If we had experienced the marketplace trend average of 8 percent cost increases annually, our annual cost per employee would have increased 133 percent by now.

Recognition

Texas Health was recognized again in 2014 for improving workplace health and wellness with:
- The platinum-level award from the American Heart Association for being a Fit-Friendly Worksite.
- The Healthiest Employer in North Texas Award from the *Dallas Business Journal* for the second year in a row.
- Platinum-level recognition from the National Business Group on Health for the Best Employers for Health Lifestyles Award.

Taking steps to improve employee health

Texas Health provided 10,000 employees who enrolled in the Walkingspree program in 2014 with a free Fitbit® Zip™ Bluetooth® pedometer to wirelessly track their exercise. We also compensated participants $25 per quarter for walking an average of 6,000 steps a day.

The program was so successful that participants lost approximately 13,000 pounds, exercised 76.8 million minutes and logged 0.92 billion steps!

Diversity

Different cultures vary in the ways in which health and illness are perceived and care is accessed, which is why caring for unique patients requires a workforce that reflects the diversity of our communities. For Texas Health, a strong commitment to having diverse minds and backgrounds on staff helps us provide compassionate care to multicultural patients. It also supports our affirmative action goals and equal employment opportunity practices.

We establish diversity-focused hiring goals through our annual affirmative action plan and grow our multicultural workforce by:

- Encouraging students from diverse ethnic backgrounds to enter the field of health care through scholarships, partnerships with local colleges and universities, and our "Grow Our Own" program.
- Providing multifunctional work teams with the tools and resources they need to understand cultural differences so that they can extend that knowledge to others in the care of diverse patient populations.
- Evaluating and evolving how we engage and strengthen our relationship with diverse employees each year.

Beginning at new hire orientation, our Diversity and Inclusion Department works to deepen employees' awareness of their own diversity and the role they play in providing culturally appropriate care. Myers-Briggs[3] personality testing and training further enhance awareness of individual diversity and support interactions between diverse personality types. Additionally, department members monitor emerging and/or special employee populations, and support entities and departments with developing the strategy and structure for diversity programs and services.

Speaking the Same Language

Evidence shows that if we are able to communicate effectively in the languages of our patients, and provide individualized care that reflects cultural differences and health beliefs, we will not only provide a more welcoming environment—we will also improve their entire health care experience and health outcomes. Our goal is to effectively care for the growing limited English-proficient population in North Texas. To meet this goal, we train and assess bilingual employees to help communicate and interpret in clinical and/or business interactions. All of Texas Health's entities have a Diversity Advisory Council and qualified bilingual interpreters to support caregivers and patients.

[3] Myers-Briggs offers tools to help understand personality types.

Employees participate in cultural awareness activities that reflect the diversity of North Texas communities.

145 QUALIFIED **BILINGUAL** INTERPRETERS
SPEAK LANGUAGES OTHER THAN ENGLISH

Strengthening Our Culture

The U.S. government issued new compliance requirements in 2014 requesting all applicants and employees to self-disclose if they have disabilities or served in the military. Texas Health will use this information in an effort to hire more caregivers and staff from these populations as well as enhance our programs.

Ethnically diverse employees represented 39.1 percent of our systemwide workforce in 2014, up slightly over the year before. We also increased Hispanic nursing personnel to 5.7 percent and Hispanic professional medical staff to 5.4 percent.

WORKPLACE DEMOGRAPHICS
(2014 U.S. Bureau of Labor Statistics)

	WOMEN	ETHNIC MINORITIES
TEXAS HEALTH	77	39
U.S. HOSPITALS	75.6	32.3
U.S. INDUSTRIES	46.9	33.2
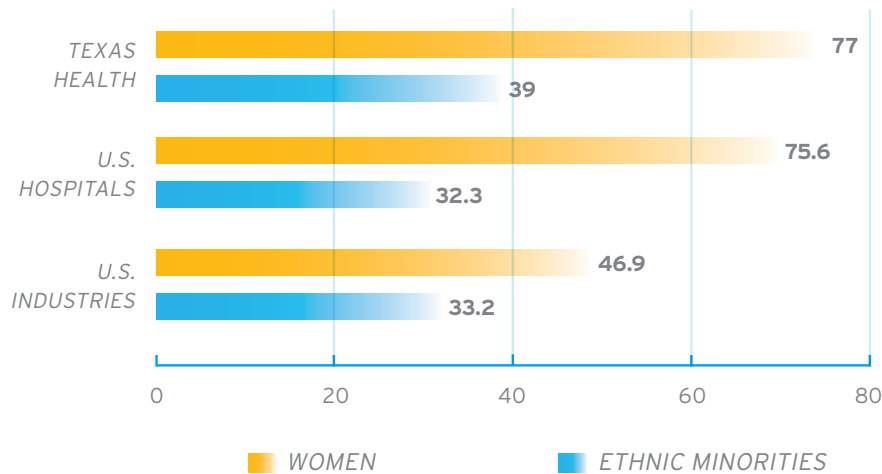
2014 DEMOGRAPHICS

	ALL EMPLOYEES	MANAGERS & ABOVE	SYSTEM/ HOSPITAL OFFICERS	BOARD OF TRUSTEES
MEN	23%	34%	50%	83%
WOMEN	77%	65%	50%	17%
ETHNIC MINORITIES	39%	18%	11%	11%
AGE <30	16%	2%	0%	0%
AGE 30-50	52%	48%	31%	0%
AGE 50+	32%	50%	69%	100%

EQUAL OPPORTUNITY & HUMAN RIGHTS

The THR Promise℠: Individuals Caring for Individuals, Together® is based on the understanding that our employees are our most valuable asset. We focus our core values and management philosophy on respecting the dignity and well-being of those we employ and serve. This allows us to maintain employee morale, improve productivity and retention, and strengthen our ability to fulfill our mission.

We train leaders and employees on our ethics and workplace standards to emphasize the importance of applying these values to their day-to-day work. Noncompliance will result in corrective action, which may include termination. Human resources and legal personnel monitor and address reported issues.

Texas Health's equal employment opportunity policy

prohibits discrimination based on race, color, veteran status, creed, disability, genetic information, religion, gender identity and expression, age, national origin, sexual orientation, or marital status.

We provide advancement opportunities to all individuals, and base decisions on performance, qualifications, skills, experience and abilities.

68,000
THANK YOU CARDS SENT

$630,000+
GIFT CARDS DISTRIBUTED

96% Employees satisfied with Applause! ☺

RECOGNITION

When employees exceed our expectations and are a role model to others, it helps fulfill our mission. Texas Health uses a variety of financial and non-cash methods to recognize employees and reinforce their contribution to the organization. They, in turn, are better connected and more inclined to deliver superior patient care.

Our Success Sharing program delivers financial bonuses to employees for achieving select key performance indicators and other milestones. Texas Health rewards employees' contributions to fulfill its goals of improving quality, working safely, strengthening culture and excelling in financial performance. Executives also are eligible for cash awards for exceptional performance through our Officer and Senior Leadership Incentive Program.

Additionally, Texas Health recognizes employees during luncheons, ceremonies and other events for community involvement, supporting diversity, improving patient safety and quality, service milestones, retirement, top performance and outstanding demonstration of our values.

To evaluate the impact that recognition programs and events have on employee satisfaction, we survey our workforce each year. In 2014, 79 percent of employees reported being satisfied with the level of recognition they received. Additionally, we randomly survey nominees and nominators in our Applause! recognition system, which allows employees to send thank you and gift cards to honor their peers and leaders. They rated Texas Health 9 percent higher than other companies that use a similar recognition platform.

REWARDS & RECOGNITION

	EMPLOYEES	PHYSICIANS	VOLUNTEERS
APPLAUSE!	■	■	■
SUCCESS SHARING	■		
BE HEALTHY GIFT CARDS	■	■	
COMMUNITY HEALTH AWARDS	■	■	
EMPLOYEE OF THE YEAR	■		
MOSAIC PIN (DIVERSITY)	■	■	■
QUALITY AWARDS	■	■	
NURSING EXCELLENCE AWARDS	■		
GRADUATION EVENTS	■		
LENGTH OF SERVICE	■	■	■
PROFESSIONAL RECOGNITION WEEKS	■	■	
VOLUNTEER WEEK EVENTS			■
THANK YOU NOTES	■	■	■
LIVING THE MISSION AWARD	■	■	
HELPING HANDS AWARD			■
PATIENT SAFETY AWARD	■	■	
COMMUNITY SERVICE AWARD	■	■	

OUR COMMUNITIES

The mission of Texas Health Resources (Texas Health) is to improve the health of the people in the communities we serve. We rely on this mission and our faith-based framework to develop strategies that improve societal well-being, determine service offerings and design programming that help people take charge of their health. This includes health education and outreach, and numerous well-being resources.

Committed to Community

Through our community investments, Texas Health is creating positive, sustainable change for the communities we serve by providing access to quality care, community health education and tools to enhance overall well-being for generations to come.

2014 HIGHLIGHTS

Awarded **$1.5 million** in Texas Health grants and sponsorships to worthy **CHARITABLE ORGANIZATIONS**

Invested more than **$8 MILLION** to support strategic nonprofit partners since 2011

AWARDED more than **$400,000** in NURSING SCHOLARSHIPS through the Texas Health Resources Foundation

Received nearly **$22 million** in gifts through the Texas Health Resources Foundation to support strategic initiatives

VOLUNTEERED over **8,500** hours and completed more than **400** community service projects

Successfully advocated for a budget rider that appropriated **$300 million** in state general revenue to improve Medicaid hospital payments.

RAISED **$2.14 MILLION** through Texas Health's annual **EMPLOYEE** giving campaigns

Provided nearly **$653 MILLION,** or slightly less than $1.8 million a day, in **CHARITY CARE AND COMMUNITY BENEFIT**

Provided **Pastoral care to 126,000** people and received **HIGH** satisfaction scores based on support and guidance offered

COMMUNITY ENGAGEMENT

Texas Health has a strong philanthropic history and is proud of our employees and their commitment to give back to the community. Being a good corporate citizen is an important part of the way we do business as a faith-based, nonprofit health care system. We fulfill this by:

- Providing access to free or reduced-cost medical care and community health education.
- Promoting our paid time off employee volunteerism program.
- Leveraging our faith-based community partnerships and philanthropic resources to make a broader impact.

Outreach

To thrive, Texas Health must connect and build strong relationships with a number of stakeholders who affect how we deliver care—from physicians to public health agencies, to policymakers and other health care-focused nonprofits. Through ongoing dialogue, we improve our understanding of trends affecting health outcomes, service delivery results and costs of care.

To learn more about public health concerns and desired health services, we solicit input from community board of trustee members, community stakeholders and health councils, patient advisory councils and other forums. We share findings with our organization's leaders so they can refine strategies and tactics to improve our programs and services. As a member of local business, civic and industry groups, Texas Health also is able to assess the most pressing health issues facing the communities of North Texas. This helps us identify strategic nonprofit partners and enables us to invest in critical programs and services our communities need most.

Wrapped in Compassion

Texas Health employees make no-sew blankets to give to people in need of compassion and comfort.

FAITH & SPIRITUALITY INTEGRATION

As a faith-based health care system, Texas Health is committed to providing health care with respect for each person. We strive to provide health care services for the whole person—body, mind and spirit—and believe there is something greater than ourselves and medicine that can offer hope and healing to our patients.

We deliver care in many ways, being mindful of respecting and welcoming the diversity of religious faiths and the different ways people nurture their spirit. We provide spiritual support throughout our health system and also partner with North Texas congregations to extend this care into the communities we serve.

At Texas Health

Within our health care system, we offer:

Pastoral Care

Texas Health's Pastoral Care Department comprises about 35 full-time, board-certified chaplains, 14 PRN chaplains and 40 community on-call clergy to help care for the physical, emotional and spiritual needs of our patients, family and staff and to enable an experience of healing, health and hope.

Our chaplains provided spiritual care services to more than 126,000 patients, family members, hospital employees and medical staff members in 2014, and continued to receive high satisfaction scores based on the support and guidance they shared. In the coming

year, the department intends to enhance pastoral care being offered within Texas Health hospitals, extend the continuum of pastoral and spiritual care within the communities we serve, and work to deepen our focus on faith within the system.

Clergy Education

Texas Health offers a Clinical Pastoral Education program, which is accredited by the Association for Clinical Pastoral Education, Inc. Students annually participate in a residency program that helps them develop and enhance their pastoral and theological skills. They work at a Texas Health hospital during their study to learn from physicians, nurses and our chaplains how they can integrate the skills they form during the year of residency to better care for patients in a clinical setting.

In 2014, 32 students participated in various segments of the program, either full- or part-time. Fourteen community clergy also completed a parish-based program that was offered on Texas Christian University's campus. As a quality improvement initiative, we also began measuring the amount of emotional and professional maturity gained through the year by individual students. Now we are analyzing their total growth, as individuals and as pastors, beyond the basic skills they learned. We anticipate publishing our findings to further enhance a meaningful model for other Clinical Pastoral Education programs.

126,000
People who received
PASTORAL CARE

88 **FULL-TIME PRN AND**
ON-CALL CHAPLAINS

94,373
People in North Texas
CONGREGATIONS
POTENTIALLY REACHED

3,447
FREE FLU VACCINES GIVEN

226 Unpaid professional **NURSES**
who serve covenant congregations;
77 are training specifically in
FAITH COMMUNITY NURSING

Faith at Work

Texas Health's faith-based values are woven into the cultural fabric at each of the hospital campuses. Each caregiver is encouraged to nurture their spirit and live out their faith at work. Our Faith and Spirituality Integration Cabinet reinforces our faith-based values and promotes values-based leadership to our entire workforce.

To help employees integrate faith and spirituality and find ways to deliver compassionate care, we offer:

- Chapels in our hospitals to provide a quiet place to pray, worship, meditate and find serenity.
- Meditation gardens that provide a natural, sacred space to clear minds and be present in the moment.
- Chimes that remind staff to say a short prayer and invite them to see their work as holy as they care for themselves and others.
- The Texas Health Resources Prayer Book, which contains prayers from each of the world's major faith traditions.
- Blessing of the Hands, a routine blessing event that recognizes the sacred work of all those who come to work each day.

Community Support

Texas Health extends our faith-based traditions into the communities we serve through community service and community health programs, and by disbursing hundreds of millions of dollars in charity care to help our under/uninsured neighbors each year. We also advocate at the regional, state and national level for improved health care quality and accessibility.

Some of our key community programs include:

Faith Community Health

Texas Health's Faith Community Health program partners with more than 60 faith communities (e.g., churches, temples and mosques) in North Texas to promote wellness, prevention and wholeness before, during and after an illness. Faith Community Nurses (FCN) and Faith Community Health Promoters provide education, coaching and training to nurses and congregation staff to assist their health ministry.

The Faith Community Nursing program began in 2001 at Texas Health Harris Methodist Hospital Fort Worth and grew to six hospitals over time. In 2012, we began to integrate Faith Community Health strategies and resources across the system to create efficiencies and improve impact.

Texas Health's Faith Community Health program provides health education, training and services to North Texas faith communities.

Faith Community Nurses are trained to intentionally integrate care of the spirit as part of caring for the individual's overall physical, mental and emotional health. On the other hand, health promoters do not usually have a clinical background, but have a passion for faith community health care ministry.

Together, they work to assist faith communities with hosting health fairs, blood pressure screenings, CPR/first aid classes and A Matter of Balance classes (a fall prevention program). Since these programs are putting Texas Health's mission into action, congregations receive resources and support free of charge.

By 2014, 12 of our 14 wholly owned entities were participating and we anticipate continued growth. Also during the year, we conducted interest surveys among the congregations to identify health topics of value to each. In response, we developed toolkits for our nurses and health promoters to use related to stroke, blood pressure and infectious diseases. Each toolkit contains local and national resources, and educational materials such as posters and newsletter articles to share with congregations.

Attending Clergy Association

As a nonprofit interfaith clergy organization within Texas Health, the Attending Clergy Association (ACA) enhances pastoral education for clergy, promotes physical, emotional and spiritual health in congregational and community settings, and links community clergy to members of the Texas Health care team.

Each year, spiritual leaders from various faith communities attend monthly educational opportunities to learn more about medical, psychiatric, pastoral and nursing care as a way to better understand what their congregants face while in the hospital. ACA members currently meet at Texas Health Presbyterian hospitals, but we expanded activities to nine hospitals within our system in 2014 and hope to be systemwide by the end of 2015.

The ACA hosts an annual symposium, which drew more than 425 members in 2014 to celebrate the organization's 20th anniversary. The symposium is open to North Texas clergy and health care professionals and features nationally recognized speakers in the fields of medicine, faith and ethics.

For 20 years,
TEXAS HEALTH

has been one of the few

health systems in the nation

that has offered a program to welcome

community clergy as members of its

healing team.

COMMUNITY AFFAIRS

Texas Health's Community Affairs team works to develop and maintain community partnerships with stakeholders whose mission, vision and values are aligned with ours. In cooperation with executive management, senior leadership and multiple System Services departments, our community investments help us fulfill our mission, preserve our nonprofit status, differentiate us from our competitors and allow us to improve the health of North Texans.

Strategy

We make investment decisions based on results of Texas Health's Community Health Needs Assessment, which began in 2013 and will be conducted every three years. We also consult with local business groups, civic leaders and industry associations to gather additional perspectives on pressing community health needs and how we can best support them. Additionally, Texas Health funds community benefit grants, sponsors health programs and events, and offers a paid-time off employee volunteer program to make a more meaningful impact in North Texas.

Strategic Nonprofit Partners

To extend Texas Health's culture across the care continuum and into the community, we strategically partner with other nonprofit organizations to make a greater impact. We select these partners based on their alignment with our mission, vision and values; community health improvement needs; and executive feedback. They also must meet one or more of the following focus areas:

- Health and well-being
- Disease prevention
- Health management
- Health disparities
- Health care education
- Diversity and inclusion
- Economic development
- Community building

Through multi-year investments, we not only provide financial support, but also donate our time, talent and resources through employee volunteerism, executive engagement and strategic planning. Since 2011, Texas Health has partnered with the following organizations:

- **American Cancer Society** – Texas Health invests in cancer education programs and services that support uninsured and Medicaid patients in North Texas, including 16,000 minority group members.
- **American Diabetes Association (ADA)** – For the fourth year in a row, Texas Health served as the title sponsor of the ADA's Live Empowered! program. Dedicated to reaching the African-American community in North Texas, multiple faith-based, community programs focus on awareness, management and treatment of diabetes, physical activity and healthy eating.

Texas Health strategically partners with other community nonprofits to make a greater impact.

- **American Heart Association (AHA)** – As the North Texas cause sponsor of the American Heart Association's Go Red for Women campaign, Texas Health supports a number of events and community outreach activities designed to create awareness about heart disease in women. We also provide support to AHA's Hispanic outreach initiative, Vestido Rojo, through health screenings and education. Our partnership with AHA gives us the opportunity to increase awareness about heart disease and support life-saving research. In 2014, Texas Health employees also raised more than $450,000 for the AHA's Heart Walks in Dallas, Denton and Tarrant counties.

- **March of Dimes** – Texas Health annually supports March for Babies, which raises funds for research, education and family support. We also provide community support for populations with disproportionate underserved health care needs through two prenatal education programs that operate at more than 30 sites across North Texas.

- **United Way** – Each year, Texas Health employees raise funds for United Way's Dallas, Tarrant and multiple surrounding counties' annual giving campaigns. Texas Health also invested more than $540,000 (2012-2015) to the United Way Metropolitan Dallas' Healthy Zone Schools Recognition Program, which focuses on preventing childhood obesity through proper nutrition and physical activity.

Each year, we review these organizations' annual reports, expenditure of funds and indicators of community impact to measure partnership effectiveness. Based on program evaluation, strategic alignment and overall stakeholder engagement, Texas Health renewed these same partnership agreements for 2014-2016.

Memberships & Community Collaborations

Texas Health actively participates in more than 25 local, state and national health care industry associations, including the American Hospital Association, Texas Hospital Association, Dallas-Fort Worth Business Group on Health and the Dallas-Fort Worth Hospital Council. We also are actively involved with several chambers of commerce, diversity councils and health care collaborations within our 16-county service area. This allows us to:

- Serve as active board and committee members.
- Participate in professional development and networking opportunities.
- Sponsor public policy, economic development and health care events.
- Engage the business community in major health care issues.
- Provide leadership in advocating for sound health care policy and legislation.
- Support regional economic development plans.
- Share best practices in health care research and innovation.

Texas Health sponsors the American Heart Association's Go Red for Women campaign to increase awareness about heart disease in women.

Community involvement programs

Texas Health is committed to investing in programs and services that help North Texas residents improve their health. Texas Health's three signature community involvement programs are:

Texas Health Gives

Texas Health Gives includes two of our three signature community involvement programs: employee giving and volunteering. These programs support a number of worthy causes and nonprofit organizations that align with our mission, vision and values. Our employees not only give with their hands by volunteering, they also give from their hearts by contributing financially to a number of charitable causes and nonprofit organizations in our communities.

Employee Giving

Each fall, employees show their community support through the Texas Health Community Employee Giving campaign. Held annually (Oct. 1-12), the Community Employee Giving Campaign gives employees the opportunity to financially support local nonprofit organizations including: United Way, American Cancer Society, American Diabetes Association, American Heart Association, March of Dimes and Food Drive beneficiaries. These organizations depend on our contributions to provide vital community-based programs and services.

Since the inception of the Texas Health Community Employee Giving campaign in 2006, our generous employees have contributed nearly $10 million, including nearly $1 million in 2014. Texas Health Associates is an annual spring campaign led by the Texas Health Resources Foundation. The Associates campaign is designed to provide employees with a way to give annual financial support to Texas Health programs and services. Through this fundraising effort, employees generously donate to support our patients, our programs, our employees and our facilities. During the 2014 Associates Campaign, Texas Health employees donated a total of $928,266.

Our employees not only give with their hands by volunteering, they also give from their hearts by supporting the Genesis Women's Shelter.

Volunteerism

Building stronger and healthier communities is our passion, which is why Texas Health encourages employees to contribute their time and expertise to assist those who could use a helping hand. From participating in community service projects, health education events, health fairs and screenings to delivering care support and other in-kind services, our employees gave 8,518 hours of their time to make a difference to our North Texas communities in 2014.

To encourage involvement, our Community Time Off (CTO) program compensates every participating full and part-time employee for one regularly scheduled workday to provide community service. Since 2001, participating CTO employees have volunteered more than 90,063 hours – a contribution valued at nearly $3 million.

Texas Health Grants

Through Texas Health Grants, our third signature community involvement program, nonprofit organizations can request a community benefit grant or event sponsorship support. To comply with federal and state community benefit requirements, Texas Health only funds programs that provide treatment and/or promote health in response to identified community health needs. Priority funding and consideration are given to programs and activities that address Texas Health's 2014-2016 identified community health needs: chronic disease prevention and management, and health awareness, literacy and navigation.

Community Service Awards

Texas Health recognizes employees for their outstanding community service through annual Community Service Awards. Presented by our CEO, Barclay Berdan, the award recognizes an individual, group or department for outstanding contributions. Winners also receive a $500 grant to donate to the nonprofit of their choice in our service area. In 2014, some of the beneficiaries included the American Heart Association, AIDS Outreach, Susan G. Komen® and Catholic Charities.

TEXAS HEALTH GIVES
2014 Community Impact

1,320,727
People served through our
EMPLOYEE VOLUNTEER PROGRAM

$2 MILLION Raised through annual
EMPLOYEE GIVING CAMPAIGNS

8,518 HOURS VOLUNTEERED
through **Community Time Off** program

613,353 PEOPLE RECEIVED
FREE COMMUNITY HEALTH SERVICES
through our nonprofit partnerships

400 Skills-based and hands-on
VOLUNTEER SERVICE PROJECTS COMPLETED

1.5 MILLION
AWARDED IN TEXAS HEALTH
GRANTS AND SPONSORSHIPS
TO MORE THAN **200** NONPROFITS

COMMUNITY HEALTH IMPROVEMENT & COMMUNITY BENEFIT

Texas Health plays an integral role in helping our communities meet broader health and social needs. Not only is this central to our mission, but a requirement of our nonprofit status.

Community Benefit

Texas Health uses excess revenues made available via our tax-exempt status to support patients and the community in a variety of ways. Under Texas state law, we are required to allocate 5 percent of our net patient revenue to charity care and community benefit. Our "community benefit" support includes:

- Caring for and treating uninsured and underinsured patients. (Texas has the highest rate of uninsured people in the nation, at about 25 percent.[1])
- Absorbing any medical costs that are not reimbursed from Medicare or Medicaid.
- Investing in community health initiatives through community benefit grants and sponsorships.
- Financing our internally driven community health programs.
- Volunteering our employees' time and resources to support worthy health-related causes.

Texas Health reaffirms the importance of nutrition and healthy eating as a part of its community health programs.

[1] 2012 American Community Survey, U.S. Census Bureau

Framework

To make effective use of our resources for community support, Texas Health established our community benefit framework based on national best practices from the Public Health Institute. The framework provides a quantitative approach to identifying key communities within our service area, aligning them with our hospitals and determining health needs. In addition, Texas Health conducts the Community Health Needs Assessment every three years to identify significant health needs in our community and addresses them through various initiatives, programs and interventions.

TEXAS HEALTH COMMUNITY BENEFIT FRAMEWORK

PHASE	DESCRIPTION
Assessment/profile	Performance assessment of community health improvement at each hospital, including asset mapping of the community and secondary health data.
Infrastructure	Establish infrastructure with governance and operational standards for community health improvement at each hospital.
Community Health Advisory Councils	Appoint and engage internal and external stakeholders to help drive projects toward measurable and achievable outcomes.
Programmatic review	Assess projects and set priorities.
Strategy development	Develop three-year strategy at each hospital aligned with our Mission, Vision, Values and The THR Promise[SM] and strategic plan.

SNAPSHOT: CHARITY CARE AND COMMUNITY BENEFIT

In 2014, Texas Health provided nearly $653 million, or slightly less than $1.8 million a day, in charity care and community benefit, exceeding the nonprofit requirement by nearly 18 percent.

	'11	'12	'13	'14
Charity Care				
Patient charity care[2]	$145,581,949	$184,105,171	$174,878,698	$165,719,172
Cost of unreimbursed government-sponsored indigent health care[3]	$17,816,432	$17,705,611	$30,428,913	$21,946,439
Charity care provided through others[4]	$64,476,774	$78,797,336	$44,053,911	$49,022,054
Subtotal Charity Care	$227,875,155	$280,608,118	$249,361,522	$236,687,666
Other Community Benefit Care				
Unreimbursed Medicare[5]	$477,948,889	$486,116,291	$406,799,283	$393,753,472
Community Benefit[6]				
Community Health Improvement services, health professions education, cash and in-kind donations, community benefit operations, community building and research	$13,351,949	$16,825,521	$28,000,808	$22,545,619
GRAND TOTAL	$719,175,993	$783,549,930	$684,161,613[7]	$652,986,757

[2] Free or reduced care provided to those financially unable to afford treatment. [3] The difference between the treatment costs for these patients and the government reimbursement rate. [4] Payments received from Texas, including Medicaid Section 1115 Waiver and Upper Payment Limit funding, as well as *Medicaid Disproportionate Share Hospital* payments. [5] The difference between the treatment costs for these patients and the government reimbursement rate. [6] Programs or activities that provide treatment or promote health and healing as a response to identified community needs. [7] The total amount of charity care provided dropped by more than $100 million from 2012 to 2013 primarily due to a change in accounting principles, which removed patient bad-debt expense from the calculation of the cost to provide patient care.

Community Health Programs

To identify and address unmet community health needs, Texas Health's Multicultural and Community Health Improvement team facilitates preventive health and wellness activities and services that promote good health, prevent disease, facilitate healthy lifestyle choices and treat illness early. At the hospital level, Community Health Councils, comprising employees and local community, business and civic leaders, oversee these programs. Members analyze health data and existing programs to address risk areas, and establish improvement objectives and plans.

Some of Texas Health's community health programs in 2014 included:

- **Child Automobile Safety Initiative –** Educates and raises community awareness about child passenger safety and the risk of unintentional injury from motor vehicle collisions. In 2014, we provided more than 1,600 car seat checks and educated about 1,000 families.
- **Chronic Disease Self-Management Program –** Provides information and teaches practical skills on managing chronic health problems. In 2014, more than 200 graduates completed 30 programs.
- **A Matter of Balance –** An evidence-based fall prevention program for older adults. In 2014, more than 270 graduates completed an eight-session course.
- **Motivate to Move –** A program sponsored by Texas Health Presbyterian Hospital Allen that taught elementary students at 17 schools about healthy eating and being more physically active.

- **Better Living through Improved Fitness and Education Program (Better L.I.F.E.) –** A fitness program developed by Texas Health Harris Methodist Hospital Azle to encourage socialization in activities for seniors.
- **Healing Hands Ministries –** Provides low-cost medical and dental care to uninsured residents near Texas Health Presbyterian Hospital Dallas. The clinic was staffed by two Texas Health Physicians Group physicians, who devoted 36 hours per week to see nearly 600 patients who otherwise may not have received care.

Community Health Needs Assessment

In 2013, Texas Health completed its first formal Community Health Needs Assessment (CHNA) due to new requirements that all nonprofit health care systems must evaluate the health status and needs of the communities they serve every three years.

Our initial assessment identified two key areas to address:

1. Chronic disease prevention and management.
2. Health awareness, literacy and navigation (i.e., having the knowledge and being able to understand your health; how to obtain, process and understand reliable health-related information; where to seek services; and how to navigate the health care system).

Using CHNA findings, we developed strategies for each facility within our health care system to implement from 2014 to 2016. Each year, Texas Health hospitals will assess the health needs of their local communities to determine if changes are needed based on what the CHNA found. Moreover, our Community Health Councils will engage with external stakeholders to identify and prioritize actionable information in preparation for the next formal CHNA.

Marching for Babies

Texas Health annually supports March for Babies, which raise funds for research, education and family support.

GOVERNMENT AFFAIRS & ADVOCACY

Texas Health Resources plays an active role in the public policy arena and advocates for enhanced health care delivery that strengthens our ability to improve the health of the people in the communities we serve.

Specifically, we strongly support efforts to increase the number of the insured, reward hospitals based on the value and quality of the care we provide, and focus on primary care, prevention and well-being. This helps us not only sustain our health care system, but individuals' health as well.

Texas Health Resources' participation in the health care public policy process is critical to our mission, vision, and values; serves the best interest of our communities; and is a necessary element of being a good corporate citizen. Our advocacy initiatives facilitate the removal of barriers and help us avoid setbacks, which can strengthen and advance our mission.

We believe that by participating in the public policy process that we can leverage the impact of our programs, services, and resources, thereby allowing us to maximize our ability to improve the health of the people in the communities we serve.

Texas Health CEO Barclay Berdan meets with Texas House Speaker Joe Straus to discuss Texas Health's pressing state public policy issues.

Engagement

Texas Health informs and educates policymakers about our federal and state public policy priorities. Since 2014 was a non-legislative year in Texas, we coordinated many meetings with lawmakers and staff at our wholly owned hospitals. Conducting a hospital tour provides one of the most effective methods of engaging with our delegation because we can illustrate the impact of public policy decisions on access to critical health care services. It is important that lawmakers see firsthand the complex work that our caregivers do to deliver affordable, innovative and reliable high-quality care to patients, as well as what public policy changes if any are needed.

When Texas Health engages our federal, state and local policymakers, we seek to:

- Identify issues and evaluate their impact on our organization.
- Develop our public policy priorities.
- Inform employees, physicians, trustees, volunteers, community partners and industry associations about important issues so they can help promote our public policy agenda.
- Organize grassroots advocacy with health system leadership and community organizations.
- Educate employees about the importance of civic engagement (e.g., voting).

---

8 The Texas legislature operates under the biennial system and convenes in odd-numbered years. The maximum duration of a regular session is 140 days, but the governor (under the state constitution) can convene the legislature for a "special session" if needed.

Memberships

Texas Health collaborates with trade associations, industry groups, coalitions, our strategic nonprofit partners and other key stakeholders to maximize our effectiveness in the legislative and regulatory arenas. Our primary partners include:

- American Hospital Association
- Premier Inc.
- Healthcare Leadership Council
- Texas Hospital Association
- Texas Association of Voluntary Hospitals
- Dallas-Fort Worth Hospital Council
- North Texas Commission
- Dallas Fort Worth Business Group on Health
- Area Chambers of Commerce (e.g., Arlington, Dallas and Fort Worth)

Policies

Texas Health does not directly nor indirectly support or oppose any candidate for elective office, nor do we contribute to political campaigns or activities.

Our Legislative Activities Policy mandates that all officers and employees adhere to all federal and state statutes, rules and regulations concerning legislative and lobbying activities. Our employees also cannot conduct personal political activities at work or on Texas Health property, nor can they be reimbursed for any political-related expenses.

Priorities

Every two years[8], Texas Health's Government Affairs & Advocacy department develops the organization's federal and state public policy priorities with input from board members, system and hospital leadership, industry trade associations and community stakeholders. Approved by the Texas Health board in December 2014, our public policy priorities for 2015-16 focus on:

- Health care reform
- Medicare and Medicaid
- Quality and patient safety
- Physician/hospital relations
- Workforce
- Medical liability and tort reform
- Insurance reform
- Accountability and transparency
- Trauma and emergency readiness
- Health information technology
- Behavioral health
- End-of-life care

EXISTING ADVOCACY CHALLENGES

Within an ever-changing and complex political, legislative, and regulatory landscape, Texas Health continued our efforts in 2014 to:

- Enhance communications and outreach with internal and external stakeholders.
- Strengthen industry and community networks, partnerships, coalitions and collaborations to address key public policy challenges.
- Implement advocacy strategies that advanced the organization's Mission, Vision and Values.

Health Care Reform

Texas continues to have the highest number of uninsured individuals in the nation, including the highest rate of uninsured children, which puts a tremendous financial burden on hospitals that are federally mandated to provide emergency care regardless of a patient's ability to pay. If fully implemented in Texas, the Affordable Care Act would have reduced the number of uninsured in the state by providing additional health care coverage through the state Medicaid program, as well as the new federally facilitated health insurance exchange.

In 2013, state legislators opted to bypass federal funding that would have covered more of Texas' working poor families through Medicaid. More than 1 million Texans who could qualify for Medicaid remain uninsured because of the state's decision not to expand the program.

Recognized for Emergency Care

In recognition of Trauma & Injury Prevention Awareness Month, Fort Worth City Councilmember Joel Burns presented a proclamation to the Marion Emergency Care Center team at Texas Health Fort Worth.

As the state's uninsured seek health care services in hospitals' emergency rooms, this population will continue to be a financial burden for hospitals, local taxpayers and the privately insured.

In preparation for the start of the 84th Texas Legislature in 2015, Texas Health and other hospitals and health care systems urged lawmakers to develop and implement a flexible "Texas Way" to expand private market-based coverage to the uninsured, promote personal responsibility, and focus additional resources on primary care, prevention and wellness. Going forward, Texas Health will continue to:

- Urge lawmakers to reform the health care system to give citizens access to affordable health insurance.
- Shape the implementation of health care reform by advocating for the transformation of health care delivery across the continuum of care.
- Mitigate the impact of potentially harmful legislation and regulation.
- Promote meaningful improvements in quality and cost containment models that do not compromise our ability to care for the vulnerable and underserved.

Quality and Care Coordination

Texas Health supports financial incentives that reward providers for implementing innovative solutions and best practices to eliminate hospital-acquired infections and preventable readmissions. Additionally, we support the development of Accountable Care Organizations (ACOs), which better align provider compensation with efforts to improve care coordination, quality and reduce costs.

However, health systems such as ours need further regulatory relief at both the federal and state levels to achieve the goals of accountable care. For example, some of the legal hurdles at the federal level we currently face include:

- **Antitrust –** The ACA offers financial incentives to health providers to consolidate in an effort to reduce operational costs. However, reduced competition for health services can impede innovation, limit consumer choice and escalate costs.

- **Stark Law –** Under the law, physicians cannot refer Medicare and Medicaid patients to entities in which they have a financial relationship. This can interfere with Texas Health's ability to help patients receive the care they need when and where they need it most.

Texas Health is a member of a coalition of industry associations and other health systems focused on simplifying and improving the Stark Law. We are seeking to reduce the penalty for hospitals that are compliant, but simply have an unwritten, unsigned or lapsed agreement. This would reduce legal expenses and focus the Centers for Medicare & Medicaid Services' resources on addressing more severe violations.

Also during the year, Texas Health supported policies to improve care coordination, quality and patient safety through continuous investments and innovations. For example, we support continuation of the five-year Medicaid 1115 Waiver, which has increased access to services for low-income patients, reduced costs, and improved quality since it was

Key Factors that Impact Health Care Public Policy

Public policy is a complex and multifaceted process that involves the interaction of many stakeholders and the interrelationship of numerous factors.

Specifically, health care public policies are influenced by a variety of variables, including social conditions, public opinion, laws, current events, economic conditions, regulations, new scientific discoveries, technological changes, interest groups and the political environment.

implemented in 2011. Continuation of the waiver must recognize the fair value of uncompensated care and preserve funding for highly successful delivery system reform incentive payment (DSRIP) projects. If the federal government allows the additional flexibility needed, Texas can continue to improve our delivery system and provide access to health care needed for low-income patients. The waiver is cost-effective, and its renewal will preserve budget predictability for the federal government, our state and safety net providers, and it will better serve Texas communities.

Workforce Issues and Access to Care

Texas' rapid population growth and propensity for chronic diseases like obesity, diabetes, heart disease and cancer increase the need for health care services. Unfortunately, these challenges are compounded as our state currently faces a critical shortage of physicians, nurses and allied health professionals.

Texas Health continues to advocate for increased higher education funding for graduate medical education (GME) for physicians. More residency slots and funding for GME are needed to keep Texas-trained physicians in the state, where they will be more likely to set up practice. Texas lawmakers responded in 2013 by partially restoring public funding to help address the physician shortage. Two important bills were passed that will restore approximately $50 million in funding for GME, which will support and maintain current residency programs, while generating up to 100 new first-year residency slots.

State lawmakers also appropriated $33.75 million to the Professional Nursing Shortage Reduction Fund for 2014-2015 (an increase of $3.75 million over 2012-2013).

The fund was created to increase nursing school enrollment and improve graduation rates to produce more registered nurses and fill nurse faculty positions. Texas Health will continue to support funding efforts that help the state meet the projected demand for health care services.

Fiscal Sustainability

More than ever, health care systems need stability in the Medicare and Medicaid programs. Texas hospitals are not adequately reimbursed for the costs of providing Medicaid inpatient care. Medicare pays slightly better, but Texas hospitals still lose a great deal on treating Medicare patients. Unfortunately, this downward trend is unsustainable for hospitals and shifts costs to the private market, as well as hinders patient access to vital health care services.

In 2013 and 2014, the following legislatively mandated Medicare and Medicaid cost-containment initiatives created funding instability and reimbursement uncertainty for hospitals. These included:

- Cutting nearly $500 million in Medicaid payments from the state budget.
- Cutting between $16 million and $19 million from the 2014 Medicare Disproportionate Share Hospital (DSH) budget, which supports hospitals that serve a large number of Medicare and uninsured individuals. Additional multi-million dollar cuts will begin in 2016 and extend to 2023.
- Trimming 2 percent in Medicare reimbursement rates (about $2.5 billion) from 2013 to 2023.
- Eliminating higher Medicare reimbursement for long-term care hospitals.

Justice for All Act Reauthorized

Press conference at Texas Health Presbyterian Hospital Dallas with U.S. Senator John Cornyn concerning his reauthorization of the Justice for All Act, a law that seeks to improve support services for victims of sexual assault. It provides support to help state and local governments use DNA evidence to convict guilty offenders and exonerate the innocent.

Policy objectives that seek to contain costs would be better achieved through a pay-for-performance approach instead of arbitrary payment reductions. Texas Health will continue to advocate for adequate and fair reimbursement to help us provide compassionate, quality and affordable care.

Fortunately, Texas lawmakers appropriated $138 million in state funding (trauma account) for the Medicaid Disproportionate Share Hospital (DSH) program in 2013 and appropriated another $300 million in general revenues for 2014-2015. This is the first time that state revenue has been dedicated to the Medicaid DSH program, which is significant because it helps provide stability for the next two years.

Also during the year, policymakers allocated $115 million to fund the Designated Trauma Facility and Emergency Medical Services Account for 2014-2015. This will help our trauma-designated hospitals recoup approximately 25 percent of costs associated with providing trauma care services. Without the trauma safety net, the state's mortality rate would be significantly higher.

No matter what happens in Washington, D.C. and Austin, Texas, Texas Health is moving forward with the transformation strategy we began implementing years ago before the passage of health care reform. We built flexibility into our strategy to meet changing regulatory and legislative requirements, while keeping our focus on efforts that improve quality and patient safety across the continuum of care.

Texas Health will continue to inspire change in the way people think about their own health and well-being, and we will advocate for bi-partisan, collaborative approaches that improve the health of the people in the communities we serve.

Influencing Health Policy

Representatives from Texas Health and the Texas Hospital Association met with state District 108 Representative Morgan Meyer (middle) to discuss pressing health public policy issues at Texas Health Presbyterian Hospital Dallas.

TEXAS HEALTH RESOURCES FOUNDATION

The Texas Health Resources Foundation strives to enhance the delivery of quality patient care by joining with committed donors to sustain the long-term fiscal viability of our organization. While Texas Health is one of the largest health care systems in the state, it needs various sources of capital to help meet an ever-growing demand for education, outreach, facility and technological enhancements to better serve North Texas communities.

The Foundation raises funds that support clinical, educational and research programs across the system. Funds are raised through endowments, individual giving (including employees), corporations, foundations and community organizations. Some examples of projects supported through philanthropy include:

- Nursing and medical staff advanced-level training.
- Heart and vascular screenings, mammograms, behavioral health care assessments, colon cancer screenings and educational resources for the underserved.
- The Sexual Assault Nurse Examiner (SANE) program, which ensures victims ages 14 and up receive proper medical attention, certified and compassionate treatment, and forensic examinations, as well as aid in the prosecution of sexual assault offenders through collaboration with law enforcement.

Programs & Events

The Texas Health Resources Foundation leads two employee giving campaigns every year:

- The Community Employee Giving campaign is held each fall and gives employees an opportunity to financially support local nonprofit organizations—like United Way, American Heart Association and food drive beneficiaries—to provide life-saving resources and support to individuals.
- The Texas Health Associates campaign is held in the spring so that employees can financially support Texas Health programs and services they are passionate about.

In 2014, the Foundation created the Texas Health 365 Fund to help close the gap between technological advancements and the system's ability to provide the critical resources needed to improve the health of the people in our communities. Contributions raised help to fund nursing education and patient care programs, as well as purchase medical equipment and technologies. We raised more than $1 million from the 365 Fund during the year.

Breakfast with St. NICUlas

Approximately 675 guests generously donated more than $77,000 to support the Neonatal Intensive Care Unit during this holiday event at Texas Health Harris Methodist Hospital Fort Worth in 2014.

Additionally, the Foundation holds special events throughout the year with proceeds supporting programs and services at our hospitals. These special events include black tie galas, an annual golf tournament, a fashion luncheon and Breakfast with St. NICUlas, a children's holiday event. Our community supporters also have the opportunity to donate to Texas Health through various grateful patient programs like Grateful Hearts, which honors a hospital employee, or Texas Health Heroes[SM], which honors a Texas Health physician.

Contributions

In support of Texas Health's strategic initiatives, the Texas Health Resources Foundation received nearly $22 million in gifts for 2014. For more information, read the Foundation's 2014 Donor Giving and Stewardship Report.

2014 BY THE NUMBERS

Texas Health Resources Foundation

Received 8 gifts of **$1 million** and above (most ever in a single year)

Awarded more than **$400,000** in nursing scholarships

More than 7,500 donors

7 fundraising events and more than **2,500 total attendees** in 2014

Added 300 new donors to Circle of Giving
(annual donors who gave $1,000 or more in 2014)

Donors from **41 states**
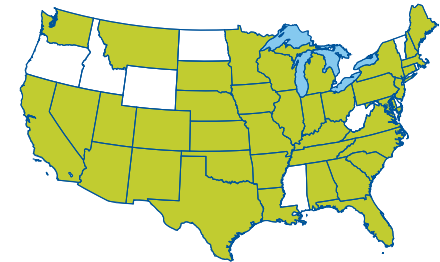
(every state except Alaska, Delaware, Idaho, Mississippi, North Dakota, Oregon, Rhode Island, Vermont, West Virginia, Wyoming)

Source of Giving in 2014:

32% Individuals
17% Foundations
7% Employees
44% Corporations

Total square footage of capital projects supported by donors in 2014:
206,010

OUR ENVIRONMENT OF CARE

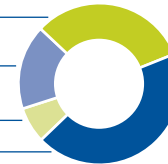Providing a healthy and healing operational environment supports our Mission to improve the health of the people in the communities we serve. Texas Health Resources conscientiously manages its environment of care to maintain business functions, keep employees and patients safe, lower operating costs and reduce negative environmental impacts.

2014 HIGHLIGHTS

Reduced electricity use **3.3%** since 2011, saving $4 million

Saved **75,054 trees** since 2012

Reduced physical environment deficiencies 49% since 2011

Designed a multiyear, multimillion dollar migration of 500+ applications to regional data centers to replicate existing technology infrastructure

Spent **$82.2 million** directly with minority and women suppliers since 2012

Created a new position to manage systemwide utility consumption and environmental sustainability

Earned LEED® certification at Texas Health Harris Methodist Hospital Alliance

ENABLED **97%** OF ENTITIES TO COMPLY WITH THE JOINT COMMISSION'S WORKPLACE SECURITY STANDARDS

Saved nearly **$55 million** since 2012 on procurement expenses

PHYSICAL ENVIRONMENT

Texas Health's physical environment encompasses its systemwide campuses and facilities, including hospitals; clinics; corporate and administrative offices; and surgical, health and imaging centers.

How We Manage

Facility and environmental management teams continuously implement programs and maintain and inspect both equipment and properties to comply with Texas Health's stringent building and operations standards, as well as those set by The Joint Commission (TJC)[1], Occupational Health and Safety Administration (OSHA) and National Fire Protection Association.

We reduce risks through routine monitoring, training, sharing best practices, and drills and audits. When we find deficiencies, from policy violations to undocumented maintenance activities, we take corrective action and reinforce training and protocols to employees.

In 2014, Texas Health established a Physical Environment Workgroup of system representatives who meet monthly to discuss physical environment issues and plans, and share best practices.

Workgroup members updated the system's Life Safety Policy to improve safety and decrease property damage risks caused by fire. They also appointed an Environmental Tours Task Force to identify, monitor and address emerging issues annually at each entity. Texas Health has made a 49 percent improvement in addressing EOC deficiencies since 2011 and will continue taking action to address remaining deficiencies in the future.

Also during the year, Texas Health spent extensive time preparing for TJC's accreditation survey of its hospitals, which occurs every three years and will be held next in 2015. The Texas Health system voluntarily pursues TJC accreditation and certification.

A Physical Environment Workgroup meets monthly to discuss issues and plans, and to share best practices.

---

[1] Each wholly owned hospital also has its own board of trustees, who oversee the implementation of hospital-specific strategic plans and performance.

How We Secure

Each Texas Health hospital has a multidisciplinary threat management team that annually assesses and identifies potentially hazardous conditions related to physical building security or workplace violence. Based on their findings, we implement security controls and train employees to reduce potential risks.

In response to increasing workplace violence across the country, Texas Health enhanced building security and added an active shooter training program to educate employees and physicians working in high-risk areas how to respond to persons with weapons. The training helps them identify and diffuse potentially antagonistic situations, and know how to respond should a shooting occur.

In 2014, we prepared the training program for the entire workforce, which was rolled out in March 2015. Additionally, we put a non-crisis intervention training program in place to help employees quickly assess antagonistic events and respond appropriately. It too will be deployed in 2015.

To help us monitor and track security-related incidents so that we can identify trends and resolve issues systemwide, we installed a new security application. It will collect and report consistent data—from the number of car break-ins to lost items to drug confiscation—to help us strengthen security controls and improve compliance with security standards.
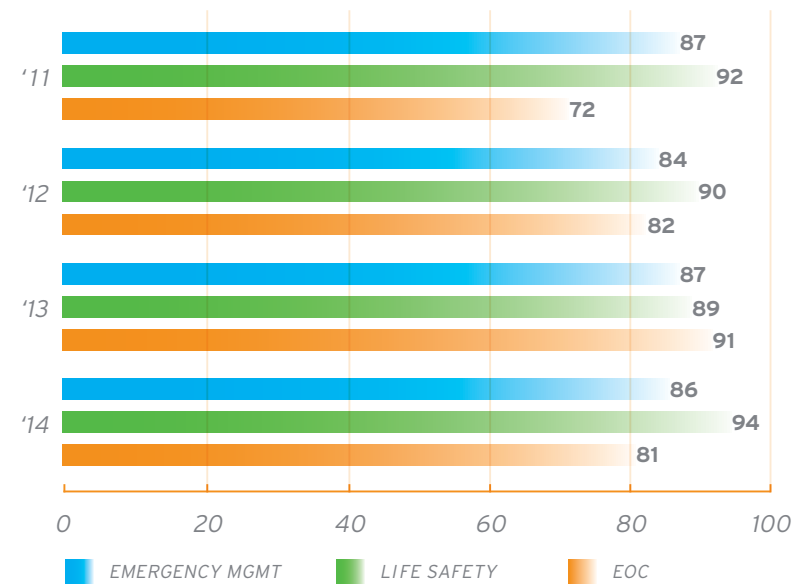
As part of our efforts to systemize security management in 2015, we will enhance communications and training. We also will implement a Code Silver Active Shooter Policy, which will be mandatory for all employees to protect their safety and the safety of others.

SNAPSHOT: IMPROVING PERFORMANCE

While Texas Health's TJC survey scores of environment of care, life safety and emergency management standards are on par with scores from other U.S. health systems, we aim to improve. We are implementing plans to systemize the identification and management of these issues.

TEXAS HEALTH AVERAGE SCORES
by TJC category

Year	Emergency Mgmt	Life Safety	EOC
'11	87	92	72
'12	84	90	82
'13	87	89	91
'14	86	94	81

■ EMERGENCY MGMT   ■ LIFE SAFETY   ■ EOC

COMPLIANCE
with TJC standards

WORKPLACE SECURITY	97
SAFETY/SECURITY RISKS	83.4
EMERGENCY PREPAREDNESS	81.3
EMERGENCY MANAGEMENT	81
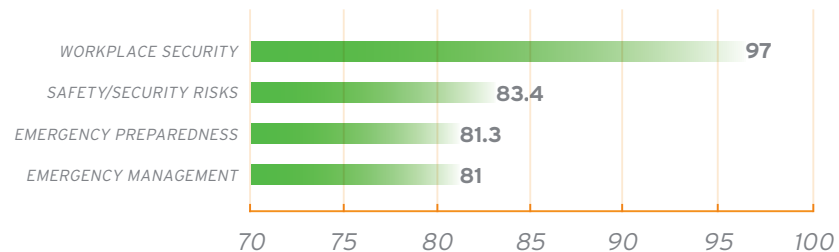
ENVIRONMENTAL MANAGEMENT

Texas Health's environmental management systems allow the system to maintain compliance and reduce operational risks. To be environmentally responsible and comply with regulations, we also:

- Improve building efficiencies when constructing or renovating facilities using tools and guidance from best-in-class energy efficiency protocols, such as the U.S. Environmental Protection Agency's Energy Star® and Leadership in Energy & Environmental Design (LEED®) green building initiatives.
- Install and upgrade existing environmental controls and systems to monitor and reduce water waste, energy consumption and air emissions.
- Reduce or eliminate exposure to medical, toxic, pharmaceutical and hazardous wastes and chemicals.
- Use more efficient or sustainable materials and equipment.
- Reduce, recycle and responsibly dispose of waste.
- Train personnel how to work safely and responsibly.

We evaluate the effectiveness of our programs and capital investments through goal setting and progress reporting; cost savings realized; reduced energy, water and waste; and alignment between our facilities and the communities they are designed to serve. In 2014, Texas Health created a new position to manage systemwide utility consumption and environmental sustainability. We also conducted an operational audit at each entity, which identified utility reduction and sustainable method opportunities, which we will begin addressing in coming years.

The following sections explain our investments in critical areas:

Energy

Due to their 24/7 operations, heating and cooling needs, and extensive medical equipment powered by electricity, hospitals are inherently energy-intensive. High energy consumption contributes greenhouse gases and carbon dioxide emissions to the atmosphere, which impact human health and the environment. Energy use is also expensive. Therefore, Texas Health invests in efficiency projects each year to reduce the cost burden and related impacts.

FACILITY & ENVIRONMENTAL MANAGEMENT TEAMS

Three Texas Health departments are responsible for different facets of building management. They include:

- **ENVIRONMENTAL SERVICES**
  Manages housekeeping, waste management and building controls.

- **SYSTEM ENGINEERING**
  Formalizes and standardizes building and environmental management processes, sets annual program targets, and oversees building infrastructure improvement projects.

- **REAL ESTATE ENGINEERING**
  Provides maintenance services and construction oversight for all medical office buildings.

How We Manage

Texas Health participates in the EPA's Energy Star program, which commits us to measure and reduce our energy use. Since 2011, our hospitals have pursued partner status by scoring 75 or higher on their buildings' efficiency ratings. Two years later, Texas Health Presbyterian Hospital Plano became our first hospital to qualify for this status; all others are actively working to reduce their energy consumption.

Some of our key efficiency strategies include:

- Retrofitting and optimizing existing building and electrical systems, lighting, and chiller and boiler operations using new, technologically advanced equipment and systems.
- Procuring more efficient building materials and equipment when they need to be replaced.
- Putting all new buildings through a rigorous commissioning process to verify if systems perform to our high specifications for efficient energy use.
- Conducting detailed energy audits of existing buildings to determine opportunities that exist for energy savings.
- Purchasing renewable energy credits when feasible and cost-effective.
- Participating in North Texas' demand-response program, which reduces energy demand during emergencies to avoid catastrophic failure of the power grid. In 2014, we added two additional hospitals to the program.

Texas Health invested about $8 million in building system upgrades in an effort to reduce energy consumption systemwide by 5 percent during the year. We completed more than 40 efficiency projects to help us meet this goal, including optimizing the chiller plant at Texas Health Presbyterian Hospital Dallas, which saved $500,000 in utility costs and 4 million kilowatt hours alone. While electricity use systemwide decreased 0.16 percent over 2013, natural gas use increased 6.4 percent due to the cold, icy winter and having more space to heat and cool with the expansion of two hospitals.

To drive reduction efforts, we created a central energy management department and audited electrical and natural gas consumption. Our goal is to reduce electrical and natural gas consumption by 6 percent in 2015. We also plan to:

- Install new software to regulate how much energy, water and natural gas we supply to all facilities.
- Use more efficient equipment and thermal storage capabilities, and well as reduce or eliminate steam boilers systemwide.
- Expand our participation in the region's energy demand-response program.

"Reduced annual electricity use 3.3% since 2011, saving $4 million"

Water

As the state of Texas faces ongoing risk of drought and low water supply, and rates continue to rise, consumers must use water wisely to preserve this finite resource. Texas Health implements a number of initiatives to reduce water use and save money, including:

- Installing water-efficient irrigation and sprinkler systems.
- Incorporating xeriscape practices into landscape design.
- Installing low-flow toilets, waterless urinals and proximity sensors for hand-washing sinks.
- Identifying and repairing leaks.
- Using microfiber mops that reduce water and chemical use.
- Participating in the North Texas Health Care Laundry Cooperative, which helps reuse wastewater, reclaim heat and reduce chemicals needed to clean hospital linens.

In 2014, water consumption across our system increased 4.6 percent over 2013 due to building expansions; water rates also increased more than 6 percent. In the coming year, we intend to install an enhancement that will use less water in at least one cooling tower in the system, evaluate alternative water sources and use low-maintenance planting materials in an effort to reduce water consumption by 3 percent.
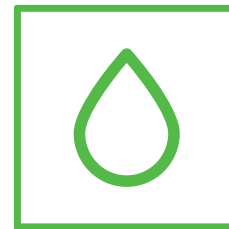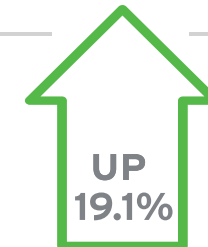
53 MILLION GALLONS OF WATER SAVED BY SHREDDING/RECYCLING PAPER

5.7% increase in water use since 2011 due to system expansion and hot summers

INCREASE IN WATER UTILITY RATES UP 19.1% SINCE 2011

Waste Management

Health facilities generate an average of 14,000 tons of waste per day[2], which often ends up in landfills or is incinerated where legally allowed. Texas Health works to reduce or recycle waste where feasible. We also carefully manage waste to comply with regulations, protect human health and the environment, and reduce costs. Our stringent waste management policies, protocols and training enable us to handle waste responsibly.

Our primary waste streams include:

Medical and hazardous waste

The management of medical waste (e.g., used needles and pharmaceuticals) and hazardous waste (e.g., chemicals and disinfectants) is expensive, highly regulated, and requires specialized training and disposal mechanisms. To reduce costs and clinician exposure risks, Texas Health contracts with a full-service, nationally recognized waste disposal company that delivers waste handling training and removes hazardous chemicals, pharmaceuticals and waste directly from our facilities.

[2] Practice Greenhealth, 2013 Sustainability Benchmark Report

REUSE AVOIDS LANDFILLING, REDUCES COST

Some of Texas Health's medical devices in the operating room can be sterilized, sharpened and returned for hospitals to reuse more than once, helping the system avoid landfill waste and reduce supply costs. In 2014, reusing these devices saved Texas Health $1.2 million and kept 33,646 pounds of medical waste out of landfills.

Office waste

Nearly every Texas Health facility has some kind of office waste recycling program, depending on the volume, storage and staff needed to make recycling practical and cost-effective.

We encourage employees to recycle paper, boxes, plastic, aluminum and steel. We also keep considerable amounts of cardboard out of the waste stream, thanks to having some medical supplies delivered in reusable totes directly from our distributor to our patient care areas.

Fortunately, most of our system has transitioned toward an electronic environment—an achievement reached by only 2.9 percent of U.S. organizations. Our electronic health record, CareConnect, collects and transfers clinical information to and from employees, patients and clinical partners and significantly reduces paper waste. We are digitizing additional health records from Texas Health Physicians Group clinics and through our participation in a systemwide Health Information Exchange as well.

In 2014, Texas Health shredded and recycled nearly 2.8 million pounds of paper—enough to save 32,394 trees. We also held our annual Community Shred-It Event, which brought in 20,200 pounds of paper that was recycled. To encourage recycling among hospitals, we held a one-month systemwide recycling challenge. Texas Health Harris Methodist Hospital Hurst-Euless-Bedford took top honors by increasing its recycling of plastic, aluminum, paper and cardboard by 21 percent. The entire system recycled 71.7 tons of materials, which saved 1,219 trees, 294,052 kilowatts of energy and 502,040 gallons of water.

Electronic waste

Texas Health recycles computer components, medical equipment, telephones, printers, servers and other electronics after they are no longer needed. In 2014, we recycled 66,150 pounds (33 tons) of electronic waste, keeping it out of landfills.

9.4 MILLION POUNDS OF PAPER

shredded & recycled since 2011

RECYCLING EFFORTS SAVED

75,054 TREES

SINCE 2012

Laundry waste

To save on linen, laundry and water costs and use, we have been working to reduce the amount of linen processed through our laundry service. Our 2014 goal was to reduce our per-patient linen weight to under 12 pounds, which we achieved through a reduction to 11.5 pounds—saving an estimated $300,000.

In 2015, we will pilot the use of new Thermoflect® blankets that contain heat-reflective technology. Under the standard warming protocol that operating rooms follow, some surgical patients may receive several blankets (typically nine to 15) to keep them warm after surgery. If the pilot confirms the benefits of the Thermoflect blanket, the entire system could potentially reduce the number of blankets needed to just one regular 2-lb. blanket and one 1-lb. Thermoflect blanket. This would significantly reduce the cost to purchase and launder multiple cotton blankets per surgical patient.

Clothing waste

Rather than dispose of used scrub tops, pants and jackets, some of our hospitals periodically collect, launder and donate scrubs, gowns, booties and shoes to community centers that provide services to homeless families and victims of domestic violence.

Building Design and Refurbishing

Texas Health designs, builds and retrofits hospitals and facilities to improve efficiency while reducing negative environmental impacts, as required by local building codes. This effort includes:

- Retrofitting plumbing and lighting, and implementing conservation measures.
- Installing low-flow devices in toilets, urinals and sinks in all new construction and many existing locations.
- Landscaping with drought-tolerant plants.
- Eliminating pests at their source by prohibiting entrance into the building. This reduces the amount of chemicals needed to control them.
- Installing better insulation and using white roofing surfacing to improve efficiency.
- Replacing chillers, cooling towers and equipment with more efficient options.

For some hospitals, Texas Health purchases renewable energy certificates, which are used to purchase a portion of electricity from renewable energy sources (e.g., wind or sun). In 2014, Texas Health Dallas purchased some of these certificates when it expanded its operating room into a LEED-certified interior design space.

Texas Health Harris Methodist Hospital Alliance earns LEED certification

Leadership in Energy & Environmental Design (LEED) is a U.S. Green Building Council program that recognizes the design, construction and operation of high-performance green buildings. In 2014, Texas Health Alliance incorporated the latest in energy efficient technology and environmentally friendly products into its building, including a 150-ton heat pump chiller to heat water.

The heat pump chiller absorbs free heat from the air and transfers it to the water, making the heating process efficient, ecological and cost-effective. Other design elements include using light colored roofing, using certified wood in the interior, recycling and minimizing waste while constructing the hospital, and reducing water usage in the hospital.

Texas Health Alliance also uses interactive patient touchscreens to help control heating and cooling costs. Upon admission, room temperatures are set at a default level, which patients can raise and lower as needed from the comfort and safety of their bed. The automatic return to the default temperature upon discharge reduces utility costs; this savings is reallocated to other patient services.

Air Quality

Texas Health takes measures to improve the air quality not only within the health system, but in the communities where it operates. As a large health care system, we understand the impact our operations can have on carbon emissions and other compounds that can aggravate health conditions linked to poor air quality, like asthma and cardiovascular disease. We implement regulated controls, monitor emissions and ship medical waste off-site for incineration. In 2014, we continued to comply with all local, state and federal air quality regulations.

SUPPLY CHAIN MANAGEMENT

Supply costs are the second-largest expense after labor, making it critical that Texas Health conscientiously manages procurement processes to maintain competitiveness, financial viability and operational efficiency. We do this while also selecting the highest quality of materials and services to deliver outstanding patient care.

Similar to other organizations of our size and scope, we face the following risks to our supply chain:

- Extreme weather and/or other unforeseen events that may delay or interrupt supply delivery.
- Escalating costs for high-end or high-tech medical technologies, equipment, and other related products and services.
- Sourcing from manufacturers that outsource production in countries that may have additional political, social, health or weather risks.
- Underperforming or unethical contractors.

We designed our business practices and performance management systems to monitor and reduce these risks, as well as maintain compliance with federal and state laws and regulations.

Procurement Strategies

To effectively and responsibly procure materials, equipment and services, we deploy the following key strategies:

Responsible purchasing

We purchase products and services that are healthy and better for the environment when financially feasible. For example, some Texas Health hospitals source healthy or organic food locally when in season, host farmer's markets, and make healthy selections available in vending machines. Through our office products supplier, we purchase recycled products at the same or cheaper cost than non-recycled supplies as well.

Buy green and buy local

Texas Health considers sustainability in its purchasing decisions, and will procure environmentally friendly and recycled materials, such as Greenseal™ or EcoLogo™ benign cleaning products, when it is cost-effective. Additionally, we purchase some of our services and products locally, which helps create jobs and sustain local economic growth in the communities we serve.

Our system was the first in North Texas to achieve level-one "Clean Zone" certification by JanPak (recently acquired by SupplyWorks™), a national cleaning and equipment supplier. Clean Zone is a sustainability program designed to reduce the negative impact of harmful equipment and products on health and environment. Certification requires a commitment to use green cleaning products, equipment, processes and management practices. In 2014, Texas Health Plano became one of two hospitals in the state to achieve level-two certification for its rigor.

Harness buying power

Texas Health is an owner in Premier Inc., a national group purchasing organization that leverages members' purchasing power to source quality products at a lower price. We participate in product and vendor selection for Premier's national contracts, which means targeted vendor selection and direct savings for our system. Premier also helps us identify cost-reduction opportunities and supply chain management best practices, and offers a robust diversity supplier program that we actively utilize.

MAKING FOOD SAVORY

Texas Health's food services teams are committed to serving nutritious, delicious meals. They whip up everything from vegetable and egg white omelets, turkey and veggie burgers and even sushi. Many hospitals, like Texas Health Fort Worth, host farmers' markets for employees, patients and families, provide "cooking light" and "eat fit" food stations, and offer salad bars chock-full of healthy offerings.

Test quality prior to purchasing

We have rigorous quality standards at Texas Health. To assess whether manufacturers' clinical innovations meet our high standards, they are evaluated and tested by our clinical teams for alignment, safety and satisfaction. Whenever changes are made to a standard product, we conduct evaluations across the system to see that there is greater adoption and increased satisfaction among caregivers. Our vendors also can have the Texas Health Research & Education Institute evaluate their products' quality and effectiveness for a fee.

Require ethical business practices

Vendor business activities must be conducted in accordance with our Code of Business Ethics and our System Compliance Program, as well as all aspects of our written policies and procedures concerning the federal False Claims Act, whistle-blower provisions, and fraud detection and prevention.

Build relationships

Periodically, we meet with approximately 20 of our key business partners to discuss local and industry challenges as well as opportunities for improvement. We review sales results, business trends, opportunities, special projects and a number of other pertinent business metrics.

Control costs

Texas Health continuously engages suppliers to determine ways to improve cost controls within supply chain processes and programs, as well as how to standardize best practices related to the purchasing, storage and distribution of materials. We have achieved bulk pricing and have reduced physician usage of special-ordered items, which has reduced supply expense per net patient service revenue since 2009. In 2014, we expanded supply chain management to non-acute care areas, which helped standardize many medical products across the care continuum. This enabled us to reduce costs and provide higher-quality supplies.

Overall, we exceeded our $15 million savings goal by cutting nearly $16.1 million in supply costs. We will embark on a multiyear Focus on Fundamentals project in 2015, which is designed to help us reduce variation of supplies and use, while keeping our quality and patient outcomes high. We aim to achieve multimillion-dollar savings over the next five years. Our 2015 goal is to reduce costs by more than $20 million.

$82.2 MILLION SPENT DIRECTLY WITH MINORITY & WOMEN SUPPLIERS*

NEARLY $55 MILLION SAVED ON SUPPLY EXPENSES*

*since 2012

Support minority businesses

Doing business with enterprises owned by women, minorities and veterans can provide cost-effective products and services to our organization. By contracting with these organizations, we help sustain their companies, which in turn help strengthen the local economy. While we do not have specific targets for annual spending with minority suppliers, we spent $27.2 million with these companies in 2014.

Performance Monitoring

Texas Health's supplier contracts are designed to reduce costs, establish quality and performance expectations, and ensure vendors comply with its ethics and compliance policies. We evaluate key vendors' performance annually using a quantitative tool based on approximately 30 criteria, including cost, quality, responsiveness and assurance of supply. We also discuss what vendors are doing to reduce their own environmental and social impacts, as well as what they do with their diverse suppliers. We meet with underperforming suppliers to establish improvement plans if needed. If sufficient progress is not made and we see little change in resolving issues, we may terminate a contract.

Texas Health receives Supply Chain Excellence Award

Texas Health was recognized by Premier Inc.–a performance improvement alliance of U.S. hospitals and health services providers–for superior supply expense performance among Texas Health Physicians Group (THPG) clinics. In 2011, when the system formed THPG and purchased about 170 physician practices, it quadrupled the size of our physician group. As THPG continued to grow–now about 250 providers strong–we sought to drive standardization and efficiency in its supply chain.

To achieve this, we deployed a Web-based materials management system to provide a common data platform from which we can identify cost-savings opportunities. In 2014, we extended this platform to 11 surgical centers and 17 imaging centers throughout Dallas and Fort Worth. The system not only enables physicians and clinicians to select preferred clinical supplies, it allows us to standardize facets of care (such as flu tests) to drive compliance with quality standards–but at a lower cost. It also lets us view areas of overspending so that we can improve physicians' purchasing and use behaviors.

Now that we have standardized processes and systems in place, we will be better positioned to improve contract negotiations with key suppliers and begin to meaningfully impact product utilization at the point of care (the next frontier of supply chain management). In 2013-2014 alone, we have saved about $1.9 million from this effort.

BUSINESS CONTINUITY

Texas Health's ability to continuously maintain business functions is critical in protecting the health and well-being of its patients, managing business risks, and preserving its reputation and long-term sustainability. We designed our business continuity planning process to minimize the impact of unexpected events and execute a quick recovery in case of a natural or man-made disaster, delayed shipment of supplies, technology outages or other unforeseeable factors. We achieve this through the following programs:

Disaster Preparedness

Preparing for continued operation during a disaster is a key responsibility. The North Central Texas Trauma Regional Advisory Council coordinates preparedness activities in its role as the state's health care emergency management lead for communication and collaboration of resources during disaster events. We also leverage the robust National Incident Management System and the Hospital Incident Command System to maximize patient and staff safety when activated.

Management strategies

Exceeding the required minimum, we perform quarterly drills on such events as active shooter, infant abduction, hazardous materials and utility outages. We also participate in quarterly communication exercises with area hospitals, local and regional emergency responders, and other authorities.

Additionally, each Texas Health hospital:

- Completes a hazard vulnerability analysis annually to proactively identify areas that could impact operations or nearby communities.
- Regularly reviews and updates its emergency operations plan to confirm that disaster preparedness, response, recovery and mitigation are consistent and swift. We test the plan twice a year, with one drill that includes local and regional partners.
- Delivers an emergency response orientation to disseminate consistent and current information about our response policies and practices to employees and physicians.
- Trains select staff on emergency response and communications.
- Conducts ongoing risk surveillance and reporting.
- Prepares for natural or man-made disasters so it can continue delivering care during unexpected business interruptions.
- Reviews its emergency management program annually for regular compliance.
- Leverages lessons learned through drills and reviews real-time emergencies to improve surge capacity, fire response, communication, decontamination, patient tracking, evacuation, and business continuity processes and infrastructure.

Texas Health performs regular disaster drills to enhance preparedness efforts.

Progress being made

Beginning in 2014, there was a national shortage of IV normal saline and other IV solutions, which are commonly given to patients who cannot take fluids orally and are in danger of developing dehydration. Texas Health developed and communicated conservation measures to all clinical teams and began monitoring inventories. This effort continues today.

Also during the year, we identified the need to develop a systemwide emergency management plan to standardize processes and procedures for disaster and emergency preparedness. It will describe how the system will increase our preparedness through pre-planning, training and other emergency management activities. The plan also includes situations, roles and responsibilities of how our incident command center and leadership will support an entity during a disaster. In 2015, all hospitals will assess and update their emergency operations plans, complete a hazard vulnerability analysis and deliver incident command system training for select staff.

Information Protection

To combat the growing number of computer-based threats and other vulnerabilities, Texas Health protects operational and patient health information and intellectual property using a combination of technology, processes and controls.

Management and security

Texas Health's comprehensive communications network includes electronic health records, robust Internet and intranet sites, department-specific portals and a Web-based emergency notification system. We must protect and preserve information exchanged through these channels to operate legally and responsibly. Additionally, we must enable executives, clinicians and other employees to receive and distribute timely and accurate health and operational data to guide their decisions and improve their effectiveness.

To secure and maximize the reliability of information, we deploy proven technologies, monitor all alerts, and address all possible breaches and potential threats in a coordinated and responsible manner.
Some of our primary security measures include:

- Installing firewalls; intrusion detection tools; email monitoring and filtering capabilities; and automatic security patches for servers, desktops and laptops.
- Encrypting sensitive outbound information.
- Securing data centers 24/7 and providing access solely from distribution-controlled key cards.
- Automating alerts and actively monitoring systems and tools.
- Limiting access to electronic health records and other patient information based on clinicians' roles.
- Limiting access to operational information based on employees' roles.
- Conducting annual risk assessments and vulnerability scans to discover and correct weakness in applications and systems.

We evaluate the effectiveness of network security protocols and mechanisms by conducting internal audits and contracting with independent specialists, who regularly assess multiple security controls, test vulnerabilities inside and outside the network, and ensure that technical responsibilities and compliance are being met. When we discover deficiencies, we develop and implement plans to address them.

In 2014, Texas Health focused on improving information system resiliency by integrating a threat-management architecture that accounts for present and emerging threats. We also strengthened our technology risk management program to emphasize alignment with our strategic goals. As we do each year, we also:

- Made continuous improvements to our security programs and controls based on threats occurring in the health care industry.
- Collaborated with other health systems and organizations to identify and evaluate new threats, and to share lessons learned.
- Participated in privacy and security forums to discuss emerging threats and controls. These include the Healthcare Information Management Systems Society Privacy and Security forums, the Medical Device Innovation Safety and Security Consortium, and the National Health Information Analysis Center.

In the coming year, we will adapt security architecture and programs to address new threats, prioritize investments for continuous improvement, and make incremental improvements to maintain compliance and manage costs.

Backup and recovery

To deliver uninterrupted access to data that could impact operations or patient care, Texas Health created an Information Technology Solutions disaster recovery program, which is part of its overall emergency readiness program. In the event that a facility's direct network connection is not available, users can securely access critical systems from any location with Internet access via VPN and Citrix.

Texas Health also has backup power supplies, data centers and alternative telecommunications channels in place. In 2014, we continued designing one of the largest IT projects in the system's history outside of CareConnect (our electronic health record). We will be migrating more than 500 interconnected applications to regional data centers to replicate our

existing technology infrastructure—twice. This will provide additional off-site backup in an active/active environment so that if one system fails, users will automatically be switched to another—with zero downtime or interruption.

This multiyear, multimillion-dollar project will also store some data in the cloud for additional redundancy. We screen and periodically audit cloud service providers to validate that they have a robust security framework and recovery system in place, and that they regularly maintain and update their security controls.

Also during the year, we spent several months preparing a major drill to test the interconnectedness and availability of five major IT production systems. After taking these systems down, they were reconnected within minutes with no downtime or data loss. While we recognize that we won't have months to prepare for an actual disaster, it gave us confidence knowing that we could access these critical systems as part of our disaster recovery efforts if needed.

> " Texas Health must be able to access patient and operational **information when and where we need it —** especially in times of power outages, natural disasters and other unexpected events. "

OUR COMMITMENT

Texas Health Resources is committed to providing quality health care with respect for the individual, medicine and technology, and the healing power of faith. While this is our third public report about our sustainability journey, we will continue to pioneer ways to improve health and well-being. This effort includes enhancing health care coordination across the continuum of care and improving community access to cutting-edge health services and programs. We recognize that in order to achieve this, we must continue to hold ourselves accountable for driving innovation and improvement inside and outside of our walls.

Additionally, we must carefully and responsibly steward our human and natural resources to address the needs of our communities more effectively. Through our shared vision, strong leadership, community engagement and strategic health initiatives, we are well positioned to fulfill our Mission to improve the health of the people in the communities we serve.

We respect the dignity of all persons. We foster a corporate culture characterized by teamwork, diversity and empowerment.

We continuously improve the quality of our service through education, research, technology and the responsible stewardship of resources.

We are sensitive to the whole person, reflective of God's compassion and love, with particular concern for the poor.

GLOBAL REPORTING INITIATIVE (GRI) INDEX

Texas Health Resources prepared its *2014 Community Responsibility & Sustainability Report* using the sustainability reporting G3.1 guidelines from the Global Reporting Initiative (GRI). The GRI provides a framework to transparently discuss economic, environmental, social and governance performance.

At the time of this report, Texas Health was among the first faith-based, nonprofit health care systems in Texas and the U.S. to adopt this international reporting process. Our self-assessed report meets the GRI's basic reporting standard, which also is known as Application Level C. Specific GRI disclosures and performance indicators can be found in the index below. Those that are partially reported are denoted by a ☐ and those fully reported against are marked by ■.

	PROFILE DISCLOSURE	REPORTED	LOCATIONS/RESPONSE
1.1	Statement from the most senior decision-maker	☐	CEO letter, pg. 2
2.1	Name of the organization	■	Texas Health Resources
2.2	Primary brands, products and/or services	■	Our Organization, pg. 9 and Texas Health Facts
2.3	Operational structure of the organization	■	Our Organization, pg. 9 Report Scope, pg. 6
2.4	Location of organization's headquarters	■	Where We Operate, pg. 11
2.5	Number/name of country(s) where the organization operates	■	Where We Operate, pg. 11
2.6	Nature of ownership and legal form	■	Report Scope, pg. 6
2.7	Markets served	☐	Where We Operate, pg. 11
2.8	Scale of the reporting organization	☐	Our Organization, pg. 9 and Texas Health Facts
2.9	Significant changes regarding size, ownership and structure	■	Named Barclay E. Berdan, FACHE as Texas Health's new chief executive officer effective Sept. 1, 2014
2.10	Awards received in the reporting period	■	Our Organization, pg. 9 Our Patients, pg. 53 Our People, pg. 57

	PROFILE DISCLOSURE	REPORTED	LOCATIONS/RESPONSE
3.1	Reporting period for information provided	■	Calendar year 2014
3.2	Date of most recent previous report	■	August 2013
3.3	Reporting cycle	■	Annual
3.4	Contact point for questions regarding the report or its contents	■	Report Scope, pg. 6
3.5	Process for defining report content	☐	Report Scope, pg. 6
3.6	Boundary of the report	■	Report Scope, pg. 6
3.7	State any specific limitations on report scope or boundary	☐	Report Scope, pg. 6
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability	■	Report Scope, pg. 6
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	■	Corrected inaccurate workplace security compliance, pg. 101
3.11	Significant changes in report scope, boundary	■	Added content on population health management, measurement and outcomes, and health information management in Our Patients, pg. 31
3.12	Table identifying the location of the Standard Disclosures	■	This index, pg. 117
3.13	Policy and current practice with regard to seeking independent assurance for the report	☐	Texas Health has not sought third-party assurance of data in this report

	PROFILE DISCLOSURE	REPORTED	LOCATIONS/RESPONSE
GOVERNANCE			
4.1	Governance structure of the organization	■	Governance structure, pg. 18
4.2	Indicate whether the chair of the highest governance body is also an executive officer	■	No, our Board of Trustees' chairwoman serves voluntarily
4.3	Number and gender of members of the highest governance body that are independent and/or non-executive members	■	14 voting board members; 13 are independent, non-executives. The chair and 17% of members are women
4.4	Mechanisms for shareholders and employees to provide recommendations/direction to the highest governance body	☐	Employee engagement, pg. 67 Senior leadership engagement, pg. 21
4.13	Significant membership in associations	■	Government affairs & advocacy, pg. 91
ECONOMIC			
EC1	Direct economic value generated and distributed.	☐	Economic contributions, pg. 12
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	☐	Buy green and buy local, pg. 110 Support minority businesses, pg. 112
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	■	Community health & benefit, pg. 89 Community affairs, pg. 83

	PROFILE DISCLOSURE	REPORTED	LOCATIONS/RESPONSE
ENVIRONMENTAL			
EN3	Direct energy consumption by primary energy source	■	Energy, pg. 102
EN6	Initiatives to provide energy-efficient products and services, and reductions in energy requirements as a result of these initiatives	☐	Energy, pg. 102
EN10	Percentage and total volume of water recycled and reused	☐	Water, pg. 104
EN22	Total weight of waste by type and disposal method	☐	Waste, pg. 105
EN23	Total number and volume of significant spills	■	No significant spills were reported in 2014
EN28	Monetary value of significant fines and total number of nonmonetary sanctions for, noncompliance with environmental regulations	■	No significant fines or sanctions were reported in 2014
LABOR			
HR5	Incidents of violations of freedom of association and collective bargaining	■	None. Not applicable to Texas Health.
HR6	Incidents of child labor	■	None.
HR7	Incidents of forced or compulsory labor	■	None.
LA1	Workforce by employment type, contract, region and gender	☐	Our People, pg. 75
LA2	Number of new hires; turnover by age group, gender and region	☐	Recruitment, pg. 59 Retention, pg. 61

PROFILE DISCLOSURE		REPORTED	LOCATIONS/RESPONSE
LABOR (CONT.)			
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	■	Full-time employees receive medical, prescription, dental, vision, flexible spending account, life insurance, Employee Assistance Program, tobacco-cessation support, 401(k), disability, long-term care, paid time off, tuition reimbursement, discounts, home and car insurance, pet insurance, wellness program rewards, physical activity program, Weight Watchers and more wellness offerings. PRN and part-time (less than 24 hrs a week) receive Employee Assistance Program, tobacco-cessation support and 401(k).
LA4	Percentage of employees covered by collective bargaining agreements	■	None. Not applicable to Texas Health.
LA7	Rates of injury, occupational diseases, lost days, absenteeism, and work-related fatalities by region and by gender	☐	Safety, pg. 71
LA8	Education/training programs to assist employees and families regarding serious diseases	☐	Health & wellness, pg. 72
LA11	Programs for skills management and lifelong learning	■	Learning & development, pg. 63
LA12	Percentage of employees receiving regular performance and career development reviews	■	98%
LA13	Composition of governance bodies and diversity of employees	■	Diversity, pg. 75

	PROFILE DISCLOSURE	*REPORTED*	*LOCATIONS/RESPONSE*
SOCIETY			
SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	☐	Community Health Improvement, pg. 87 Community Affairs, pg. 83 100% of wholly owned hospitals completed a Community Health Needs Assessment in 2013
SO5	Public policy positions; participation in policy development and lobbying	◼	Priorities, pg. 92
SO6	Value of financial/in-kind contributions to political parties and candidates	◼	None; not applicable
SO8	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with laws and regulations	☐	Compliance, pg. 29
PR5	Practices related to customer satisfaction	◼	Patient Experience, pg. 32
PR8	Number of complaints regarding breaches of customer privacy and losses of customer data	◼	Privacy, pg. 29