

Lehigh Valley Health Network
LVHN Scholarly Works

LVHN Annual & Statistical Reports

2006

Annual Report (2006): Learn About Our Pledge to You

Lehigh Valley Health Network

Follow this and additional works at: <https://scholarlyworks.lvhn.org/reports>

Let us know how access to this document benefits you

Recommended Citation

Lehigh Valley Health Network, "Annual Report (2006): Learn About Our Pledge to You" (2006). *LVHN Annual & Statistical Reports*. .

<https://scholarlyworks.lvhn.org/reports/11>

This Newsletter is brought to you for free and open access by LVHN Scholarly Works. It has been accepted for inclusion in LVHN Annual & Statistical Reports by an authorized administrator of LVHN Scholarly Works. For more information, please contact LibraryServices@lvhn.org.

Fiscal Year 2006 Financial and Operational Report

Inside:

- **Financial and Operations Statements**
- **How We Serve Our Community**
- **Our Board of Trustees and Senior Management**



Lehigh Valley Hospital—Cedar Crest
Cedar Crest and I-78, Allentown



Lehigh Valley Hospital—Muhlenberg
Route 22 and Schoenersville Road, Bethlehem



Lehigh Valley Hospital—17th and Chew
17th and Chew Streets, Allentown



Cedar Crest | Muhlenberg | 17th & Chew
610-402-CARE • www.lvh.org

Direct Patient Care (\$72,392,990)

Medicare Shortfall* \$33,669,367

- The difference between Medicare payments and the cost of providing patient care.

Medical Assistance Shortfall* \$15,056,357

- The difference between Medical Assistance and Medical Assistance Managed Care payments and the cost of providing patient care.

Bad Debt \$11,671,946

- The cost of providing care to patients who LVHN believes were able to pay for their care but did not.
- When people do not pay, regardless of whether they are able to pay and choose not to, or if they are unable to pay, it is uncompensated care. Act 55 defines this as appropriate community benefit.

Uncompensated Charity Care \$6,672,761

- Free care for people who were unable to pay.

Care for People Who Are Uninsured or Underinsured \$4,378,700

- The difference between clinic payments and clinic costs.
- Includes a portion of wages and benefits for residents who care for people in our clinics.
- Includes 40 primary and specialty care clinics and programs related to those clinics, such as our Casa Guadalupe outreach.
- Many services we provide to uninsured or underinsured patients are not listed here as community benefit. For the complete list, including in-kind services, visit www.lvh.org/communitybenefit.

Interpreting Service and Patient Representatives \$411,183

- Purchased sign-language interpreting and online interpreting services. These interpreting services are provided free of charge to patients.
- Fees associated with patient satisfaction surveys. Survey results help our patient representatives to better advocate for patients. This enables us to provide the best care for our patients.

*About shortfalls and Act 55: As per Act 55, community benefit provided by charitable organizations includes shortfalls between payments received from Medicare, Medical Assistance and patients, and the cost of providing care.

Community Education and Prevention (\$3,092,283)

Health Promotion and Disease Prevention \$985,483

- Healthy You programs focused on exercise and fitness, health prevention and awareness, nutrition and wellness. A total of 14,291 community members attended free programs this year.
- Free dental screenings and procedures at our dental medicine clinic.
- Heart Help for Women programs that educate community members and physicians about a woman's special heart-health needs.
- *Healthy You* magazine, distributed to 256,000 community members.
- Publications and brochures to promote wellness, disease awareness (such as stroke prevention and cancer-risk prevention) and community activities, such as quit-smoking and trauma prevention programs.

School Health \$243,547

- Health awareness, education, prevention and immunizations for children at the School Health Center at Central Elementary School.
- Education, counseling and job training for at-risk students at Communities in Schools.
- The Preferred Employee Assistance Program for the Allentown School District.

Pastoral Care \$634,203

- Provides ministry to patients, family and staff inside the hospital.
- Provides education and training of ministers in pastoral work.
- Includes more than 5,400 hours spent with more than 15,000 patients and families.
- Includes a portion of salaries and benefits for pastoral care staff, and includes the cost of our pastoral care residency program after Medicare reimbursement.

Department of Community Health \$610,292

- Develops new community-based initiatives through grant acquisition and management.
- In-kind community health programs and partnerships include:
 - The ALERT Partnership to raise awareness of teen issues such as drug and alcohol abuse prevention.
 - Emergency department screenings to prevent domestic violence and promote smoking cessation.
 - The Tobacco Treatment Program, offering 12-month counseling.
 - The Coalition for a Smoke-Free Valley, promoting advocacy and providing education, training and support services.

Lehigh Valley Hospital Cancer Center \$193,262

- Provides free support groups for men, women, teens and families who are living with cancer.
- Provides free classes and lectures, and education at health fairs on topics such as lymphoma, lung cancer, breast cancer and colon cancer.
- Maintains a patient education library.
- Provides nutritional counseling and an annual nutritional fair.
- Presents an annual Cancer Survivor Celebration.

This amount reflects the cost of providing the services listed, free of charge, to patients who cannot afford to pay.

How We Serve Our Com

Direct Patient Care Community Activities **\$310,676**

- Distribution of about 10,000 free flu shots to community members.
- Distribution of free hand-sanitizer samples to patients to promote hand-washing safety in the hospital.
- Medications appropriate to patient treatment that were provided free upon discharge to people unable to pay for them.
- Portion of wages and benefits for coordinator who obtains medications from pharmaceutical companies and distributes them to patients who can't afford them.
- The difference between payments for mental health services from Lehigh County and the cost of providing services at two residential aftercare programs (called Transitional Living Centers).

Blue Cross Special Care Shortfall* **\$222,000**

- The difference between Blue Cross Special Care payments and the cost of providing patient care.
- Blue Cross Special Care is a limited-benefit, low-cost health insurance plan for people who otherwise would be uninsured.

2,137)

Community Help Line **\$157,130**

- Provides free phone-based health care services to the community through 610-402-CARE.
- Enables community members to learn more about health care services, health information and free flu shots.
- Enables community members to schedule physician appointments, register for health and wellness classes, support groups, lectures and more.

Helwig Health and Diabetes Center Programs **\$146,984**

- Provides inpatient management and schedules counseling or follow-up visits for people and families living with diabetes.
- Provides support groups for adults, children and for people who use insulin pumps.
- Hosts Camp Red Jacket, an educational day camp for school-age children with diabetes.
- Conducts community programs and presentations, reaching more than 1,000 community members.
- Offers a free diabetes e-newsletter to raise diabetes awareness and prevention.

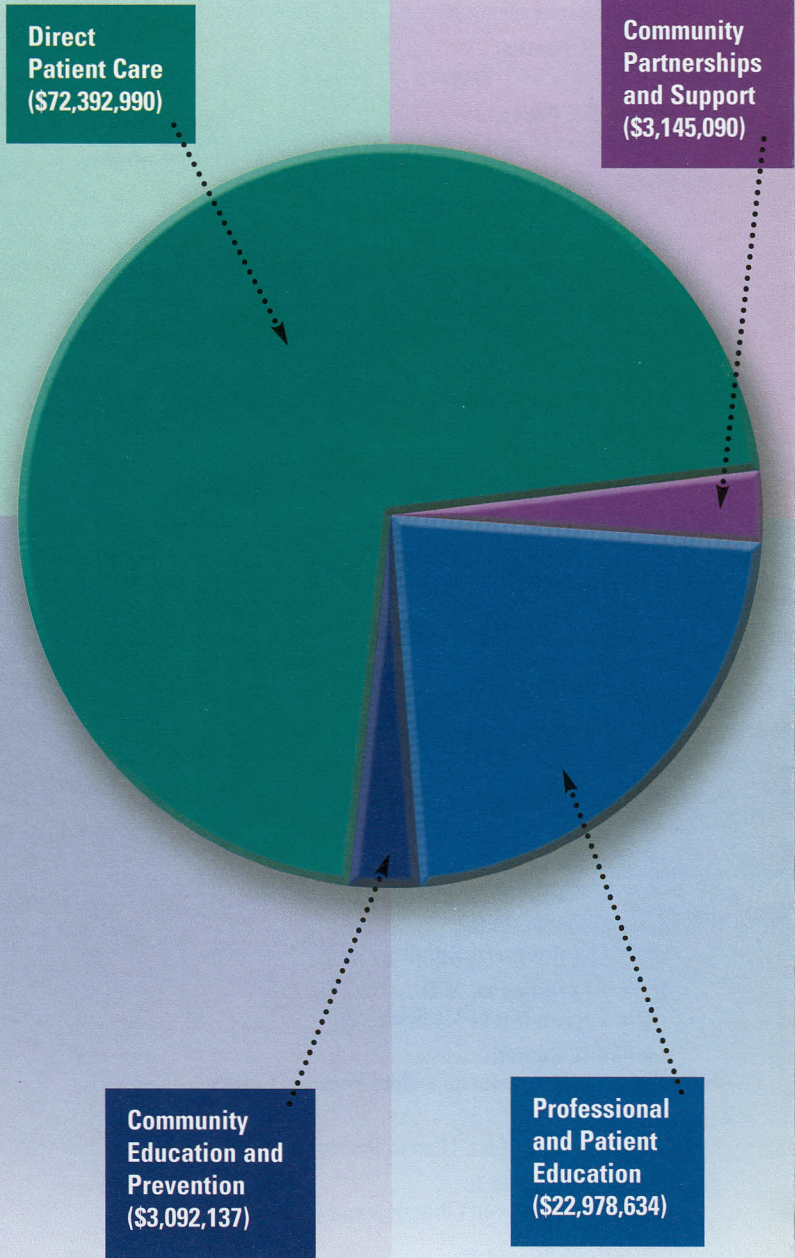
This amount reflects the cost of providing the services listed, free of charge, to patients who cannot afford to pay.

AIDS Activities Office **\$121,236**

- Provides clinical and social services to children, adolescents and adults affected by HIV/AIDS.
- Offers free HIV testing and counseling.
- Offers initial and ongoing medical care, monitoring and coordination of treatments, nutritional assessments, counseling and case management.

This amount reflects the cost of providing the services listed, free of charge, to patients who cannot afford to pay.

Grand Total \$101,608,851
Total of our community benefit



Community Partnerships and Support (\$3,145,090)

Equivalent Value of Volunteer Assistance* \$2,422,233

- Total of 1,104 volunteers donated 132,634 hours.
- Not included in the above amount are 40,724 hours of care donated by physicians on LVHNN's medical staff. This includes providing free care in LVHNN clinics to patients who are unable to pay and providing education to medical students and residents.

Equivalent Value of Support for Agencies and Municipalities \$441,595

- Support of the City of Allentown's chronic disease prevention, outreach and education services, including free Pap tests, mammograms, ultrasounds and lab testing for high-risk people who are uninsured or underinsured.
- Free transportation for patients unable to obtain rides home.
- Free physical exams and related lab tests for municipal firefighters.
- Support of Salisbury Township, Salisbury Township School District and the Western Salisbury Volunteer Fire Co.

**About volunteers and Act 55:* As per Act 55, it is appropriate for charitable organizations to report volunteer service. This shows how valuable volunteers are to the institution and the community. Act 55 provides a formula for calculating this based on the Pennsylvania Workers Compensation Act. We follow that formula.

Sponsorships for Community Service Organizations \$281,262

- Support for more than 100 not-for-profit organizations that provide valuable services to our community.
- Support to assist in the Burn Prevention Foundation's education and outreach efforts.

Professional and Patient Education (\$22,978,634)

Medical Education* \$13,906,400

- Salaries and benefits for medical residents.
- A portion of salaries and benefits for department chairs and others who support medical education.
- Education support activities, such as hospital libraries.

Nursing Education* \$8,299,386

- Salaries and benefits for nurses during the extended period of time in which they are learning the professional skills for our acute environment. During this time, nurse orientees participate in classroom and clinical activities and are not directly responsible for patient care.
- Salaries and benefits for personnel providing continuing professional education.
- Salaries paid to professionals attending mandatory education programs.

**About education and Act 55:* As per Act 55, community benefit provided by charitable organizations includes the difference between the full cost of education and research programs and payments received to support these programs.

Patient Education and Publications \$390,977

- Expenses for patient education, including publications like the patient-visitor guide and patient safety handbook.

Emergency Education \$381,871

- Training and continuing education for 14,377 physicians, nurses, paramedics and other health care providers throughout the region.
- We provide bioterrorism and disaster preparedness education in our community. These services are provided free of charge.

How a Not-for-Profit Organization Determines Community Benefit

The Commonwealth of Pennsylvania defines what constitutes a purely public charity with a regulation called Act 55, the Institutions of Purely Public Charity Act. It sets specific criteria for what constitutes a charitable organization, defines the uncompensated goods and services that qualify as community benefit, and prescribes how these goods and services are measured.

The not-for-profit entities of Lehigh Valley Hospital and Health Network qualify as charitable organizations. They fulfill the criteria of Act 55 and have done so consistently since the act went into effect in 1997.

Lehigh Valley Health Network and Component Entities

Combined Statements of Financial Position (In Thousands) For the period ended June 30, 2006 and 2005

ASSETS	2006	2005	LIABILITIES AND NET ASSETS	2006	2005
Current assets			Current liabilities		
Cash/short-term investments	\$ 47,811	\$ 42,663	Accounts payable	\$ 43,067	\$ 28,201
Patient accounts receivable, net	118,095	105,693	Accrual for estimated third-party settlements	57,932	50,291
Prepays, inventories and other current assets	45,757	26,829	Accrued compensation	35,125	31,803
Assets limited under bond debt service fund	10,925	14,205	Other accrued expenses	21,710	20,617
Assets limited under primary professional liability and workers' compensation	2,969	2,932	Pension plan	25,640	27,900
Total current assets	225,557	192,322	Professional liability	2,048	1,882
Other assets			Workers' compensation	971	1,150
Assets limited by board for capital improvements	424,553	358,685	Long-term debt	8,736	7,399
Assets limited by board for retained excess liability arrangements	15,498	13,884	Total current liabilities	195,229	169,243
Assets limited by management	21,123	18,614	Other liabilities		
Assets limited under bond construction funds, debt service and debt service reserve fund	49,758	8,128	Long-term debt, net of current portion	458,635	365,952
Assets limited under workers' compensation arrangements	3,143	2,895	Liabilities with matching assets, chiefly deferred compensation arrangements	28,364	24,273
Assets limited under primary professional liability arrangements	13,526	12,190	Pension plan	33,854	33,831
Assets limited or restricted by donors or grantors	89,755	81,305	Professional liability	36,489	32,813
Property and equipment, net	496,238	434,464	Workers' compensation	3,143	2,895
Partnership investments and investments in subsidiaries	15,389	11,614	Other liabilities	23,308	9,906
Deferred charges, net and other assets	27,661	24,781	Total other liabilities	583,793	469,670
Assets with matching liabilities, chiefly deferred compensation arrangements	28,364	24,273	Total liabilities	779,022	638,913
Total other assets	1,185,008	990,833	Net assets		
Total assets	\$1,410,565	\$1,183,155	Unrestricted	541,788	462,937
			Temporarily restricted by donors/grantors	28,829	25,394
			Permanently restricted by donors	60,926	55,911
			Total net assets	631,543	544,242
			Total liabilities and net assets	\$1,410,565	\$1,183,155

Combined Statements of Operations

(In Thousands) For the period ended June 30, 2006 and 2005

	2006	2005
Patient services and supporting operations		
Net patient service revenue	\$ 974,166	\$ 864,809
Other supporting operations revenue	35,607	30,890
Net assets released from restrictions-operations	2,897	3,115
Total revenue	1,012,670	898,814
Wages	407,501	357,747
Benefits	92,401	74,427
Supplies	175,180	152,354
Purchased services	107,284	97,900
Other	53,570	49,015
Depreciation and amortization	54,202	48,115
Bad debts	47,977	43,381
Total expenses	938,115	822,939
Patient services net margin	74,555	75,875
Other operating revenue and expense		
Realized investment earnings	21,947	20,152
Interest expense	19,243	16,012
Provision for income taxes	2,977	1,547
Non-cash loss on refinancing of debt	(3,033)	0
Other operating, net	(3,306)	2,593
Net from operations	71,249	78,468
Nonoperating gains and losses		
Other nonoperating gains (losses), net	173	(286)
Net available for community needs and debt repayment	71,422	78,182

Understanding This Report

The above columns (*Combined Statements of Financial Position*) report our assets, liabilities and net assets.

The columns to the right (*Combined Statements of Operations*) report our revenue and expenses. The amount of revenue minus the amount of expenses creates our *patient services net margin*.

Listed underneath the patient services net margin is our other operating revenue and expense. This chiefly includes investment earnings and interest expense. The *net available for community needs and debt repayment* is reinvested in our community.

Prepared from LVHN financial reports



Cedar Crest | Muhlenberg | 17th & Chew
610-402-CARE • www.lvh.org

Lehigh Valley Health Network Board Of Trustees 2006

Jefferson (Jeff) K. Aiken Jr., D.Min. - *Chair*
Senior Pastor, First Presbyterian Church of Allentown

Mark L. Bye
Group Vice President, Gases and Equipment Group
Air Products & Chemicals

Robert J. Dillman, Ph.D.
President, East Stroudsburg University of Pennsylvania

Jean W. Farrington
Senior Development Officer, Lehigh University

Jeffrey P. Feather
Chairman, KNBT Bancorp

Richard J. Green
President and Chief Executive Officer, Firsttrust Bank

Irwin Greenberg
President, I.G. Consulting

William F. Hecht
Chairman and Chief Executive Officer (Retired), PPL Corporation

Arnold H. Kaplan
Chief Financial Officer (Retired), United Health Group

Linda L. Lapos, M.D.
President-Elect, Medical Staff, Lehigh Valley Hospital

William H. Lehr - *Secretary*
Executive Consultant, Insurance Management Services

Donald L. Levick, M.D., M.B.A.
President, Medical Staff, Lehigh Valley Hospital

Alexander D. Rae-Grant, M.D.
Past-President, Medical Staff, Lehigh Valley Hospital

J. B. Reilly - *Vice Chair*
Managing Director, Traditions Capital

Elliot J. Sussman, M.D., M.B.A.
President and Chief Executive Officer, Lehigh Valley Hospital and Health Network

Kathryn P. Taylor
Vice President (Retired), Sanus Corp. Health Systems

Martin K. Till
Chief Executive Officer, President and Publisher, The Express-Times and Allentown Times

Daniel H. Weiss
President, Lafayette College

Marvin L. Woodall
Chairman, Prescient Medical, Inc.

Susan C. Yee
Chief Executive Officer, Active Data Exchange, Inc.

Senior Management

Elliot J. Sussman, M.D., M.B.A.
President and Chief Executive Officer

Anthony Ardire, M.D.
Senior Vice President, Quality and Care Management

Carol A. Biscontini
Senior Vice President, Marketing and Public Affairs

Terry A. Capuano, R.N., M.S.N.
Senior Vice President, Clinical Services

Jeff Etchason, M.D.
Chair, Department of Community Health and Health Studies

Peter E. Fisher, M.D.
Chair, Department of Pathology

John P. Fitzgibbons, M.D.
Chair, Department of Medicine

Vaughn C. Gower
Senior Vice President and Chief Financial Officer

Mary Kay Grim
Senior Vice President, Human Resources

L. Wayne Hess, M.D.
Chair, Department of Obstetrics and Gynecology

Mark H. Holtz
Senior Vice President, Operations
Lehigh Valley Hospital—Muhlenberg

Michael W. Kaufmann, M.D.
Chair, Department of Psychiatry

Robert Kricun, M.D.
Chair, Department of Radiology

Linda L. Lapos, M.D.
President-Elect, Medical Staff

Donald L. Levick, M.D.
President, Medical Staff

Charles Lewis
Senior Vice President, Development

Harry F. Lukens
Senior Vice President and Chief Information Officer

Joseph P. Lyons
Executive Director, Lehigh Valley Physician Group

Thomas M. McLoughlin Jr., M.D.
Chair, Department of Anesthesiology

William L. Miller, M.D.
Chair, Department of Family Medicine

Robert X. Murphy Jr., M.D.
Medical Director, Lehigh Valley Hospital—Muhlenberg

Brian A. Nester, D.O.
Senior Vice President, Physician Practice and Network Development

Stuart S. Paxton
Chief Operating Officer

Victor R. Risch, M.D., Ph.D.
Chair, Department of Radiation Oncology

Ronald W. Swinfard, M.D.
Chief Medical Officer

John D. VanBrakle, M.D.
Chair, Department of Pediatrics

Michael S. Weinstock, M.D.
Chair, Department of Emergency Medicine

Thomas V. Whalen, M.D.
Chair, Department of Surgery

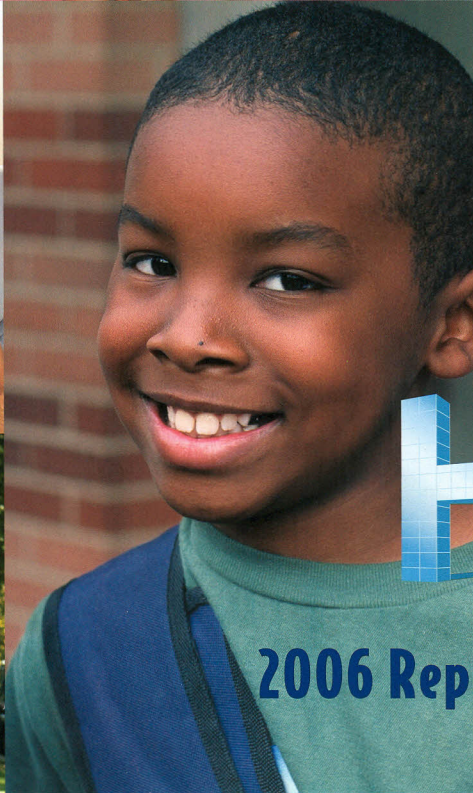
Our Pledge to You

Our pledge to you is to create the kind of hospital you would create for yourself and your family.



We fulfill our pledge by:

- Providing excellent health care close to home
- Providing care regardless of ability to pay
- Helping our community stay healthy
- Staying financially strong so we can provide care for generations to come



2006 Report to Our Community

Your Hospital, Just the Way You'd Want It

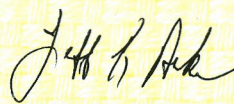
If you've visited a hospital, a doctor's office or any health care facility recently, you probably know everything you'd ideally like a hospital to include. There would be an emergency department to respond to any crisis you might face. There would be programs for health conditions that might run in your family, such as heart disease or cancer.

Your hospital would have the best doctors and nurses. It would be a place where you would always feel welcome, no matter how much money you had or what language you spoke. It would extend beyond the hospital's walls and help people who live in our community stay healthy.

At Lehigh Valley Hospital and Health Network, our pledge to you is to create a hospital that's as close to ideal as we can make it. Your trust and support allow our not-for-profit, charitable hospital to exist. We pledge to use our resources wisely so your ideal hospital is here for you and your family now and for future generations.



Elliot J. Sussman, M.D.
President and Chief Executive Officer



Jefferson K. Aiken Jr., D.Min.
Chair, Board of Trustees

Our Pledge: We're Here for You When You Need Us

You learn your child is seriously ill. With treatment, he can lead a healthy life. But the treatment he needs is far away. You'll have to travel to an unfamiliar area, far from the family and friends you'll need to support you. You'll also need to find lodging and get a babysitter for your other children at home.

At Lehigh Valley Hospital, we pledge to bring you and your family health care services you need close to home, so you don't have to travel outside the area.

This year, we've put special emphasis on providing the care your child might need right here. Our Pediatric Specialty Center at Lehigh Valley Hospital—Muhlenberg, the area's only such program, includes two board-certified pediatric surgeons, two full-time pediatric cancer specialists, a pediatric pulmonologist, two pediatric gastroenterologists, two pediatric heart specialists, a pediatric neurologist and a pediatric rheumatologist. We also are home to two pediatric radiologists and a pediatric anesthesiologist.

Brett Bonney, 6, of Easton used to travel with family to Philadelphia for leukemia care. He now gets the care he needs close to home at our Pediatric Specialty Center.

On the cover:

Our pledge in action—(Clockwise from top) Family medicine physician **Jeffrey Brown, D.O.**, with Jordan of Hellertown, at Hellertown Family Health Center; **Kieon** of Allentown, student at Central Elementary School, home of the Pediatric Health Center; **Rosa Ortiz** of Allentown received lifesaving care for a heart attack; **Amy Thomas, R.N.**, with Victor DeLeon of Orefield.



Our Mission

We heal, comfort and care for the people of our community by providing advanced and compassionate health care of superior quality and value, supported by education and clinical research.

One-of-a-Kind Care

Lehigh Valley Hospital is home to many unique health care services, so you don't have to travel outside the area to get the most advanced medical care. We are home to the area's only:

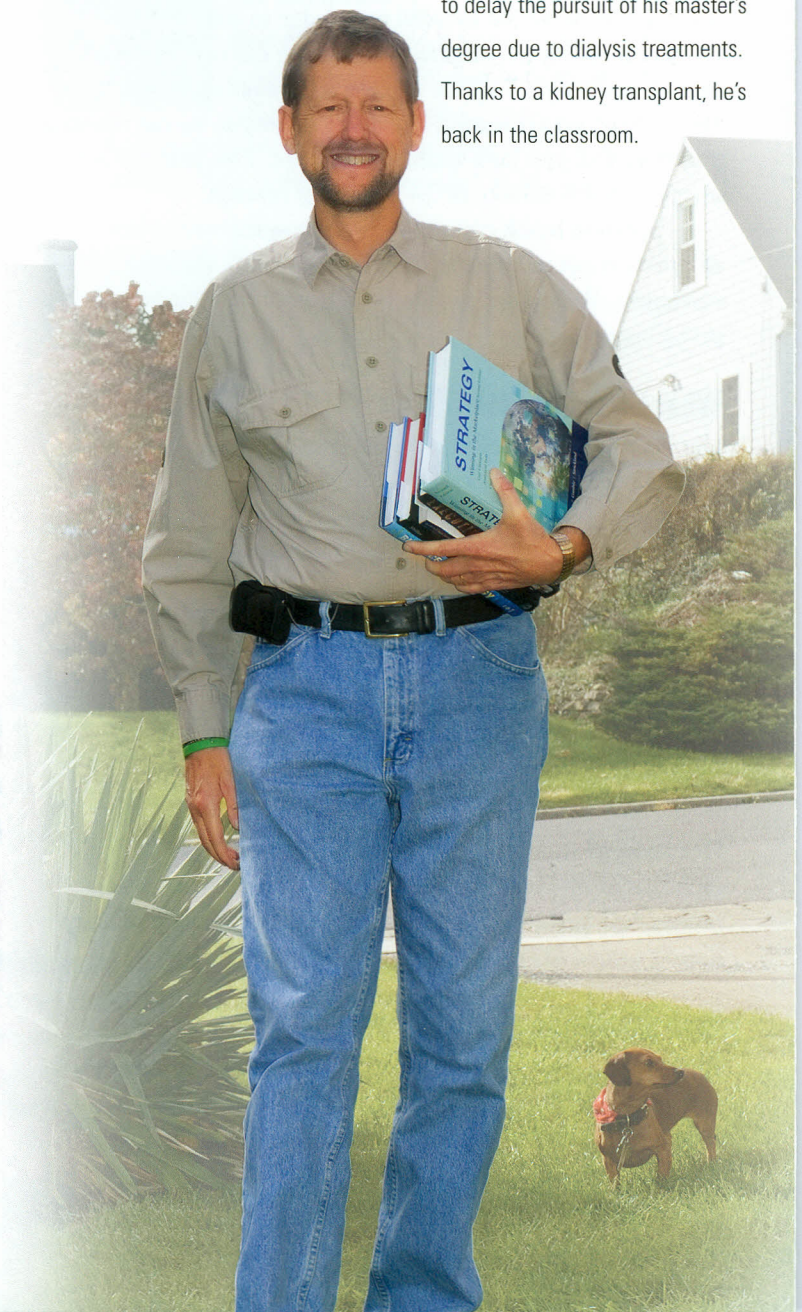
- Level I Trauma Center with pediatric qualifications
- Accredited Regional Burn Center
- High-risk pregnancy specialists providing 24/7 care for mothers-to-be
- Certified Stroke Center
- Pediatric intensive care unit
- Level III neonatal (newborn) intensive care unit
- Transplant Center specializing in kidney and pancreas transplants
- Advanced intensive care featuring tele-intensivists, doctors who monitor patients 24/7
- Pediatric Specialty Center with full-time pediatric subspecialists

Loretta Kupsky, 76, of Orefield

recovered from a stroke thanks to a new treatment at our Certified Stroke Center, the only one in the region.



Ed Kloss, 46, of Allentown had to delay the pursuit of his master's degree due to dialysis treatments. Thanks to a kidney transplant, he's back in the classroom.



Our Pledge: *We Grow to Meet Your Needs*

When you go to the hospital, there are some things you shouldn't have to worry about. You assume you'll have a place to park your car. If you need emergency care, you assume you'll be in good hands.

At Lehigh Valley Hospital, we pledge to make sure you can take these things for granted. It's just one reason why we're expanding Lehigh Valley Hospital—Cedar Crest. We've already opened a new parking deck across from the John and Dorothy Morgan Cancer Center. By the end of 2006, we are scheduled to open the first of two parking decks in front of the hospital, creating 480 more parking spaces.

When the entire project is completed in 2008, it will include more private patient rooms and additional space for intensive care, burn care and surgical care patients. It also will include additional parking, an emergency department that's almost 50 percent larger, and a new medical office building, The Center for Advanced Health Care.

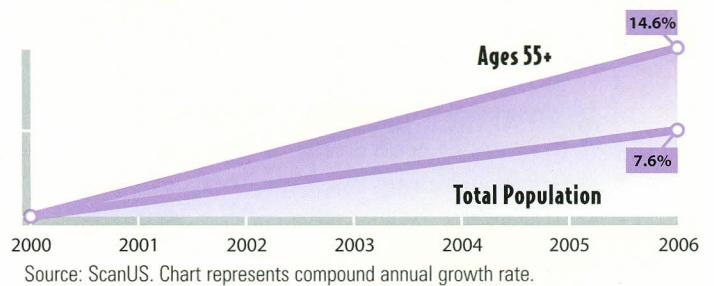
Do We Need All This Growth?

If you've lived in the Lehigh Valley for a few years, you've probably seen it. That field you used to drive by on your way to work? It's now filled with new houses. In the past four years, more than 30,000 new people have moved here, making the Lehigh Valley one of the fastest-growing regions in Pennsylvania.

The population of people ages 55 and older, who often need more health care, is growing, too. To continue providing the care you expect, we need to grow with our community.

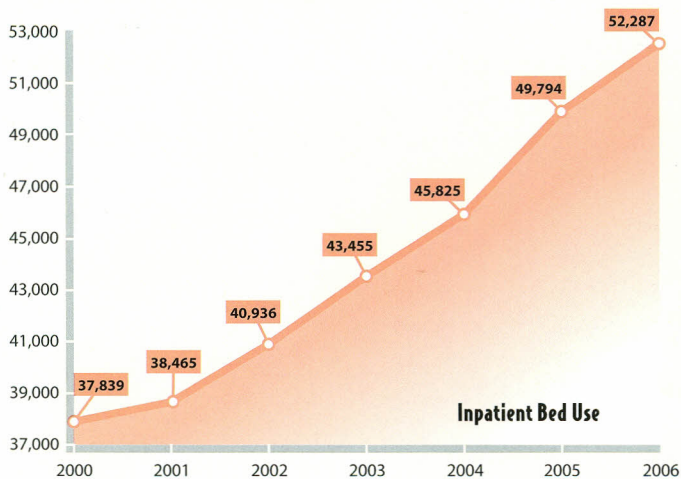
The Growing Need for Care

—Population growth from 2000 to 2006, and the growth in people ages 55 and over.

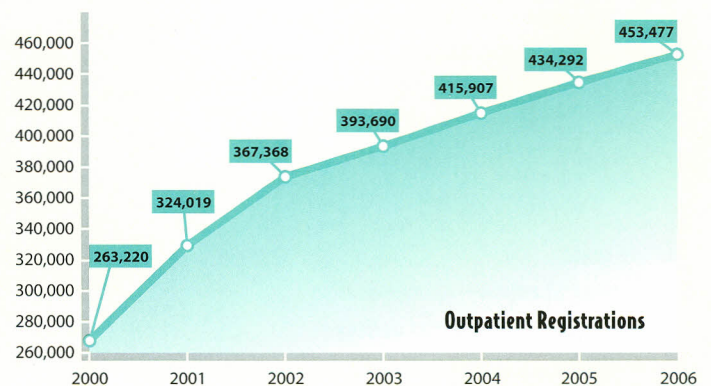


Inpatient and Outpatient Growth

—Lehigh Valley Hospital and Health Network is caring for more people inside the hospital—and caring for more outpatients—every year.



This year, our inpatient bed use grew by **more than 14,000** compared to six years ago.



This year, we accommodated **more than 190,000 additional outpatients** (emergency department visits and outpatient registrations) than we did six years ago.

Our Pledge: *We Care for You*

You're between jobs. Then you're not feeling well and need medical attention. But you have no insurance. Will you be able to receive care?

**\$101.6 million
invested in our
community by Lehigh
Valley Hospital**

At Lehigh Valley Hospital, we never turn anyone away for emergency care. We pledge to care for you, whether or not you have health insurance or can afford to pay.

We also pledge to make care easily accessible to you, your neighbors and everyone in our community. It's why we invested \$101.6 million in community benefit this year. Here are just some of the ways that investment helps:



They're playing...and learning—Children learn more about caring for type 1 diabetes—and have a blast—at Camp Red Jacket. Our Helwig Health and Diabetes Center organizes the event.



We speak your language—At the bicultural, bilingual Centro de Salud LatinoAmericano, Miguelina Gonzalez of Allentown (left) learns more about her health from internist Edgar Maldonado, M.D., and medical assistant Sheyla Torres. Torres is now one of more than 50 medical interpreters to help you if you speak a language other than English.

**88 at-risk
students earned
diplomas through
Communities in
Schools**

Care for Children and Teens

To help children stay healthy and grow into proud, productive adults, we partner with:

Central Elementary School—Students receive routine in-school pediatric and health screenings.

We immunized nearly 200 students last year, 34 percent of whom otherwise would have been expelled due to insufficient immunizations.

Communities in Schools—Nearly 1,000 at-risk students receive education, counseling, job training and attain their ultimate goal: a diploma.

Boys and Girls Club of Allentown—Support for an after-school program that helps students improve their math, reading and writing skills.

ProJeCt of Easton—Support for a summertime program that reinforces students' reading and math skills.

**7,775 visits
for diabetes
education or
counseling**

Care for Chronic Disease

Diabetes care—Medical care and nutrition counseling for people with diabetes in partnership with Latinos for Healthy Communities.

Free support groups—Provided by the Helwig Health and Diabetes Center and the Cancer Center.



Protecting your health—

Nurses like Terry Burger, R.N., helped give more than 10,000 free flu shots to community members like Richard Maurer of Bethlehem. Nurse practitioner Elizabeth Hyde, C.R.N.P. (shown at right with Franchesca Phalen of Allentown), cares for families at Casa Guadalupe.



127,345 visits to our clinics at the hospital and in the community

Care Inside Our Community

To deliver care where it's needed most, we offer 40 primary and specialty clinics, and partner with other not-for-profit organizations, including:

The Caring Place Youth Development Center—

Free care, health education and counseling for at-risk children, their families and Allentown residents.

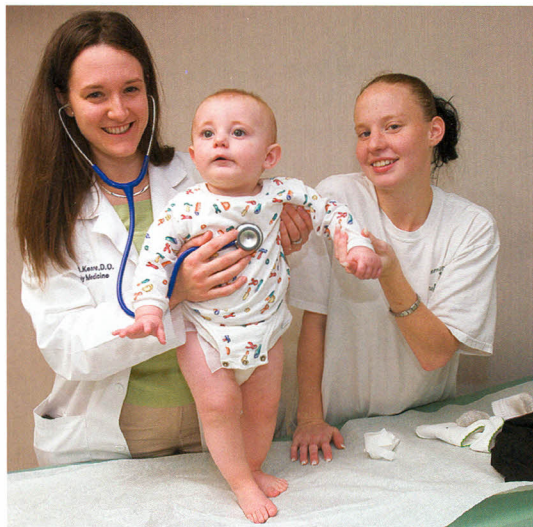
Casa Guadalupe—Women's health care and access to care for high-risk pregnancies.

Sixth Street Shelter—Free primary health care for the shelter's residents and people who live nearby.

Allentown Rescue Mission—Free mental health evaluation for people who use its services.

Child Advocacy Center—Services for abused children in Lehigh County and education about abuse.

Turning Point of Lehigh Valley—Education for nurses to assist in identifying and providing care for victims of domestic violence.



\$6.7 million in charitable care to our community

Care Whether or Not You Can Afford It

Free care—It's based on your needs and is generous; a family of four with no insurance and a \$40,000 household income is eligible for 100 percent free care. Our financial counselors help people find insurance they might qualify for, such as Medicaid.

7,954 physicians took part in our continuing education programs

Medical Education

To attract the best caregivers and keep them here to care for people in our community, we:

Teach tomorrow's doctors in 17 residency programs and fellowships, including three integrated fellowships with Penn State University.

Further our caregivers' education by hosting internships and continuing education programs.

77,953 community members attended health classes, fairs, screenings and other programs

Community Health Education

Healthy You magazine—Distributed free to 256,000 community members.

Free health information—Given to 226,453 callers through 610-402-CARE.

Care within walking distance—That's what Michelle Klotz (right) of Allentown and her 1-year-old son, Jady, receive at Lehigh Valley Family Health Center, near our 17th and Chew site, from medical residents like Anna Keane, D.O. (left).

Our Pledge: *We'll Be Here for Your Children and Grandchildren*

If you've started a family, you know how priorities change. Your focus is now squarely on your children, and every decision you make—the large (choosing the right place to live) and the small (choosing the right foods to buy)—are driven by what's best for them.

At Lehigh Valley Hospital, we're focused on the future, too. We pledge to be here for your children and grandchildren when they need care. How can we do this? By staying financially strong, so we can continue to be your ideal hospital.

Why does being not-for-profit matter?

A charitable, not-for-profit hospital is a unique kind of organization. Instead of focusing on shareholders, we focus on you. We are grateful to you, because you give us permission to operate this hospital as a tax-exempt organization. In return, we work as hard as we can to fulfill our pledge to you.

What for-profits call their "profit," we call our "patient services net margin." It's the amount of revenue minus expenses. We reinvest our net margin in our community so we can continue providing you with high-quality health care. This year, our net margin is \$74.6 million, or 7.4 percent of revenue.

Experts in health care estimate that hospitals need a margin of 5 percent just to keep the lights on and replace worn-out equipment. We've averaged about a 4 percent margin for the past 10 years.

Where does the margin go?

Our net margin is reinvested in vital facilities and programs to serve our community, such as:

- Clean, modern facilities** where you receive care, like our expanding Lehigh Valley Hospital—Cedar Crest.
- Specialty services close to your home**, such as our Pediatric Specialty Center at Lehigh Valley Hospital—Muhlenberg.
- Technology to protect your safety**, such as electronic medication orders that eliminate handwriting errors.
- Equipment replacement** to bring you the most up-to-date care.

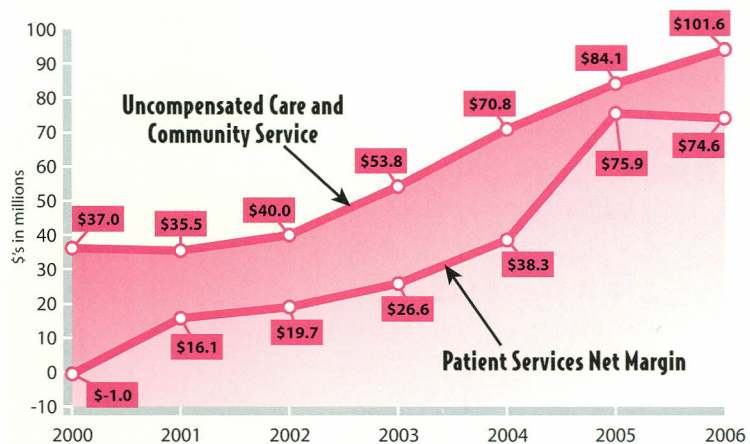
Our financial strength also allows us to invest millions of dollars each year in services for people who are uninsured or under-insured (see examples on prior page). This year, our community benefit totaled \$101.6 million.

How do we achieve a margin?

The vast majority of what any hospital receives for its care comes from either government reimbursement or from negotiated arrangements with insurance companies.

Our Performance and Community Benefit

—Lehigh Valley Hospital and Health Network's performance from 2000 to 2006, and the growth of its community benefit.



Even when our net margin fluctuates, **community benefit is built into our mission and budget.** This year, we invested \$101.6 million in community benefit, an increase of more than \$64 million from six years ago.

The only way for a hospital to achieve a margin and remain financially strong is by being efficient. We compare our costs to those of other hospitals our size, and our costs per patient case rank in the lowest 25 percent. This means everyone in our hospital provides the highest quality care in the most cost-effective way.

For example, our Working Wonders program rewards employees for cost-saving and quality-improvement ideas. For the past 10 years, our employees have found more than 1,100 ideas that saved us more than \$12.6 million.

That's why we are able to achieve a patient services net margin that enables us to invest in care for tomorrow and continually improve the quality of our care.

Our Pledge Fulfilled

These people overcame life-changing health conditions this year with help from our caregivers. **Read their stories at www.lvh.org.**



Patric Hettman, 52, of East Stroudsburg received speedy lifesaving care after suffering a heart attack at Pocono Raceway.



Donald Winterhalt, 68, of Emmaus overcame a battle with esophageal cancer.



Anna Bethea, 62, of Allentown defeated lung cancer and got back on her feet—and to the grocery store—with cancer rehabilitation.

How Our Pledge Adds Up

How well are we doing in fulfilling our pledge to you? One way to measure it is to look at how national and state organizations rate our care. These awards are a tribute to the compassion and skill our caregivers display every day:

■ U.S. News & World Report

"America's Best Hospitals"—Ranked in a record 8 specialties: cancer care, digestive disorders, endocrinology, heart care and heart surgery, kidney disease, orthopedics, respiratory disorders, urology.



■ **The Good and the Wired**—One of 41 hospitals nationwide ranked on both *U.S. News'* "America's Best Hospitals" list and *Hospitals & Health Networks'* 100 Most Wired list for best use of technology.

■ **Magnet**—Recertified the region's only Magnet hospital, the top honor for nursing excellence. Only 4 percent of hospitals nationwide are Magnet.



■ **Network Cancer Program**—One of just 15 in the nation accredited by the Commission on Cancer.

■ **Certified Stroke Center**—The only one in our region certified by the Joint Commission on Accreditation of Healthcare Organizations.

■ **Innovator Award**—One of only three hospitals in the country to win this *Hospitals & Health Networks* magazine honor for innovative use of technology in our advanced intensive care unit.

■ **Hospital and Healthsystem Association of Pennsylvania (HAP)**—Winner of three (out of six) HAP awards for patient care, operational excellence and innovation in heart care.

■ **Best Heart Bypass Results in Pennsylvania**—For the third year in a row. Source: Pennsylvania Health Care Cost Containment Council (phc4.com).

Want to Know More?

Visit www.lvh.org/ourpledge and you will find:

- Our fiscal year 2006 financial statement.
- A detailed report of our financial benefit to the community.
- Inspiring stories about the people pictured in this report.
- Information about our Board of Trustees.

For a printed copy of any of this information, or for additional copies of this community report, call **610-402-CARE**.

