A Pursuit of Excellence

StDavid's HealthCare

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President & CEO

Agenda

1. Overview of St. David's HealthCare
2. Our Baldrige Story
3. Measuring our Progress
St. David’s HealthCare:

- Acute Care Hospitals
- Ambulatory Surgery Centers
- Freestanding EDs
- Urgent Care Centers
- Outpatient Rehab Centers

Plus...
- 76 Physician Offices
- 6 Affiliated Hospitals in outlying areas
- Transfer Center serving a 180-mile radius

| OVERVIEW |

**Governance**

- A unique business model established in 1996
- Operating board inclusive of partner organizations, comprised of physicians and community

**Community Benefit**

- Earnings above current operating and capital requirements distributed in accordance with ownership percentages
- Providing a sustainable benefit to the community since 1996
- $13.5B in uncompensated care (40% of market)
- $221M in state and local taxes
- $14B reinvested in facilities
- $235M+ invested back into the community via foundation partners

| OVERVIEW |
Our Mission:
To Provide Exceptional Care to Every Patient, Every Day with a Spirit of Warmth, Friendliness and Personal Pride

Our Goals:
› Exceptional Care
› Customer Loyalty
› Financial Strength

Our Values:
I ntegrity
C ompassion
A ccountability
R espect
E xcellence

Our Vision:
To be the Finest Care and Service Organization in the World

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Our Baldrige Story

Testing Organizational Fit
- Identified Baldrige as opportunity to benchmark performance
  - Gained initial understanding of criteria
- Benchmarked ourselves using state-level application
  - Addressed “low-hanging fruit” but primarily fit organization to application

Raising the Bar
- Benchmarked ourselves at the national level
  - Involved additional senior leaders to refine application

2005
- Identified Baldrige as opportunity to benchmark performance
- Gained initial understanding of criteria

2007
- Benchmarked ourselves using state-level application
  - Addressed “low-hanging fruit” but primarily fit organization to application

2009
- Benchmarked ourselves at the national level
  - Involved additional senior leaders to refine application

Raising the Bar
- Involved additional senior leaders to refine application

2010
- Deployed greater understanding of how to apply Baldrige Criteria
  - Trained 60 senior leaders in Criteria

2011
- Increased awareness and participation
  - Enhanced and expanded training (~400 additional employees)
  - Rolled out vision statement

2012
- Focused on substance, not application
  - Integrated newly acquired hospitals and physician practices

Establishing Commitment
- Deployed greater understanding of how to apply Baldrige Criteria
  - Trained 60 senior leaders in Criteria

Blocking and Tackling
- Focused on substance, not application
  - Integrated newly acquired hospitals and physician practices

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Renewing Commitment System-Wide
- Created focus on annual performance excellence priorities
  - Included physician practices

Applying Operating Discipline
- Structured ourselves to most effectively use feedback report
  - Included surgery centers
  - Built on momentum of site visit and cascaded knowledge

2013
- Created focus on annual performance excellence priorities
  - Included physician practices

2014
- Structured ourselves to most effectively use feedback report
  - Included surgery centers
  - Built on momentum of site visit and cascaded knowledge
Why Baldrige?

Criteria provides:

- Discipline to refine processes and critical thinking
- Structure to measure and improve performance
- Platform to assess our performance against a proven management model
- External expertise to identify new opportunities for improvement

Critical Success Factors

Leveraged our core competencies

- Operating discipline
- Culture of excellence
- Physicians collaboration
- Clinical expertise

Applied operating discipline to:

- Prioritize opportunities
- Develop action plans
- Allocate resources
- Track progress

1. Improved understanding of Mission, Vision, Values and Goals
   - Developed vision statement in 2010
   - Drove personal connection
   - Assessed deployment every 2 years

2. Communicated commitment to performance excellence
   - Round-ups
   - Leadership meetings
   - Employee forums

3. Expanded the circle
   - Educated workforce on performance excellence
   - Created internal "experts"

4. Ensured system-wide alignment in measurement and performance
   - Created "line of sight" with department dashboards
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Performance Dashboard: A Balanced Approach
Goals and Performance Measures

Exceptional Care
Risk-Adjusted Mortality Index

- Among nation’s top 5% of hospitals
- Nearly 3,000 mortalities prevented since 2006
Customer Loyalty
Patient Satisfaction Trends: HCAHPS Composite Score

- #1 market in HCA
- #1 system in Austin
- Actively evaluating & modifying plans to achieve top decile goal

Customer Loyalty
Physician Satisfaction: % Physicians Very Satisfied

- 98% of physicians "would recommend"
- Top 10% nationally in 6 out of 8 key drivers of physician satisfaction for the past 3 years

Customer Loyalty
Employee Engagement: % Employees Engaged

- Top performing employee engagement for 6 years
- Recognized by Austin American-Statesman as "Top Workplace": 4 consecutive years
Financial Strength
Volume Growth

- SDH CAGR = 2.4%
- Mkt CAGR = 2.1%
- SDH CAGR = 2.3%
- Mkt CAGR = 1.9%
- SDH CAGR = 4.1%
- Mkt CAGR = 3.7%

Financial Strength
Market Share: % Inpatient Admits

SDH is increasing market share lead despite 45% increase in competitor capacity since 2008

Financial Strength
Earnings

- Earnings ↑ by 175% since 2006
  - CAGR = 13.5%
- Earnings margin = 24.6% (2014)
- Spent or committed capital = $1.4B since formation of SDH — without incurring debt or raising money from community.
A Pursuit of Excellence

- Pleased that performance resulted in Baldrige award
- More work to do to realize our vision
- Our patients expect the best — and they deserve the best
- Stakes and expectations are increasing
- Performance improvement never ends
  - Continuing to raise the bar
  - Maintaining focus on vision
  - Using the Baldrige process to improve

We are what we repeatedly do. Excellence, then is not an act, but a habit.
- Aristotle

Thank You