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1999

Annual Report: 1999 Report to the Community

St. Cloud Hospital

Collaboration...

Compassion.

✛ St. Cloud Hospital
CentraCare Health System

Hospitality...

Quality...

Service...

Commitment...

Integrity...

Respect...

Report to the Community

A Supplement to the Beacon Light
published January 23, 1999

Table of Contents

Compassion.

"Embracing Tradition... Expanding the Vision."

Introduction

St. Cloud Hospital was founded in 1886 by the Sisters of the Order of St. Benedict with a commitment to caring for all people as if each of them were Christ in person. More than 100 years later, the staff of St. Cloud Hospital strives to continue our founders' commitment to the people of Central Minnesota.

As a not-for-profit institution, St. Cloud Hospital is operated as a benefit to the people of the region. We serve a 12-county area with a population of 500,000. The public has entrusted the Board of Directors and the staff of St. Cloud Hospital to provide the best care, service and value that we can. St. Cloud Hospital published "A Report To The Community," a special edition of our publication "The Beacon Light" on January 23, 1999. This report is a supplement to that publication with additional details of quality and cost comparisons. This report demonstrates that St. Cloud Hospital provides stellar quality and exceptional value, which equal and exceed the quality and value of any hospital in Minnesota.

CentraCare Health System

St. Cloud Hospital is a member of the CentraCare Health System, a team of Central Minnesota health care professionals working together to provide comprehensive, high quality care, close to home. CentraCare Health System includes:

- St. Cloud Hospital, St. Cloud, MN — a 328-bed regional medical center.

- CentraCare Clinic, St. Cloud, MN — a 100-physician clinic with 9 clinic sites in 7 Central Minnesota communities.

- St. Benedict's Center, St. Cloud, MN — a 222-bed long-term care facility with several independent and assisted living facilities.

- Melrose Hospital and Pine Villa Care Center, Melrose, MN — a 16-bed hospital and 75-bed long-term care facility which also includes a senior independent living facility.

- Long Prairie Memorial Hospital and Home, Long Prairie, MN — a 34-bed hospital and 123-bed long-term care facility serving the residents of Todd County.

- CentraCare Health Foundation — promoting the health of the people in Central Minnesota by fostering and funding innovative, collaborative and effective programs, services, research and education.

St. Cloud Hospital remains a Catholic hospital. The Board of Directors is appointed by the corporate members, who represent the Catholic Church. Those corporate members include the Bishop of the Diocese of St. Cloud and the Prioress of the Order of St. Benedict. CentraCare Health System oversees the strategic plans and operation of the hospital and clinic and coordinates activities between the two corporations

The CentraCare Health System Board of Directors is made up of 10 individuals, five nominated by the St. Cloud Hospital board and five nominated by the CentraCare Clinic board.

CentraCare Health System and CentraCare Clinic are both not-for-profit (501C3) institutions; however, CentraCare Clinic pays local property taxes for all clinic sites and any proceeds from the operation are reinvested in the region and do not benefit any individual, director or corporate member.

An organizational chart of CentraCare Health System appears in Appendix A.

> THE GROWTH OVER THE NEXT 25 YEARS COMBINED WITH THE GROWTH IN THE OVER AGE 65 POPULATION WILL INCREASE THE DEMAND FOR HEALTH CARE SERVICES.

Service Area and Population

St. Cloud Hospital, as a regional healthcare provider, serves an area of 12 counties in Central Minnesota. Fifty percent of the admissions at St. Cloud Hospital originate from people living outside of the St. Cloud metro area. Therefore, St. Cloud Hospital and many clinics in the area work together to provide specialty outreach services in 20 communities throughout Central Minnesota.

St. Cloud and the 12-County Service Area both are projected to grow much faster than the state as a whole. The growth over the next 25 years combined with the growth in the over age 65 population will increase the demand for health care services.

A map of the service area is found in Appendix B.

Table 1 - Population Projection 1995 - 2025

Area	1995	2025	%Change
St. Cloud Metro	160,274	193,630	21%
12-County Total	515,425	650,190	26%
State of Minnesota	4,626,514	5,282,840	14%

Source: Minnesota Planning Office, State Demographic Center, 1998

Measures of Quality

We strive to provide quality care to every patient at St. Cloud Hospital. Measuring quality is not always simple. There is no single indicator that represents or measures the quality of a patient's hospital experience. Yet we believe the public needs some indication, and some comparison, of the quality of care and the quality of service provided at St. Cloud Hospital. Therefore, we present several indicators that independent sources have developed, and provide a comparison of clinical effectiveness, outcomes, and patient satisfaction.

Wherever possible, we use as a benchmark state and national norms from government sources, such as the Minnesota Department of Health and the Centers for Disease Control. Where no such comparison can be found, we turn to the VHA (formerly known as Voluntary Hospitals of America), a not-for-profit association of hospitals across the nation that has as a primary function, collecting and comparing hospital data to assist its member hospitals to improve quality and performance.

> WE BELIEVE THE PUBLIC NEEDS SOME INDICATION, AND SOME COMPARISON, OF THE QUALITY OF CARE AND THE QUALITY OF SERVICE PROVIDED AT ST. CLOUD HOSPITAL.

Patient Satisfaction

Patient satisfaction is our goal and continues to be our highest priority. We utilize the National Research Corporation to administer surveys to our patients, tabulate results, and provide comparisons with other like hospitals in the Midwest and in the nation. A good indicator of overall patient satisfaction is the patient's response to the question, "Would you recommend St. Cloud Hospital to friends and family?" The results are on a scale of 0 to 100 with 0 being "definitely would not" and 100 being "definitely would."

The results indicate that, overwhelmingly, patients would recommend St. Cloud Hospital for care. Our score is about the same as all hospitals using the survey. Patient satisfaction is our goal and we work continuously to improve.

PATIENT SATISFACTION IS OUR GOAL AND CONTINUES TO BE OUR HIGHEST PRIORITY.

Table 2 – NRC Patient Satisfaction Report, year ended June 30, 1998

	St. Cloud Hospital	VHA Upper Midwest	NRC Normative Database
Likelihood to recommend to friends and family	91.2	90.3	92.5

Cancer Survival Rates

St. Cloud Hospital provides a full range of cancer services and has been recognized by the Commission on Cancer as a Community Hospital Comprehensive Cancer Program. An important measurement of treatment effectiveness is the survival rate. The following table represents the five-year survival rate for major types of cancer and includes all stages of disease.

Heart Attack Survival Rates

Central Minnesotans' chances of surviving a heart attack are increased because they are fortunate to have the services of advanced life support ambulance, highly trained physicians and staff in the emergency room and the depth and support of the Central Minnesota Heart Center at St. Cloud Hospital. Heart attacks (medically known as Myocardial Infarctions) have been the focus of hundreds of staff and physicians at St. Cloud Hospital over the past years; one measure of success is demonstrated in our survival rate.

Coronary Artery Bypass surgery (open-heart surgery) is a difficult procedure that often can dramatically improve the quality of life for a patient with serious heart disease. Again, the combination of the specialized personnel and the technology available at St. Cloud Hospital has allowed us to consistently demonstrate better survival rates than our peer hospitals nationally.

Table 3 – 1997 Cancer Survival Rates

	St. Cloud Hospital	National
Breast	88.0%	88.5%
Lung	16.0%	13.0%
Prostate	88.0%	88.5%
Colon/Rectal	64.5%	61.5%

Source: Surveillance and Epidemiology End Results; St. Cloud Hospital Tumor Registry, 1998.

Table 4 – MI Survival Rate

	St. Cloud Hospital	VHA Upper Midwest
Myocardial Infarction Survival Rate	94.3%	91.0%

Source: VHA Quality Indicators Report for the quarter ending June 30, 1998.

Caesarean Sections

The birthing staff and the physicians who practice at the hospital work with the patient to determine the most appropriate options for the birthing experience. Vaginal delivery is generally preferred to a Caesarean delivery. Nationally, medical professionals have worked diligently to reduce the rate of Caesarean section deliveries. St. Cloud Hospital has a lower rate of C-sections than similar hospitals in the Midwest. This is a favorable indicator as more women experience a natural birthing process.

Table 5 – Caesarean Section Rate

	St. Cloud Hospital	VHA Upper Midwest
Caesarean Section Rate	14.5%	19.6%

Source: VHA Quality Indicators Report for the quarter ending June 30, 1998.

Another goal across the country is to allow women who have had a Caesarean delivery to have vaginal delivery with subsequent pregnancies, which is known as Vaginal Birth After Caesarean (VBAC). St. Cloud Hospital's VBAC rate is higher than similar hospitals in the Midwest, indicating greater effort in allowing women to experience a natural and less invasive delivery.

Table 6 – Vaginal Birth After Caesarean

	St. Cloud Hospital	VHA Upper Midwest
VBAC rate	44.6%	31.2%

Source: VHA Quality Indicators Report for the quarter ending June 30, 1998.

Surgical Site Infection Rate

More than 7,000 inpatient surgical procedures were performed at St. Cloud Hospital in 1998. The Centers for Disease Control tracks, as an indicator of surgical quality, the rate of infections occurring at the site where surgery was performed.

Table 7 – Inpatient Surgical Site Infection Rate, for the year ending June 30, 1998

	St. Cloud Hospital	VHA Upper Midwest
1998 Surgical Site Infection Rate	0.7%	2 – 4%

Source: Center for Disease Control, Medical Care Review Committee, St. Cloud Hospital.

The Medical Care Review Committee systematically collects and reviews this data at St. Cloud Hospital annually. St. Cloud Hospital's rate is well below the range of known national surgical infection rates, and indicates patients at St. Cloud Hospital experience fewer infections than the national average.

ST. CLOUD HOSPITAL HAS A LOWER RATE OF C-SECTIONS THAN SIMILAR HOSPITALS IN THE MIDWEST. THIS IS A FAVORABLE INDICATOR AS MORE WOMEN EXPERIENCE A NATURAL BIRTHING PROCESS.

Joint Commission on Accreditation of Healthcare Organizations

The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) is an independent group that accredits hospitals. Every three years, JCAHO sends a team of professionals to survey St. Cloud Hospital in nearly all facets of the hospital operation. Accreditation by JCAHO is recognized nationwide as a symbol of quality which indicates an organization meets certain performance standards. In 1998, JCAHO surveyed St. Cloud Hospital. While we strive to have a perfect survey, we are proud of our score.

Table 8 – Joint Commission Survey Score

	St. Cloud Hospital	Total Possible
JCAHO Score	94	100

Source: JCAHO Accreditation Report, 1998.

Financial Comparison

Like measuring quality, comparing financial data in health care can be complex. Not all hospitals provide the same level of service, treat the same severity of patients, or offer the latest technology. The Minnesota State Legislature requires hospitals to report financial data annually and use this data to develop comparisons.

The following information comes from the Health Information Resources of Minnesota (HIRM), a joint effort of the Minnesota Department of Health and the Minnesota Hospital and Healthcare Partnership and is for the fiscal year ended June 30, 1997 (the latest available).

Comparisons are made to two groups. "Peer Group" is made up of similar hospitals based on geographic location and bed size. "Expense Category" is a grouping based on total hospital expense and represents a relative measure of size.

HIRM adjusts the admissions and patient days to account for both inpatients and outpatients. The report utilizes "adjusted patient admissions" and "adjusted patient days" as denominators for comparative purposes and to standardize the variance of the hospital's inpatient and outpatient mix.

Table 9 - Financial Comparison

	St. Cloud Hospital	Peer Group Average	Expense Category Average	Statewide Average
Net Patient Revenue				
Per adjusted Patient Day	$1,359	$1,489	$1,513	$1,401
Per adjusted Admission	$6,412	$5,878	$6,633	$6,290
Total Expense				
Per adjusted Patient Day	$1,286	$1,375	$1,484	$1,417
Per adjusted Admission	$6,065	$5,427	$6,445	$6,360
Average Length of Stay	4.7 days	4.0 days	4.4 days	4.7 days

Source: Minnesota Planning Office, State Demographic Center, 1998

Table 9 demonstrates that St. Cloud Hospital's charges per patient day are very competitive, compared to similar-sized hospitals and compared to the statewide average.

It is important to note that St. Cloud Hospital is different from the comparison hospitals in several ways:

- St. Cloud Hospital provides more specialized care than many of the peer hospitals. Neonatal Intensive Care, open-heart surgery, and neurosurgery are expensive and require significant investment in equipment and specialized personnel. Our lower-than-average charges occur while offering higher levels of care than the comparison hospitals.

- The percentage of Medicare patients is higher at St. Cloud Hospital than the hospitals compared by the HIRM report (see Table 10). This government program covering persons over the age of 65 pays significantly less than private health insurance plans. Further, St. Cloud Hospital receives 10% less reimbursement for Medicare patients from the government than hospitals in the Twin Cities. Despite caring for a higher population of the elderly, St. Cloud Hospital remains competitive in price and quality.

- The percentage of Medicaid patients is greater at St. Cloud Hospital than the hospitals compared by the HIRM report (see Table 10). Medicaid, and other government programs providing health insurance to the economically disadvantaged, typically pay the hospital less than the cost of providing care. St. Cloud Hospital always has maintained a policy of treating all people in need, regardless of their ability to pay.

- The acuity level of patients at St. Cloud Hospital is often greater than the hospitals in the comparison. One indicator that St. Cloud Hospital's patients are more acutely ill than the comparison group is the average length of stay. Because of sicker patients and a longer length of stay, the net patient charge per admission is higher than the comparison group. However, a comparison of net charges per day indicates that St. Cloud Hospital is below the comparison and statewide average.

Table 10 - Admissions by Government Payer

	St. Cloud Hospital	Peer Group Average	Expense Category Average
Medicare Admissions	40%	12%	10%
Medicaid Admissions	8%	3%	4%

Source: HIRM, 1998

Report to the Community

Community Benefit Inventory for Social Accountability

The Community Benefit Inventory for Social Accountability (CBISA) documents the resources St. Cloud Hospital provides in fulfilling this mission of community service. Too often the focus on providing community services rests solely on the amount of charity care provided by a not-for-profit hospital. As a result, the total amount of community service that a hospital provides goes unnoticed or, at best, underestimated. This CBISA Report includes not only charity care and other services for the poor, but also the full range of community services that are a part of St. Cloud Hospital's mission of serving the health care needs of our community.

In fiscal year 1997-98 St. Cloud Hospital provided a total of $17 million, or 10.6% of operating expenses, in benefit to the community . This number represents the out-of-pocket costs St. Cloud Hospital incurred in providing programs and services for the benefit of the community. More than $800,000 was used in providing charity care. Nearly $13.5 million was used in off-setting the cost of providing care to patients who rely on public programs in which reimbursement does not cover the actual cost of providing care. The remaining $2.7 million was used in providing other benefits to the community (described below).

We believe that providing quality health care means looking beyond our own walls to ensure that the region's health care needs are being met. The resources necessary to meet many of these needs cost more than the hospital can reclaim in fees. If St. Cloud Hospital did not participate in implementing some of these needs-driven community services, our region would be left with a void in these areas that would harm the quality of life for many people in our community.

Report Highlights

■ **CHARITY CARE:** In fiscal year 1997-98, the hospital provided charity or uncompensated care to the people of Central Minnesota. These services cost the hospital more than $800,000 to provide.

■ **UNPAID COST OF MEDICAID:** Medicaid does not fully reimburse the hospital for the cost of the care provided. In fiscal year 1997-98, the hospital lost an estimated $3.59 million in unpaid cost in treating Medicaid patients.

■ **UNPAID COST OF MEDICARE:** Medicare does not fully reimburse the hospital for the cost of care provided. In fiscal year 1997-98, the hospital lost an estimated $9.9 million in unpaid costs in treating Medicare patients.

■ **MID-MINNESOTA FAMILY PRACTICE CENTER:** The Mid-Minnesota Family Practice Center opened in September 1990, to serve the primary health care needs of the estimated 17,000 uninsured and underinsured people within a 30-mile radius of St. Cloud. Last year the clinic served more than 2,500 patients, the majority of whom were women and children. St. Cloud Hospital is solely responsible for this clinic and in fiscal year 1997-98, provided more than $470,000 in subsidies to keep the clinic open.

■ **FAMILY PRACTICE RESIDENCY:** The St. Cloud Hospital/Mayo Family Practice Residency Program was initiated in 1996 to help address the shortage of family practice physicians in rural Minnesota. Despite funding from the state and federal agencies, the residency program required subsidies from St. Cloud Hospital of $1.2 million in fiscal year 1997-98.

■ **CASH DONATIONS TO THE NEEDY:** Many times patients and families do not have money for food or a ride home from the hospital. At staff discretion, funds are available for such emergencies. Last year, more than $8,800 in cash and in-kind contributions was given to patients and families with an immediate need.

■ **FOUNDATION FUNDING:** St. Cloud Hospital is committed to supporting the CentraCare Foundation with an annual donation equal to 5% of the operating net income. In fiscal year 1997-98 St. Cloud Hospital donated more than $695,000 to the Foundation. The Foundation is dedicated to enhancing the health status in Central Minnesota as well as contributing to other community projects.

IN FISCAL YEAR 1997-98 ST. CLOUD HOSPITAL PROVIDED A TOTAL OF $17 MILLION, OR 10.6% OF OPERATING EXPENSES, IN BENEFIT TO THE COMMUNITY .

Summary of Quantifiable Benefits

	Total Costs	Direct Offsetting Revenue	Non-sponsored Costs
BENEFITS FOR THOSE IN NEED			
Unpaid Cost of Medicaid	$15,836,767	$12,250,478	$3,586,289
Charity Care	$819,046	$0	$819,046
Mid-Minnesota Clinic	$633,772	$159,620	$474,152
Non-billed Services for the Poor	$26,276	$0	$26,276
Cash & In-Kind Donation	$8,622	$8,622	$0
Benefits for the Poor	**$17,324,483**	**$12,418,720**	**$4,905,763**
BENEFITS FOR THE BROADER COMMUNITY			
Unpaid Cost of Medicare	$74,861,834	$64,963,415	$9,898,419
Non-billed Services for the Broader Community	$603,097	$295,841	$307,256
Cash & In-Kind Donation (includes donation to the CentraCare Foundation)	$721,570	$0	$721,570
Health Professional Education (includes family practice residency program)	$2,507,685	$1,251,214	$1,256,471
Benefits for the Broader Community	**$78,694,186**	**$66,510,470**	**$12,183,716**
TOTAL BENEFITS	**$96,018,669**	**$78,929,190**	**$17,089,479**

Summary and Future Challenges

This report is the first attempt to provide information to our customers regarding costs, quality and service measures. The employees and medical staff of St. Cloud Hospital are proud of their efforts and it shows through many indicators:

■ The net charges per day are lower than the state average.

■ Survival rates at St. Cloud Hospital are at or above the national average in cancer and cardiac care.

■ JCAHO has accredited St. Cloud Hospital for the next three years.

■ Patient satisfaction is good, but there is room for improvement.

Like all hospitals, St. Cloud Hospital will face many challenges in carrying out its mission in the coming years. The major challenges are:

■ Increasing demand for medical services as the population grows and ages simultaneously.

■ Decreasing reimbursement from many sectors of health care payers. As part of the Balanced Budget Act of 1998, Medicare payments to hospitals will be reduced each year over the next five years. If inflation remains at its current low rate, St. Cloud Hospital will see a decrease of $19 million in Medicare reimbursement over the five-year period. New Medicare payment provisions for outpatient care scheduled for implementation in 2000 will further reduce Medicare payments. At the same time, the provisions will substantially increase Medicare co-payments in states such as Minnesota that have historically lower costs.

■ Recruiting and retaining physicians, nurses and other professionals to meet the growing demand.

■ Developing facilities that will meet the demand for inpatient and outpatient care. Patients and visitors desire a hospital that is accessible, offers comfort, privacy and convenience. Enhancing our existing campus and developing services on a new campus will be a major commitment over the next five years.

■ Continuing to serve the need. As a Catholic hospital, our mission is to seek out need and work toward meeting the need. One example of this is behavioral health. While many hospitals are closing inpatient mental health programs because of financial losses, St. Cloud Hospital has committed to enhancing our program. Despite the poor financial return, behavioral services are greatly needed in Central Minnesota. We must remain focused on serving those who need it most.

This report has been one step in an effort to do a better job of sharing our vision with the people of Central Minnesota. We are reaffirming our commitment to the residents of Central Minnesota, vowing to provide the exceptional care that has been St. Cloud Hospital's tradition since the Sisters of the Order of St. Benedict established the hospital in 1886.
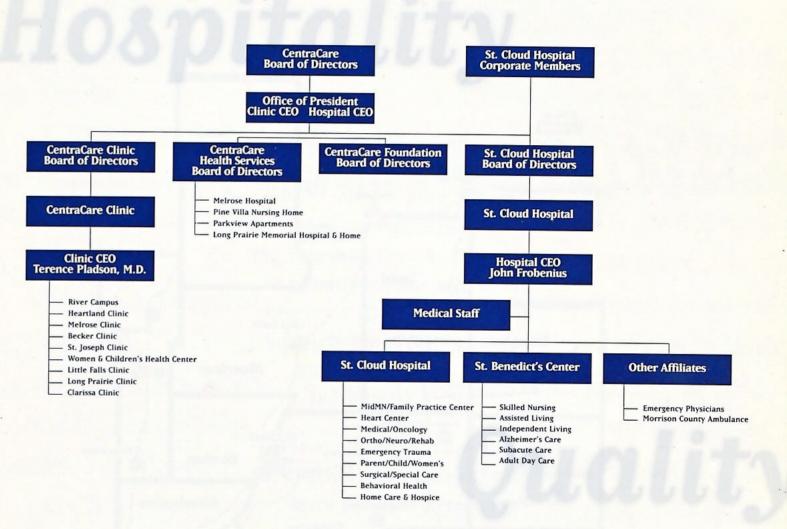
If you have feedback or suggestions regarding this report, please call:

Lori Eiynck
Planning Specialist

(320) 251-2700, extension 4193
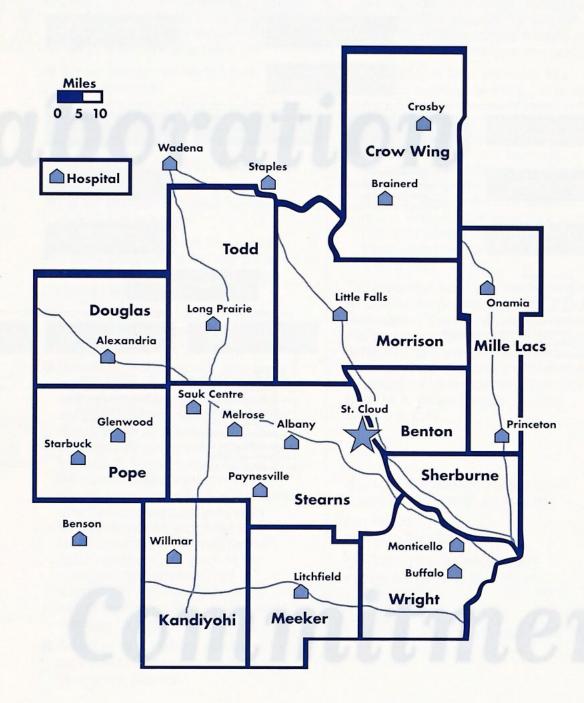e-mail: eiynckl@centracare.com

WE ARE REAFFIRMING OUR COMMITMENT TO THE RESIDENTS OF CENTRAL MINNESOTA, VOWING TO PROVIDE THE EXCEPTIONAL CARE THAT HAS BEEN ST. CLOUD HOSPITAL'S TRADITION SINCE THE SISTERS OF THE ORDER OF ST. BENEDICT ESTABLISHED THE HOSPITAL IN 1886.

Appendix A:
CentraCare Health System Organization Chart

CentraCare Board of Directors

St. Cloud Hospital Corporate Members

Office of President Clinic CEO   Hospital CEO

CentraCare Clinic Board of Directors

CentraCare Health Services Board of Directors
- Melrose Hospital
- Pine Villa Nursing Home
- Parkview Apartments
- Long Prairie Memorial Hospital & Home

CentraCare Foundation Board of Directors

St. Cloud Hospital Board of Directors

CentraCare Clinic

St. Cloud Hospital

Clinic CEO Terence Pladson, M.D.
- River Campus
- Heartland Clinic
- Melrose Clinic
- Becker Clinic
- St. Joseph Clinic
- Women & Children's Health Center
- Little Falls Clinic
- Long Prairie Clinic
- Clarissa Clinic

Hospital CEO John Frobenius

Medical Staff

St. Cloud Hospital
- MidMN/Family Practice Center
- Heart Center
- Medical/Oncology
- Ortho/Neuro/Rehab
- Emergency Trauma
- Parent/Child/Women's
- Surgical/Special Care
- Behavioral Health
- Home Care & Hospice

St. Benedict's Center
- Skilled Nursing
- Assisted Living
- Independent Living
- Alzheimer's Care
- Subacute Care
- Adult Day Care

Other Affiliates
- Emergency Physicians
- Morrison County Ambulance

13

Report to the Community

Appendix B:
Map of 12-County Service Area

Miles
0   5   10

⌂ Hospital

Crow Wing
Crosby

Wadena
Staples
Brainerd

Todd

Douglas
Long Prairie
Little Falls
Onamia

Alexandria
Morrison
Mille Lacs

Sauk Centre
St. Cloud
Melrose   Albany
Benton
Glenwood
Princeton

Starbuck
Pope
Paynesville
Sherburne

Stearns

Benson

Willmar
Monticello
Buffalo

Litchfield
Wright

Kandiyohi   Meeker

We are a Catholic, regional hospital
whose mission is to improve
the health and quality of life for
the people of Central Minnesota
in a manner that reflects the
healing mission of Jesus and
supports the dignity of those
providing services and
those being served.

"Above all things, care must
be taken of the sick as if they
were Christ in person."

—Rule of St. Benedict, Ch. 36

The background is a repeating watermark pattern reading "St. Cloud Hospital..." interspersed with the words Collaboration, Compassion, Trusteeship, Hospitality, Quality, Service, Commitment, Respect.

✳ St. Cloud Hospital

CENTRACARE Health System

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