Agenda

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

- Acute Care Hospitals: 6
- Ambulatory Surgery Centers: 6
- Freestanding EDs: 4
- Urgent Care Centers: 4
- Outpatient Rehab Centers: 10

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

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

50:50 GOVERNANCE

HCA
- 58% Ownership

St. David’s
- 41% Ownership

Georgetown Health Foundation
- 1% Ownership

St. David’s Healthcare
- MGMT SERVICES
- MGMT FEE

OVERVIEW
Community Benefit

- **Earnings above current operating and capital requirements distributed in accordance with ownership percentages**
- **Providing a sustainable benefit to the community since 1996**
  - $3.5B in uncompensated care (40% of market)
  - $221M in state and local taxes
  - $1.4B reinvested in facilities
  - $235M+ invested back into the community via foundation partners

St. David's HealthCare

Surplus Earnings from Operations

- HCA (58%)
- St. David's Foundation (41%)
- Georgetown Health Foundation (1%)

Operations
Shareholders
The Community

More than $50M to local community annually
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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## Key Milestones

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
<th>Details</th>
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</thead>
</table>
| 2005 | **Testing Organizational Fit** | Identified Baldrige as opportunity to benchmark performance  
- Gained initial understanding of criteria |
| 2007 | **Benchmarked ourselves using state-level application** | Raising the Bar  
- Addressed “low-hanging fruit” but primarily fit organization to application |
| 2009 | **Benchmarked ourselves at the national level** | Raising the Bar  
- Involved additional senior leaders to refine application |

*St. David's Healthcare*  
*OUR BALDRIGE STORY*
Key Milestones

**Establishing Commitment**

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

**2010**

**2011**

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

**Blocking and Tackling**

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

**2012**
Key Milestones

2013

Renewing Commitment System-Wide

Created focus on annual performance excellence priorities

- Included physician practices

2014

Applying Operating Discipline

Structured ourselves to most effectively use feedback report

- Included surgery centers
- Built on momentum of site visit and cascaded knowledge

Received Malcolm Baldrige Site Visit

Received Malcolm Baldrige National Quality Award

StDavid's Healthcare | OUR BALDRIGE STORY
**Why Baldrige?**

_Benchmarking ourselves against the best of the best_

**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
• Physician collaboration
• Clinical expertise

Applied operating discipline to:
• Prioritize opportunities
• Develop action plans
• Allocate resources
• Track progress
## Critical Success Factors

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
   - Rounding
   - Newsletters

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

- Risk-Adjusted Mortality Index
- Hospital-Acquired Conditions
- Risk-Adjusted Complication Index
- Tier 1 Market Share

Customer Loyalty
- Patients: Inpatient (HCAHPS)
- Patients: ED
- Physicians: Place to Practice Medicine
- Employee Voluntary Turnover Rate
- Employee Engagement
- EBITDA

Exceptional Care
- Patients: Physician Practice

Financial Strength
- EBITDA

St David's Healthcare
Measuring Our Progress

Malcolm Baldrige National Quality Award
2014 Award Recipient
Exceptional Care
Risk-Adjusted Mortality Index

- Among nation’s top 5% of hospitals
- Nearly 3,000 mortalities prevented since 2006

MEASURING OUR PROGRESS

2006 2014

Expected

US Top 5% (.48)

SDH Actual

Better
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

![Graph showing patient satisfaction trends from 2006 to 2014 with HCAHPS Survey Begins in 2008. The graph shows an increase from 66.7% in 2006 to 80% in 2014, indicating improvement.](image)
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

<table>
<thead>
<tr>
<th>Admissions</th>
<th>Surgeries</th>
<th>Births</th>
<th>Emergency Visits</th>
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<tr>
<td>55,905</td>
<td>67,815</td>
<td>15,544</td>
<td>310,328</td>
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<tr>
<td>66,968</td>
<td>80,043</td>
<td>224,199</td>
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</tr>
</tbody>
</table>

• 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**

**MEASURING OUR PROGRESS**
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