



Sutter Health 2006 • Report to Our Communities

We **hear** you.

hearing  
transforming  
innovating  
listening

# president's message

From focus groups and written surveys to phone calls and in-person discussions, we at Sutter Health regularly reach out to our patients to tell us what makes a quality health care experience. One thing our patients consistently say is that they most appreciate someone who listens.



Patrick E. Fry

Those of us who spend our careers in health care genuinely care about our patients, and we've made huge strides in diagnosing illness and clinical treatments. But when it comes to listening to customers, other industries have historically done a better job. Wonderful improvements in our daily life – from avoiding lines at the gas station by simply swiping our cards at the pump to printing family photos at home – are the result of industries listening to their customers.

Fortunately, things are changing in health care, and Sutter Health is helping lead the way. We're transforming our organization and responding to our customers who've told us they want and expect the highest levels of clinical quality, convenient points of access and services that are affordable.

In many communities, our transformation is quickly apparent. From the San Joaquin Valley to the Bay Area, we're investing billions of dollars in creating innovative new health care facilities and in making existing buildings seismically safe.

Elsewhere, important work is taking place behind the scenes. For example, we're laying the groundwork for an electronic health record that will replace our paper-based processes and improve quality. We've also introduced generous discounts for our patients who can't afford health care insurance and, in the past year, we increased our investment in charity care by more than 20 percent.

Our innovative report to our communities is another example of Sutter Health's transformation. This year we created our first electronic, online annual report, which features the personal experiences of some of our customers. I hope you'll take a few minutes to log onto <http://sutterhealth.org/annualreport> to experience some of the exciting developments under way throughout our not-for-profit network of physicians, hospitals and other health care services.

And while you're there, please share your feedback. We're listening!

Sincerely,

A handwritten signature in black ink, appearing to read 'Patrick E. Fry'.

Patrick E. Fry  
President and CEO

<http://sutterhealth.org/annualreport>

# our commitment

## Improved Access to Care

In 2006, we invested \$805 million in plant, property and equipment to help improve community access to quality care. Our organization has a multi-billion-dollar plan to improve, replace or build dozens of community-based outpatient care centers and hospitals over the next 10 years.

*"Sutter Health is committed to exceeding our customers' expectations for convenient access to the highest levels of quality, affordable health care."*

*Thomas Atkins, M.D., Medical Director, Sutter Express Care*



## Advanced Technologies

Sutter Health's electronic health record (EHR) investment has grown to about \$450 million as our network has expanded the scope of our initiative to include improved workflows, additional administrative features and greater clinical functionality.

Our EHR system is just one example of the broad range of patient safety initiatives Sutter Health is deploying to further improve clinical outcomes and enhance patient safety while reducing costs.

*"As leaders in the health care industry, we believe that quality should permeate everything we do and that the way we deliver care should be consistently great. This includes how we implement information technology across our system."*

*Jon Manis, Chief Information Officer, Sutter Health*



## People

Sutter Health offers our employees a broad range of generous benefits – from expanded education and training programs to improved salaries and our multi-million-dollar investment in patient safety technologies. Our network also has invested more than \$500 million in the past five plan years to the Sutter Health Retirement Plan, bringing our employees' retirement fund assets to over \$1.2 billion. Sutter's pension plan is fully funded.

*"Pension plan funding is an important gauge of an organization's commitment to its workforce. We've made it a top priority to take care of employees around our network and to be the employer of choice for all health care workers in Northern California."*

*Robert Reed, Chief Financial Officer, Sutter Health*



## Community Benefit

In 2006, Sutter Health's total investment in providing care and services for the poor and underserved and in benefits for the broader community was \$483 million.

*"We are proud to partner with a community leader like Sutter Health that is committed to making a difference in the health and well-being of vulnerable families throughout Northern California. Through our program, five Sutter affiliates in the greater San Francisco Bay Area donated outpatient surgical care to 168 people in need in 2006."*

*Benjamin Aune, President and CEO, Operation Access*



## Charity Care

As a result of an expanded charity care policy implemented throughout our system in early 2004, our charity care contribution increased by more than 24 percent from \$59 million in 2005 to a record \$73 million in 2006.

*"When someone finds their way into our Sutter Health system, we make sure that they're provided with the same outstanding quality of care whether they have the best insurance program or no personal ability to pay."*

*Jim Gray, Chair, Sutter Health Board of Directors*



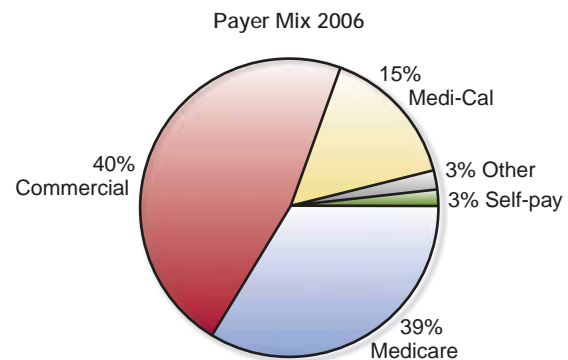
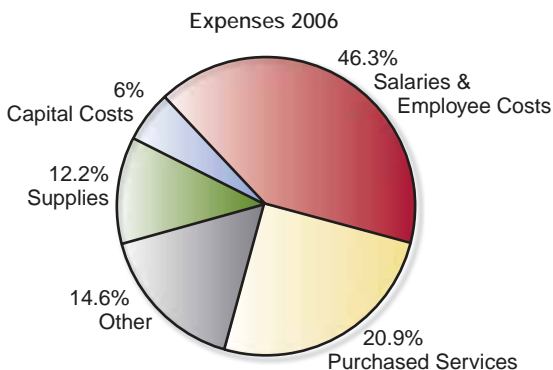
# 2008 financial review

## Balance Sheets (in millions)

SUTTER HEALTH AND AFFILIATES				
	2006		2005	
Property and equipment	\$	3,198	\$	2,765
Cash and marketable securities		2,389		2,300
Other assets		1,458		1,414
<b>Total assets</b>	<b>\$</b>	<b>7,045</b>	<b>\$</b>	<b>6,479</b>
Long-term obligations	\$	1,610	\$	1,633
Other liabilities		1,475		1,367
Net assets		3,960		3,479
<b>Total liabilities and net assets</b>	<b>\$</b>	<b>7,045</b>	<b>\$</b>	<b>6,479</b>

## Statements of Operations (in millions)

SUTTER HEALTH AND AFFILIATES				
	2006		2005	
Patient service revenues	\$	5,787	\$	5,313
Other revenues		1,471		1,330
<b>Total revenues</b>		<b>7,258</b>		<b>6,643</b>
Salaries and employee benefits		3,086		2,868
Other expenses		3,185		2,973
Capital costs		400		360
<b>Total expenses</b>		<b>6,671</b>		<b>6,201</b>
<b>Income</b>	<b>\$</b>	<b>587</b>	<b>\$</b>	<b>442</b>



# community benefit

## Community Benefit (in millions)

Traditional charity care covers health care services provided to persons who meet certain criteria and cannot afford to pay. Sutter Health had write-offs of charges for charity care services to their patients that totaled \$286 million in 2006 and \$226 million in 2005. The following is a summary of Sutter's estimated costs of providing services to the poor and broader community (unaudited):

	A M O U N T	
	2006	2005
Services for the poor and underserved:		
Traditional Charity Care	\$ 73	\$ 59
Unpaid costs of public programs:		
Medi-Cal	308	344
Other public programs	32	22
Other benefits for the poor and underserved	13	8
Total quantifiable benefits for the poor and underserved	426	433
Benefits for the broader community		
Nonbilled services	21	12
Education and research	27	22
Cash and in-kind donations	7	11
Other community benefits	2	1
Total quantifiable benefits for the broader community	57	46
Total	\$ 483	\$ 479

Services for the poor and underserved include services provided to persons who cannot afford health care because of inadequate resources and/or are uninsured or underinsured, as well as the unpaid costs of public programs treating Medi-Cal and indigent beneficiaries. Costs are computed based on a relationship of costs to charges. It also includes the cost of other services for indigent populations, and cash donations on behalf of the poor and needy.

Benefits for the broader community include unpaid costs of providing the following services: health screenings and other health-related services, training health professionals, educating the community with various seminars and classes, the cost of performing medical research and the costs associated with providing free clinics and community services. Also included are contributions Sutter Health makes to community agencies to fund charitable activities.

In 2006, Sutter Health stopped reporting the unpaid costs of treating Medicare patients as community benefit. Sutter Health made this change to be in alignment with new, voluntary national community benefit reporting standards.

# family our family

## Medical Foundations and Affiliated Medical Groups

Palo Alto Medical Foundation  
 -Camino Medical Group  
 -Palo Alto Medical Clinic  
 -Santa Cruz Medical Clinic  
 Physician Foundation at California Pacific Medical Center  
 -Physician Foundation Medical Associates, Inc.  
 Sutter East Bay Medical Foundation  
 -East Bay Physicians Medical Group  
 Sutter Gould Medical Foundation  
 -Gould Medical Group  
 Sutter Medical Foundation  
 - Sutter Independent Physicians  
 -Sutter Medical Group  
 -Sutter Neuroscience Medical Group  
 -Sutter West Medical Group  
 Sutter Medical Foundation—North Bay  
 -Sutter Medical Group of the Redwoods  
 Sutter North Medical Foundation  
 -Sutter North Medical Group  
 Sutter Regional Medical Foundation  
 -Solano Regional Medical Group  
 -Sutter Delta Medical Group

## Aligned Independent Practice Associations

Alta Bates Medical Group  
 California Pacific Specialty Services  
 Marin IPA  
 Mills-Peninsula Medical Group  
 Sutter Independent Physicians

## Hospitals

Alta Bates Summit Medical Center, Berkeley and Oakland  
 California Pacific Medical Center, San Francisco  
 -Including the St. Luke's Campus, formerly St. Luke's Hospital  
 Eden Medical Center, Castro Valley  
 -Eden Medical Center, San Leandro Hospital Campus  
 Kahi Mohala, A Behavioral Healthcare System, Ewa, HI  
 Marin General Hospital, Greenbrae  
 Memorial Hospital Los Banos, Los Banos  
 Memorial Medical Center, Modesto  
 Menlo Park Surgical Hospital, Menlo Park  
 Mills-Peninsula Health Services, Burlingame  
 Novato Community Hospital, Novato  
 Sutter Amador Hospital, Jackson  
 Sutter Auburn Faith Hospital, Auburn  
 Sutter Coast Hospital, Crescent City  
 Sutter Davis Hospital, Davis  
 Sutter Delta Medical Center, Antioch  
 Sutter Lakeside Hospital, Lakeport  
 Sutter Maternity & Surgery Center of Santa Cruz

Sutter Medical Center, Sacramento  
 -Sutter General Hospital  
 -Sutter Memorial Hospital  
 -Sutter Center for Psychiatry  
 Sutter Medical Center of Santa Rosa, Santa Rosa  
 -Warrack Campus  
 Sutter Roseville Medical Center, Roseville  
 Sutter Solano Medical Center, Vallejo  
 Sutter Tracy Community Hospital, Tracy

## Long-Term Care Centers

Baywood Court Skilled Nursing Facility, Castro Valley  
 Irene Swindells Alzheimer's Residential Care Center, San Francisco  
 Laurel Grove Hospital, Castro Valley  
 Sutter Oaks Nursing Center, Sacramento  
 Sutter Senior Care PACE Program, Sacramento

## Cancer Centers

Alta Bates Comprehensive Cancer Center, Berkeley and Oakland  
 California Pacific Medical Center, San Francisco  
 Dorothy E. Schneider Cancer Center at Mills-Peninsula  
 Eden Medical Center, Castro Valley  
 Marin General Hospital Cancer Institute, Greenbrae  
 Memorial Regional Cancer Center, Modesto  
 Sutter Cancer Center, Sacramento  
 Sutter Cancer Center, Roseville

*These programs approved by the American College of Surgeons Commission on Cancer.*

## Research Institutes

California Pacific Medical Center, San Francisco  
 Palo Alto Medical Foundation Research Institute, Palo Alto  
 Sutter Health Institute for Research and Education, San Francisco  
 Sutter Institute for Medical Research, Sacramento

## Home Health and Hospice Services

Coming Home Hospice  
 Sutter Auburn Faith VNA & Hospice  
 Sutter Coast Home Care  
 Sutter Hospice / Sacramento  
 Sutter Infusion & Pharmacy Services  
 Sutter Lakeside Home Medical Services  
 Sutter North Home Health Agency  
 Sutter VNA / Marin  
 Sutter VNA / Sacramento and Davis  
 Sutter VNA & Hospice / Concord  
 Sutter VNA & Hospice / Emeryville  
 Sutter VNA & Hospice / Roseville  
 Sutter VNA & Hospice / San Francisco  
 Sutter VNA & Hospice / San Leandro  
 Sutter VNA & Hospice / San Mateo  
 Sutter VNA & Hospice / Santa Rosa  
 Sutter VNA & Hospice / Tracy  
 VNA of the Central Valley  
 VNA of Santa Cruz County

## Occupational Health Centers

Occupational Health Clinics in multiple Northern California communities

## Express Medical Clinics

Sutter Express Care  
 Elk Grove, Folsom, Gold River, Greenhaven, Natomas and Roseville

## Education and Training

California Pacific Medical Center Graduate Medical Education  
 Samuel Merritt College, Oakland and Sacramento  
 Sutter Center for Health Professionals, Sacramento  
 Sutter Health Family Practice Residency Program, Sacramento and Davis  
 Sutter Medical Center of Santa Rosa Family Practice Residency Program

## Our Vital Statistics

Births	39,149
Discharges	226,683
ER Visits	761,217
Home Health Visits	327,061
Hospice Visits	195,848
Outpatient Visits	2,481,485
Hospitals	26
Physicians	3,500
Network & Affiliate Employees	43,139
Cardiac Centers	8
Cancer Centers	10
Acute Rehabilitation Centers	5
Behavioral Health Centers	9
Trauma Centers	4
Neonatal ICUs	10
Sutter Express Care Medical Clinics	6



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