A healthy community through caring for people one individual at a time

Christ Hospital
University Hospital
St. Luke Hospitals
Jewish Hospital
Fort Hamilton Hospital
Drake Center
West Chester Medical Center
Alliance Primary Care
To Our Stakeholders:

Our vision very clearly states what we hope to achieve as this region’s largest health care system: improving the overall health of our community. While most of our time and resources are dedicated to providing excellent health care, we feel community health goes far beyond physical and mental well being.

A healthy community is also one that thrives economically. Often, investment in locally owned businesses can go a long way toward curing socioeconomic ailments that can plague communities. That’s why we made local investment in diverse suppliers (small, minority and women-owned enterprises) a high priority this year, exceeding our spending goal of $23 million with these businesses and setting a goal of $28 million next year.

A healthy community should also have an environmental conscience. The medical industry has lagged behind others in terms of reducing waste to landfills and incineration. That’s one reason we implemented a system-wide reprocessing program, which provides for the safe reuse of certain medical devices with strict quality standards. This initiative reduced medical waste by nearly four tons and reduced costs for our patients.

A healthy community needs appropriate medical services available, regardless of location, language or ability to pay. We made great progress this year improving access to everything from basic services, including primary care and obstetrics services, to specialized medical and rehabilitative care, such as those offered by our newest hospital, Drake Center. We also made commitments for the future health of our region with the announcements to build West Chester Medical Center and the Lindner Center of HOPE, a joint venture with the Lindner Foundation.

And, finally, a healthy community should be committed to medical education and advancement to bring the latest treatments close to home. Through partnerships with such organizations as the University of Cincinnati College of Medicine, our hospitals are offering education to physicians of tomorrow and leading advances in clinical areas ranging from heart disease to neuroscience.

As you can see, we have high expectations about what we can and should achieve to keep Greater Cincinnati healthy. We are committed to these efforts and are confident we will continue to achieve these goals with sound financial performance and with the leadership of our community-based board.

Sincerely,

[Signature]

Ken Hanover
President and CEO

Serving Greater Cincinnati Through These Organizations

The Christ Hospital
The University Hospital
The St. Luke Hospitals
The Jewish Hospital
Fort Hamilton Hospital
Drake Center
Alliance Primary Care

New Ventures

The Lindner Center of HOPE (2008)
West Chester Medical Center (2009)

Board Recognition

The Health Alliance acknowledges the contributions of the following board members who volunteer their time and leadership talents to guide our organization:

Gloria S. Hafer, Esquire, Chairperson
Mark Collar
Raymond Grady
Frank McWilliams, M.D.
Gregory T. Rouan, M.D.
James I. Scott Jr., M.D.
Sara Straight-Wolf
Robert Kanter
Michael A. Conner
Richard H. Laib, M.D.
George A. Schaefer Jr.
Jeffrey L. Wyler

Jane Henney, M.D., Ex-officio
Kenneth Hanover, Ex-officio
In This Fiscal Year 2006 Report:

Caring for Those in Need

- $130.4 Million in Free Health Care and Services

Investment in Community Health Care Programs

- Our “Honor Wall” of Community Caring in Over-the-Rhine, Clifton and the Entire Greater Cincinnati Region
- Neighborhood Initiatives in Mt. Auburn
- Specialized Care for Women
- Supporting Children’s Advocacy in Northern Kentucky
- Cancer Education and Support in Northeastern Cincinnati
- Care for Those in Need in Butler County
- Our Industry Partnerships Add Value to Outreach

Economic Development and Impact

- $220.5 Million in Goods and Services with Local Suppliers
- $23.4 Million in Local Diverse Supplier Spending
- 14,000 Jobs for Our Region

Investment in Our Region's Future Health Care Needs

- Shared Commitment with the Lindner Foundation to Build the Lindner Center of Hope in Mason
- Preserving Drake Center as a Community Asset
- $224 Million Commitment to Build West Chester Medical Center

Community Education and Support

- 111 Community Health Programs and Services

Improved Access to Primary Health Care

- Five New Locations in Fiscal Year 2006 for a Total of 30 in 19 Communities

Patient Care Statistics
Fiscal Year 2006

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
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<tbody>
<tr>
<td>Hospital Admissions</td>
<td>95,628</td>
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<tr>
<td>Hospital Emergency Room Visits</td>
<td>270,481</td>
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<tr>
<td>Births</td>
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<tr>
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<td>60,366</td>
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<tr>
<td>(inpatient &amp; outpatient)</td>
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</tr>
<tr>
<td>Outpatient Visits</td>
<td>705,089</td>
</tr>
<tr>
<td>Primary Care Physician Visits</td>
<td>416,108</td>
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</table>
Caring and commitment come in many forms. The most direct is financial support to provide health care services throughout our communities for those who couldn't otherwise afford it. In fiscal year 2006, the Health Alliance documented $130.4 million in financial support to those in need.

$130.4 million
Total Benefits for the Community and the Poor

Education and Research
Health Professions Education and Medical Research = $37.6 million

Community Investment
Community Health Services = $15.7 million
Community Building Activities = $1.6 million
Financial Contributions to Community Agencies = $1.3 million

Patient Care
Traditional Charity Care = $32.4 million
Unpaid Costs of Medicaid Program = $14.4 million
Subsidized Health Services = $27.4 million
(Provided at a Loss Because of Community Need)
Our “Honor Wall”
Last year we told you about programs from each of our hospitals that addressed community needs and promoted healthy outcomes in their respective communities. Each of these programs continued their charitable missions in fiscal year 2006, offering services to meet the unique needs of those being served.
University Hospital
Women's Community Clinics
By partnering with neighborhood health clinics, University Hospital reaches out to expectant moms who can't afford health care. In 13 communities, women receive monthly exams, learn about every stage of pregnancy, and are educated about proper nutrition and care for themselves and their little ones. Through strong, community-based relationships, University Hospital helps ensure that women and unborn children receive consistent, continuous care from pregnancy to delivery.

We couldn't have a better community partner than The Christ Hospital. They have the same vision we do and work with us through financial and in-kind support to help us achieve our goals.”
—Holly Dorna
President, Mt. Auburn Chamber of Commerce

“I've been going to the clinic for years and I like everybody there. They're really nice. Since I've been going there, I haven't had any health problems.”
—Quinetta Chaplin
Patient, Elm Street Clinic
St. Luke Hospitals Northern Kentucky
Children’s Advocacy Center
As an eight-county provider of child advocacy services, the center provides services for children who have been sexually abused, severely physically abused and/or have witnessed violent crimes in Northern Kentucky. The center is a safe, private environment where families, police departments, service agencies and prosecutors partner for coordinated advocacy efforts. Using St. Luke facilities and funding assistance, 530 children were seen by Children’s Advocacy Center experts in fiscal year 2006. Due to the increased number of professionals who use the center, the tremendous growth in population, and the increased demand for services, a new facility will be built in Florence to accommodate the need.

Jewish Hospital – Cancer Education and Support
By celebrating the lives and victories of patients, Jewish Hospital is creating a cancer community built on support, camaraderie and hope. Jewish Hospital associates have been very involved in the community’s annual Cancer Survivor’s Day, which brings 800 survivors and family members together from hospitals and agencies throughout our community for fellowship, food and entertainment. In May of each year, the Bone Marrow Reunion unites donors, patients and clinicians to honor transplant recipients past and present.

“As a detective for the Covington Police Department, I have witnessed first hand the interviews conducted by the Children’s Advocacy Center with children who have been victims of abuse. They are extremely responsive and highly skilled at what they do, which makes my job investigating these crimes and building a case against the defendant much easier.”
— Detective Jim Lindeman
Covington Police Department

“I’m telling you, the staff at Jewish were wonderful. They had a good sense of humor and that means a lot— it helps you keep a positive attitude. They took care of me.”
— Bob Craig, Cancer Patient (pictured here with Jane Oka, Bone Marrow Patient), Jewish Hospital
Fort Hamilton Hospital – Butler County Community Health Consortium

With staff and facility support from Middletown and Fort Hamilton hospitals, two Health Consortium facilities, the Middletown Health Center and the Hamilton Health Center, provide outpatient care regardless of patients’ insurance status or ability to pay. As the only pediatric practice in the area accepting new Medicaid patients and the only practice with a bilingual primary care physician, the Consortium is meeting the community’s emerging medical needs. Of the nearly 4,000 patients seen last year, almost half were Spanish-speaking and more than three fourths were children.

“On the right medications. If it hadn’t been for the clinic, I probably wouldn’t be around right now. I refer to them as my guardian angels.”

—Roger Boyes, Patient, Hamilton Health Center

Our Industry Partnerships Add Value to Outreach

The Health Alliance has been a proactive partner with other local providers and businesses to bring needed health care programs and benefits to Greater Cincinnati. Some examples of these investments include:

- The Center for Closing the Health Gap, a non-profit program receiving a majority of its funding from the Health Alliance to eliminate racial and ethnic health disparities in Greater Cincinnati through advocacy, education and community outreach
- The Health Collaborative of Greater Cincinnati, an organization working to stimulate continuous, significant, and measurable improvement in the health status of the people in Greater Cincinnati through collaborative leadership
- The Facial Foundation of Greater Cincinnati, a collaboration among physicians and hospitals to provide plastic surgery at no charge to victims of domestic violence with facial disfiguration
- The Respite Center of Greater Cincinnati, a temporary shelter for homeless individuals who have recently recovered from illness or injury
- The Uptown Consortium, an organization focused on revitalization of the uptown neighborhoods, with initiatives in safety, housing, retail and transportation
- The Cincinnati MD Resource Center, a non-profit, community-based initiative focused on recruiting and retaining high quality physicians for the entire Greater Cincinnati area.
The Health Alliance is a committed community business partner. By stimulating economic growth, particularly among local small and diverse suppliers, many of society's ailments, such as unemployment, crime and poor health can be addressed.

“What separates the Health Alliance from other companies is their strong dedication and commitment to being inclusive of diverse suppliers. For them, this is not a one-year organizational goal. It is an important part of their strategy to achieve their long-term business results.”

—Steve Love, President & CEO
Greater Cincinnati & Northern Kentucky African American Chamber of Commerce

Reprocessing Supports Healthy Environment
Reprocessing, a process for sterilizing certain medical devices for reuse, was implemented at the Health Alliance last year with goals of reducing costs and medical waste sent to landfills. Through the course of the year, our hospitals reached their targeted collections, saving $646,414 in supply costs, which were passed on to our patients, and reducing medical waste by nearly four tons.

Supplier Diversity Program Overwhelming Success
In fiscal year 2006, the Health Alliance made a $23 million commitment to certified diverse suppliers in our region. This was new territory for the organization that required a focused, detailed effort by leaders inside the organization and community partners. Audited savings for the first 10 months of fiscal year 2006 showed a total investment of $23.4 million with a goal for fiscal year 2007 of $28 million.
The mid to late ‘90s were difficult for health care organizations locally and throughout the country. In Cincinnati, the Iameter Study conducted in the early ‘90s was the impetus for significant changes in reimbursements. Many hospitals found it difficult to stand alone and still fulfill their charitable missions. Thus, the Health Alliance was formed in 1995 by the union of The Christ Hospital and The University Hospital, with St. Luke, Jewish and Fort Hamilton hospitals joining in subsequent years.

Over the past five years, Health Alliance leadership has implemented an aggressive turnaround strategy aimed at both cost reduction and revenue enhancement. Today, all Health Alliance hospitals thrive under system management. Consolidated departments offer shared resources and expertise for central business functions, such as patient billing, information systems and technology and human resources. A volunteer community board representing all member hospitals provides decision-making based on community need. And, approaching suppliers and contractors from a position of strength as a system provides much greater opportunity for advanced care at the lowest possible cost to employers and patients. These efforts have produced a positive bottom line that allows for reinvestment in current infrastructure and needed community programs and services.

Economic Development and Impact

Financial Highlights

• $1.4 billion net patient care revenues
• $729.8 million in benefits and wages
• $423.1 million in supplies and services
• $120.9 million in building upgrades/advanced medical equipment
• $72.4 million in pharmaceuticals
• Fifth consecutive year reporting an operating gain
The Craig and Frances Lindner Center of HOPE in Mason

Certain types of behavioral health services are not available in Greater Cincinnati and many inpatient programs operate at close to capacity. In 2005, thanks to a generous $30 million gift from the Lindner Foundation, the Health Alliance announced the Craig and Frances Lindner Center of HOPE will be built in Mason to provide a world-class treatment center in a private setting for psychological and emotional healing. Completion is scheduled for mid-2008.

Preserving Drake Center as a Community Asset

In 2005, the Health Alliance was approached to consider taking over the management and ownership of Drake Center, a long-term care facility for specialized medical and rehabilitative treatment. With many financial and operational challenges, the organization’s future was uncertain. The Health Alliance determined that Drake Center met a core community need for highly specialized medical and rehabilitative care and assumed operations in December 2005. Drake Center formally became part of the Health Alliance in July of 2006.

West Chester Medical Center

A feasibility study showed the population of West Chester is growing so significantly that the ability of the surrounding hospitals to meet the burgeoning health care needs could quickly become compromised. The Health Alliance board unanimously approved this initiative and plans began for a full-service facility to meet the community need. West Chester Medical Center will open in January of 2009.

Approximately $6 million in capital improvements and $1.4 million in supply savings and staffing with consolidated departments since the Drake Center joined the Health Alliance.

$224 million expected investment in West Chester Medical Center

Shared Commitment with the Lindner Foundation for the Lindner Center of HOPE
Community Education and Support:
The following are support groups that are either hosted by Health Alliance hospitals or provided in-kind support.

After Care Sessions (drug and alcohol support group for past patients)
Alcoholics Anonymous
Alzheimer’s
Blood and Marrow Transplant Networking Group
Breast Cancer Support Group
Circle of Hope Breast Cancer Support Group
Change of Heart (organ transplant group)
Crohn’s and Colitis Foundation
Chronic Pain
Diabetes
Family Education
General Cancer Support
Grief Support
Happy Hearts
Heart Works (heart failure support)
Heart Failure Support Group
Important Beginnings: Teen Pregnancy
Jump Starters (Greater Cincinnati AICD Support (Automatic Internal Cardiac Defibrillator)
Look Good…Feel Better (female cancer patients)
Man to Man: Prostate Cancer
Narcotics Anonymous
Ostomy Association
Overture Anonymous
Parkinson’s Disease
Speak Easy (a support group for women with depression or anxiety)
Tristate Liver Transplant
Women’s Cancer Support

Community Education
American Red Cross Babysitting Classes
Cancer Community Resource Library
Childbirth Classes
Choices and Chances Presentation, University Trauma Department
Community Health Education Programs
CPR Classes
Health Alliance Web site
Healthy Weight/Healthy You
High School Student Career Night
Kids in the Kitchen
Limited English Proficiency Program
Medicare Part D Seminars
Military Training Program (C-STARS)
Patient Education Resource Centers
Self Defense for Women
Senior Health Fair
Smoking Cessation Programs
Violence Prevention

Community Support
100 Wise Women (a mentoring program for businesswomen)
After Hours Nurse Clinic
American Heart Association Mini-Marathon
Center for Closing the Health Gap
Children’s Advocacy Center
Cincinnati Health Department
Community Health Advisory Boards
Dental Center
Disaster Preparedness
Emergency Readiness Day
Health Ministries Program
Immunization Clinics
Injury Surveillance
Lincoln Heights/ Mt. Healthy Center
Minority Nursing Scholarship
Medication Assistance Program
Medical House Call Program
Mobile Crisis Team (Mental Health)
Primary and Specialty Care Clinics
Psychiatric Emergency Care Scholarship Programs
School Partnership Programs
Senior Care Preferred Plus
Teen Mother Support
Wig Rooms
YWCA Career Women of Achievement
Community Sponsorships and Screenings
African American Chamber of Commerce
Anthem Healthy Women’s Event
Black Family Reunion
Boone County Fair
Boone County Senior Picnic
Campbell County Senior Picnic
Cancer Survivors’ Day
Community-wide health care screenings
Coney Island Senior Expo
Cover the Uninsured Week
Hispanic Chamber of Commerce
Jazzfest
March of Dimes
NAACP of Northern Kentucky Health Fair
Northern Kentucky Area Development District (NKADD) Senior Expo
Northern Kentucky Senior Picnics
Northern Kentucky Chamber of Commerce
One Hundred Wise Women
Partners in Education
Pride Parade and Festival
Relay for Life
Senior Expo
South Central Ohio Minority Business Council
Susan G. Komen Race for the Cure
Take a Loved One for a Check-Up Day
Walk Soberfest
Wellness Wednesdays

The Health Alliance works with community partners to support the following organizations with in-kind services and/or monetary support:
Be Concerned (assistance to Northern Kentucky residents)
Butler County Community Health Center (Consortium)
Connections Clinic at Fort Hamilton
Center for Respite Care
Cincinnati Health Network
Disaster Medical Assistance Team (DMAT) KY-1
Facial Foundation of Greater Cincinnati
Fine Arts Fund
Maternal-Fetal Care Center
Red Dress Campaign
Secret Safe Place for Newborns
United Way
Uptown Consortium
Growing Alliance Primary Care

In fiscal year 2006, Alliance Primary Care continued its growth strategy with an eye toward increasing primary care accessibility throughout the region. After several years of financial challenges, the organization made significant improvements in its bottom line and began investing for the future. Last year, 15 new physicians joined the group and five new locations from Cold Spring to West Chester were added.
Christ Hospital
Known as “Greater Cincinnati’s Heart Hospital,” Christ Hospital is a 450-bed facility located in Mt. Auburn. In addition to cardiovascular services, other specialties include women’s services, orthopedics, cancer care and spine.

Jewish Hospital
Serving the needs of Cincinnati’s suburban northeast side, Jewish Hospital is located in Kenwood. This 200-bed facility specializes in cardiovascular services, cancer care, cholesterol control, joint replacement, weight management, mammography and emergency services.

University Hospital
University Hospital is the region’s only tertiary, academic medical center. This 440-bed teaching hospital is located in Clifton, and specializes in trauma, cancer care, neuroscience, cardiovascular services, perinatology, solid organ transplant, behavioral health and burn care.

Fort Hamilton Hospital
Fort Hamilton Hospital is a 181-bed facility in Hamilton, Ohio, northwest of Cincinnati. Specialties include cardiology, emergency services, obstetrics, cancer care, women’s services, radiology and behavioral health.

St. Luke Hospital East
St. Luke Hospital East is a 217-bed community hospital serving the Campbell County/Greater Northern Kentucky area. It specializes in women’s services, cancer care, vascular, surgical weight loss and emergency services.

Drake Center
Drake Center is the region’s premier provider of specialized medical and rehabilitative care. This 314-bed specialty hospital treats patients recovering from catastrophic illnesses or injuries. Specialties include: multiple trauma care, spinal cord injuries, and traumatic brain injuries and stroke.

West Chester Medical Center
West Chester Medical Center will be a 160-bed, full-service, technologically advanced hospital located north of Cincinnati in the suburb of West Chester. Opening is scheduled for early 2009.
Our mission is to be your preferred health care partner. We will serve you in a compassionate and efficient way, providing the very best in prevention, treatment, education and research to benefit you, your family and our community.