

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY

July 31, 2014

Phoebe Putney Memorial Hospital, Inc. (Corporation) is a not-for-profit health care organization that exists to serve the community. The Corporation opened in 1911 to serve the community by caring for the sick regardless of ability to pay. As a tax-exempt hospital, the Corporation has no stockholders or owners. All revenue after expenses is reinvested in the mission to care for the citizens of the community – into clinical care, health programs, state-of-the-art technology and facilities, research, and teaching and training of medical professionals now and for the future.

The Corporation operates as a charitable organization consistent with the requirements of Internal Revenue Code Section 501(c)(3) and the “community benefit standard” of IRS Revenue Ruling 69-545. The Corporation takes seriously its responsibility as the community’s safety net hospital and has a strong record of meeting and exceeding the charitable care and the organizational and operational standards required for federal tax-exempt status. The Corporation demonstrates a continued and expanding commitment to meeting its mission and serving the citizens by providing community benefits. A community benefit is a planned, managed, organized, and measured approach to meeting identified community health needs, requiring a partnership between the healthcare organization and the community to benefit residents through programs and services that improve health status and quality of life.

The Corporation improves the health and well-being of Southwest Georgia through clinical services, education, research and partnerships that build health capacity in the community. The Corporation provides community benefits for every citizen in its service area as well as for the medically underserved. The Corporation conducts community needs assessments and pays close attention to the needs of low income and other vulnerable persons and the community at large. The Corporation often works with community groups to identify needs, strengthen existing community programs and plan newly needed services. It provides a wide-ranging array of community benefit services designed to improve community health and the health of individuals and to increase access to health care, in addition to providing free and discounted services to people who are uninsured and underinsured. The Corporation’s excellence in community benefit programs was recognized by the prestigious Foster McGaw Prize awarded to the Corporation in 2003 for its broad-based outreach in building collaboratives that make measurable improvements in health status, expand access to care and build community capacity, so that patients receive care closest to their own neighborhoods. Drawing on a dynamic and flexible structure, the community benefit programs are designed to respond to assessed needs and are focused on upstream prevention.

As Southwest Georgia’s leading provider of cost-effective, patient-centered health care, the Corporation is also the region’s largest employer with more than 3,600 members of the Corporation Family caring for patients. The Corporation participates in the Medicare and Medicaid programs and is one of the leading providers of Medicaid services in Georgia.

See independent auditor’s report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2014

The following table summarizes the amounts of charges foregone (i.e., contractual adjustments) and estimates the losses incurred by the Corporation due to inadequate payments by these programs and for indigent/charity. This table does not include discounts offered by the Corporation under managed care and other agreements:

	<u>Charges Foregone</u>	<u>Estimated Unreimbursed Cost</u>
Medicare	\$ 482,000,000	\$ 179,000,000
Medicaid	184,000,000	68,000,000
Indigent/charity	<u>67,000,000</u>	<u>25,000,000</u>
	<u>\$ 733,000,000</u>	<u>\$ 272,000,000</u>

The following is a summary of the community benefit activities and health improvement services offered by the Corporation and illustrates the activities and donations during fiscal year 2014.

I. Community Health Improvement Services

A. Community Health Education

Phoebe Putney Memorial Hospital provided health education services in 2014 at a cost of \$717,866. These services included the following free classes and seminars:

- Prepared childbirth classes
- Refresher childbirth classes
- Pregnancy classes
- Breastfeeding classes
- Lactation consulting
- Teen Maze
- Health Teacher Training
- Nutrition and Diabetes Education
- Breast Cancer Awareness
- K-12 Health Fairs
- Cancer Prevention
- Sun Safety
- Golden Key Health Seminars

See independent auditor's report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2014

I. Community Health Improvement Services, Continued

A. Community Health Education, Continued

The Corporation is involved in many activities aimed at educating the community about health-related topics; a quarterly health information newsletter distributed to 22,000 senior citizens at a cost of \$35,238 and frequent ongoing health seminars held at Phoebe Northwest free of charge and attracting audiences ranging from 30 to 150 persons.

Men and Women's Health Conferences

The Men's and Women's Health Conferences attracted approximately 700 participants. The men's conference centered on hypertension, while the women's focus was on breast health. Supported by over 70 volunteers, these conferences provided blood pressure, glucose, and cholesterol and BMI screenings for each participant and were made possible by a broad coalition of providers such as the Faith-based Initiative, Heart and Cancer Society, Cancer Coalition of South Georgia, and Public Health among others.

Golden Key

This is a membership organization for people age 55 and older. With 22,000 members, Golden Key offers programs that encourage healthy lifestyles including the privilege of walking at the Corporation's Physical Medicine complex. To its members, it provided a bi-monthly newsletter (Key Notes). In 2014, the unreimbursed cost was \$61,931.

Network of Trust

This is a nationally recognized program aimed at teen mothers to prevent repeat pregnancies, provide parenting skills and complete high school. This program also includes a teen father program along with other teenaged children programs. Internal evaluation shows teens participating in the program are less likely to repeat a pregnancy prior to graduation. Network of Trust enrolled 134 unduplicated teen parents during the 2013/2014 school year at a cost of \$295,460.

See independent auditor's report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2014

I. Community Health Improvement Services, Continued

B. Community Based Clinical Services

Flu Shots and Cancer Screenings

The Corporation provides free flu shots to volunteers. In 2014, the Corporation administered 717 flu shots at an unreimbursed cost of \$13,929.

The Corporation also provides free health screenings to individuals in Southwest Georgia. In 2014, the Corporation provided CT Low Cancer Lung Screenings to 332 at-risk individuals at no cost. Of the 332 screenings, there were nine confirmed cases of lung cancer with five considered “cured” and four receiving active treatment. The estimated unreimbursed cost was \$130,054. Phoebe provided Mammography Screenings to 106 women at no cost to the patient. There were no confirmed cases of breast cancer. The estimated unreimbursed cost was \$44,351.

School Nurse Program

The Corporation places nurses in sixteen elementary schools, six middle schools, and four high schools in Dougherty County with a goal of creating access to care for students and staff, assessing the health care status of each population represented and effectively establishing referrals for all health care needs. Nurses also conducted the eighth grade health fairs. During the 2013/2014 school year, the school nurse program covered 80,000 student visits. This program is operated at a cost of \$828,316 in 2014.

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PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued
July 31, 2014

I. Community Health Improvement Services, Continued

C. Health Care Support Services

New Foundations

The Corporation offers New Foundations Breast Forms and Fashion Boutique. New Foundations caters to the physical and mental well-being of women and their families. They provide one-on-one post mastectomy consultation to help women overcome their anxieties and feel better about their appearance. They carry a large variety of prosthesis and also have a wide selection of clothing. They conduct support groups, seminars and exercise classes and help patients with breast cancer issues. This department saw 2,777 patients and operated at an unreimbursed cost in 2014 of \$19,910.

Lights of Love Vans

Lights of Love donated vans to the Corporation to transport cancer patients to and from the hospital for their treatments. In 2014, Phoebe Lights almost doubled the number of trips from the previous year to 1,763 at an unreimbursed cost of \$242,779.

Government Sponsored Eligibility Applications to the Poor and Needy

The Corporation contracts with Chamberlain Edmonds to process eligibility applications on behalf of the poor and needy that may be eligible for Medicaid. In some cases, it can take up to two years to be deemed eligible. In 2014 the Corporation paid \$786,558 to Chamberlain Edmonds to process these applications.

- Indigent Financial Assistance

Patients whose income is below 125% of the Federal Poverty Levels are classified as indigent and receive care at no cost.

See independent auditor's report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued

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I. Community Health Improvement Services, Continued

C. Health Care Support Services, Continued

• Charity Financial Assistance

Patients whose income level is between 126% - 200% of the Federal Poverty Levels are classified as charity. These patients will be responsible for a percentage of their hospital charges. This percentage will be based on calculations using the Federal Poverty Levels that are published in the "Federal Register" each year. If it is determined the patient responsibility will be an undue hardship on the patient/guarantor, these cases will be reviewed on an individual basis with the Phoebe Cares Supervisor for possible catastrophic charity based on sliding scale guidelines.

• Catastrophic Financial Assistance

Patients whose income exceeds 200% of the Federal Poverty Levels and whose hospital charges exceed 25% of their annual income, resulting in excessive hardship, are eligible for a discount up to 75% of the patient balance. The patient may pay the remaining balance over 24 months.

II. Health Professions Education

The Corporation recognizes that to continuously improve its long-term value to the community and customers, to encourage life-long learning among employees and to achieve a world-class employer status, it is in the Corporation's best interest to provide opportunities that will assist eligible employees in pursuing formal, healthcare related educational opportunities. The Corporation also provides non-employees financial support in pursuing healthcare related degrees. In fiscal year 2014, the Corporation provided \$1,094,358 in clinical supervision and training of 440 nursing students, and an additional \$240,031 in clinical supervision and training to pharmacy, pharmacy technicians and other health professionals.

See independent auditor's report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued

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III. Subsidized Health Services

A. Hospital Outpatient Services

Phoebe Family Medical Centers

The Corporation has a strong commitment to primary care for the Southwest Georgia region. The family medical centers in the surrounding counties are a network of care that serves the entire family closest to where people live. In 2014, the rural clinics operated at a net loss of \$120,543 and the Pelham clinic operated at a net loss of \$71,536.

Convenient Cares

The Corporation's Convenient Care provides treatment for minor injuries and ailments in a more timely fashion and at a lower cost than an emergency center. In 2014, the clinics operated at a net loss of \$1,483,928.

Phoebe Specialty Clinics

- Phoebe Gastroenterology Associates has been a part of providing exceptional patient care for more than 30 years and treats virtually every kind of gastrointestinal related healthcare problem. In 2014, the Corporation incurred a net loss of \$409,708.
- The Behavioral Health Clinic at Phoebe provides treatment for adults and adolescents with addictive diseases and/or psychiatric disorders. In 2014, this Clinic operated at a net loss of \$1,235,029.
- The Corporation operates a specialty clinic for Rheumatology and Physiatry. The clinic offers medical care on a referral basis to inpatients and outpatients with rheumatoid problems or with physical medicine or rehabilitation needs. The clinic operated at a net loss of \$329,771 in 2014.
- Maternal/Fetal Medicine program is for high risk mothers and pregnant women who need specialized care. It serves this perinatal region. In 2014, this clinic operated at a net loss of \$369,464.

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SERVICE TO THE COMMUNITY, Continued

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III. Subsidized Health Services, Continued

A. Hospital Outpatient Services, Continued

Phoebe Specialty Clinics, Continued

- The Corporation operates neurosurgery and neurology practices that provide two neurosurgeons and two neurologists to the community, improving access to care in several settings, including trauma care in the Emergency Department and community health forums. These practices operated at a net loss of \$1,223,347.
- The Corporation offers an Infectious Disease Clinic. This clinic is primarily directed at providing treatment to those who have chronic and acute infectious diseases and to terminally ill persons in need of pain management. In 2014, this clinic operated at a net loss of \$326,958.
- The Corporation operates a Surgical Oncology Department in its Cancer Center. This department surgically treats and manages cancers primarily of the esophagus, stomach, liver, pancreas, colon, breast and skin, and soft tissues. The surgical oncologist also serves as a distinguished scholar for the Georgia Cancer Coalition and conducts clinical research and is working on elevating the level of cancer care in the region. The department operated at a loss of \$386,391.
- The Corporation provides palliative care to patients in Southwest Georgia with a limited life expectancy. In 2014, the service operated at a net loss of \$62,797.
- The Corporation provides a comprehensive array of heart services and employed physicians to patients throughout South Georgia. In FY 2014, heart services reported a net loss of \$2,469,451.
- Phoebe Wound Care and Hyperbaric Center specializes in healing chronic wounds caused by diabetes, poor circulation or other conditions. In FY 2014, the Wound Care Center operated at a net loss of \$178,567.

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SERVICE TO THE COMMUNITY, Continued
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III. Subsidized Health Services, Continued

A. Hospital Outpatient Services, Continued

Residency Program

The Southwest Georgia Family Medicine Residency Program is an award winning facility continuously addressing the shortage of health care professionals in the region. Their primary mission is to train family physicians to practice in rural Southwest Georgia.

Established in 1993, this program offers a rich opportunity for physicians to develop as strong clinicians capable of delivering high-quality primary care in any setting. The need for medical services in this rural region is great. The region has high incidences of cancer, heart attack, stroke and other diseases, and the need for medical and outreach services are tremendous. The program has successfully diverted persons without access from costly emergency rooms to appropriate primary care settings. In 2014, the Corporation showed a net loss of \$1,492,917.

B. Other Subsidized Services

Inmate Care

The Corporation provides care to persons in jail for Dougherty County. In 2014, the Corporation provided \$744,344 of unreimbursed medical and drug treatment to 273 inmates.

Indigent Drug Pharmacy

Indigent Drug Pharmacy provides medication upon discharge to patients that are either indigent or uninsured. In 2014, the pharmacy assisted 1,843 patients at a cost of \$281,767.

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PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued
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IV. Clinical Research

The Corporation offers clinical trials to cancer patients who are residents of Southwest Georgia. In 2014, there are 23 actively accruing studies and a total of 139 research patients at an unreimbursed cost of \$449,668. Phoebe is also a regional site for the collection of tissue for the statewide Tumor, Tissue and Serum Bio-repository at an additional cost of \$233,420.

V. Financial and In-Kind Support

In 2014, the Corporation provided \$210,746 in cash donations and in-kind support to non-profit organizations in Southwest Georgia. Listed are some highlights:

- The Cancer Coalition of South Georgia received \$152,500 for staff support and various projects.
- Graceway Recovery for Women, Liberty House of Albany, Mission Change, and Boys and Girls Club of Albany all received a cash donation of \$1,000.
- Albany Marathon received a \$20,000 donation to raise funds for hospice services.
- In-kind support of foregone rent was provided to 17 non-profit organizations at an estimated cost of \$32,246.

VI. Community Building Activities

A. Economic Development

As a corporate citizen, the Corporation is involved in various economic development activities throughout the year. In 2014, the Corporation contributed \$100,000 to the Chamber of Commerce to support its economic development plan and an additional \$16,500 in community health improvement advocacy by hosting an Affordable Care Act fair.

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PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2014

VII. Community Benefit Operations

The Corporation incurred costs of \$116,415 to support staff and community health needs assessment, which included a \$32,000 renewal of Healthy Communities Institute's dashboard feature on the website:

<http://phoebeputney.com/phoebecontentpage.aspx?nd=1660>

Summary

	<u>2014</u>
Community Health Improvement Services:	
Community Health Education	\$ 717,866
Community Based Clinical Services	1,016,650
Healthcare Support Services	<u>1,049,247</u>
Total community health improvement services	<u>2,783,763</u>
Health Professions Education:	
Nurses/nursing students	1,094,358
Other health professional education	<u>240,031</u>
Total health professions education	<u>1,334,389</u>
Subsidized Health Services:	
Hospital outpatient services	8,925,378
Behavioral health services	1,235,029
Other subsidized health services	<u>1,026,111</u>
Total subsidized health services	<u>11,186,518</u>
Clinical Research:	
Clinical research	<u>683,088</u>
Total clinical research	<u>683,088</u>

See independent auditor's report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued
July 31, 2014

VII. Community Benefit Operations, Continued

Summary, Continued

	<u>2014</u>
Financial and In-Kind Support:	
Cash donations	\$ 178,500
In-kind donations	<u>32,246</u>
Total financial and in-kind support	<u>210,746</u>
Community Building Activities:	
Economic development	<u>116,500</u>
Total community building activities	<u>116,500</u>
Community Benefit Operations:	
Dedicated staff and other resources	<u>116,415</u>
Total community benefit operations	<u>116,415</u>
Other:	
Traditional charity care – estimated unreimbursed cost of charity services	25,000,000
Unpaid cost of Medicare services – estimated unreimbursed cost of Medicare services	179,000,000
Unpaid cost of Medicaid services – estimated unreimbursed cost of Medicaid services	<u>68,000,000</u>
Total other	<u>272,000,000</u>
Total summary	<u>\$ 288,431,419</u>

This report has been prepared in accordance with the community benefit reporting guidelines established by Catholic Health Association (CHA) and VHA, Inc. known formally as Voluntary Hospitals of America. The Internal Revenue Services' requirements for reporting community benefits are different than the guidelines under which this report has been prepared.

See independent auditor's report on supplemental information.