

pillars *of* excellence

people

service

growth

financial

quality

community

reaching higher

"A great place to work and a great place to receive care."

That's how we summarize the goals of our Campaign for Excellence. We launched the campaign at the beginning of 2002 because we wanted to focus our efforts on an objective worthy of our community and the people who work at United Health Services. Much of the economic news in upstate New York has been discouraging, and population declines have added to the distress many feel. But we believe that United Health Services can serve as a point of pride and hope for the community.

Through the almost 5,000 people who are part of our team, we provide a range and quality of health care that make a difference in thousands of lives every year:

- From the outstanding advanced tertiary services provided at Wilson Memorial Regional Medical Center to the rehabilitation services at Binghamton General Hospital,
- From the essential acute-care services at our two rural hospitals, Chenango Memorial and Delaware Valley, to the comprehensive primary and multi-specialty physician services offered by United Medical Associates,
- From the innovative home care programs of Professional Home Care and Twin Tier Home Health to the award-winning geriatric services of Ideal Senior Living Center, we ensure a level of access and quality unequalled across the whole Southern Tier of New York between Westchester to the east and Buffalo to the west.

During our organization's first 20 years, from 1981 to 2001, we built our system to ensure the survival and vitality of locally owned and operated health care in this region. We consolidated programs and services to increase clinical quality and improve service and efficiency. We shared skills and resources across organizational lines to build new programs and services. We helped shore up member organizations that were struggling under the weight of regional economic downturns, government cutbacks and rising expenses.

By 2002, we were poised to take the next step, despite the environmental and economic trends that have weakened health care delivery across the state. We determined to raise the bar for ourselves. Our goals were to ensure the future of strong local health care by improving employee satisfaction and providing an outstanding level of service to our patients. We set out to attract and keep top health care professionals, renovate and expand our medical facilities, use technology to improve care and find ways to help rebuild the historically vital economy and culture of our region.

Throughout the community, we encounter friends, neighbors and colleagues who have benefitted directly from the caring service they have received at one or more of our organizations. We hear stories of the ways our staff have impressed them with their skill and compassion. We are grateful that so many people have worked together over the years to make United Health Services such a valuable and reliable resource.

We know that the next few years will test us. But we also know that, through our Campaign for Excellence and its Six Pillars, we will be able to make health care one of the true assets of our region. By seeking Excellence in everything we do, we can find success. By reaching ever higher, we can achieve our goals.

Peter V. McGinn, PhD
President and CEO

James E. Lee, PhD
Chairman of the Board



six pillars

When we measure achievement at United Health Services, we think of our Six Pillars of Excellence. Like columns supporting a great building, these pillars give our organization strength. They symbolize the responsibility we have to uphold the values of quality care and to uplift other people – our patients and co-workers. They remind us that we must always work together. They keep us centered.

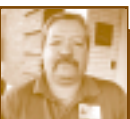
We adopted our Six Pillars – People, Service, Growth, Financial, Quality and Community – as we launched our Campaign for Excellence early in 2002. By year end, we had already recorded some very exciting results. Here are some of the highlights.



people people people

Great people are an essential component of a great organization. In recognition of that simple fact, United Health Services launched in 2002 a campaign to recruit and retain the very best people and dedicated itself to becoming a great place to work. We measure our success in terms of employee turnover and, starting in 2003, employee satisfaction. Some highlights:

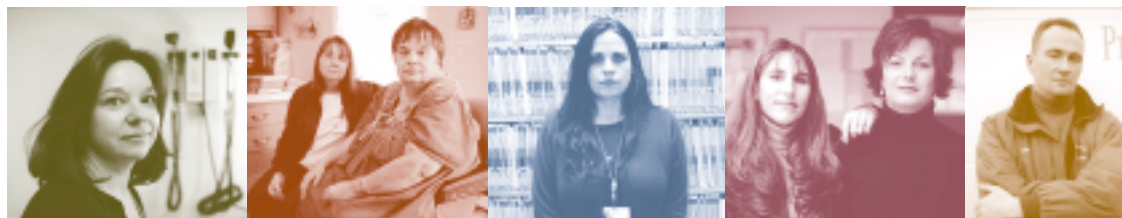
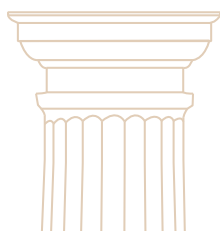
- United Health Services' members introduced two new elements to the employee recruitment process: peer interviewing, a process that involves non-management staff in the selection of their co-workers, and behavioral interviewing, a technique used to identify attitudes and attributes needed to be successful in a health care career.
- Rewarding, recognizing and celebrating employees for good work became part of our managers' core responsibilities, and a wide variety of initiatives – frequent rounding by senior staff, personal thank you notes to individual employees and merchandise certificates – were used to help celebrate staff accomplishments.
- An innovative advertising campaign called "Thank You, Nurses" acknowledged the vital contribution nurses make to their patients and health care.
- Overall turnover at United Health Services dipped below national benchmarks, declining by more than 20 percent between 2001 and 2002.



service service service

United Health Services and its member organizations launched a three-year effort in 2002 to improve service and move patient satisfaction scores into an elite group composed of the top 10 percent of health care providers nationwide. Our start-up efforts achieved some impressive results, including:

- More than 400 managers from across the system came together four times during the year to attend two-day training sessions to learn strategies for improving both patient and employee satisfaction.
- All system members recorded improvements in patient satisfaction throughout the year, with several members quickly posting satisfaction scores that put them in the top quartile of the nation's providers. On almost all satisfaction measurements, Delaware Valley Hospital led the way.
- Ideal Senior Living Center won a statewide award for "Aging Innovation of the Year" for its "Red Carpet" program that welcomes patients, families and visitors to the center.





growth growth growth

With declines in both the regional economy and population, United Health Services must maintain and develop programs and services that attract new patients to our hospitals if we are to remain a comprehensive health care system. In 2002, we launched several initiatives designed to help accomplish this goal, including:

- Development and expansion of outreach clinics in orthopedics, cardiology, oncology, pulmonology and gastroenterology in Chenango and Delaware counties, and creation of a GI Lab and offices at Binghamton General Hospital.
- Support for initiatives by members of our private medical staff to develop relationships with providers in Tioga, Tompkins, Chemung, Cortland and Sullivan counties.
- Continuing medical education programs for the medical staff at the Catskill Medical Center, and other new referral relationships among our specialists and regional physicians.
- Renovation and expansion of the Neonatal Intensive Care Unit at Wilson Medical Center, increasing our capacity to serve high-risk newborns.
- Investment of more than \$7 million in capital equipment and facility modernization.

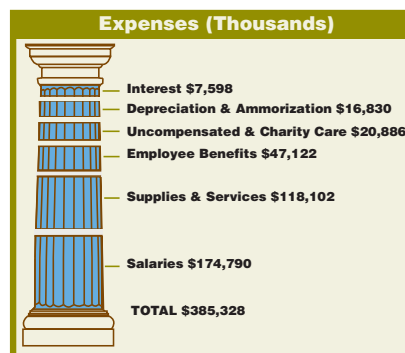
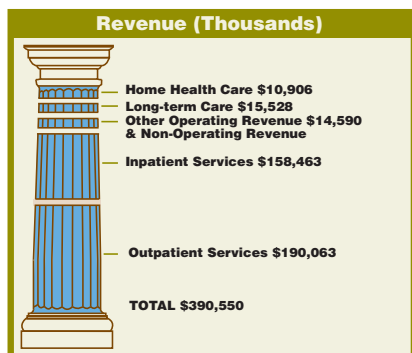


financial financial financial

If United Health Services is to meet its mission to care for the people of the communities it serves, it must be a good steward of its resources and achieve long-term financial stability. In 2002, we established a three-year goal to achieve a consistent operating surplus of 3 percent and set out on a course for attaining it. We made some big strides toward this goal during the year, while ensuring that no one went without care.

Some highlights:

- Overall, United Health Services members recorded a combined \$4.2 million operating surplus in 2002, representing a margin of just over 1 percent on total revenues of \$390 million.
- United Medical Associates achieved its first-ever operating surplus, moving into the black after investing heavily in its start-up years in the recruitment of new physicians and the development of physician practices.
- United Health Services members provided nearly \$20 million in uncompensated care to people who couldn't afford to pay for medical services. In addition, the system generated revenue to support the continuation of valuable services – such as renal dialysis, trauma, rural primary care and neonatal intensive care – where reimbursement does not cover expenses.
- Installed new computerized billing systems at Delaware Valley Hospital and Ideal Senior Living Center, and created collaborative teams to recover \$1.5 million in denied insurance claims that would have previously been written off.



The information here is a preliminary financial draft for the year 2002. Final numbers are not expected to change substantially.





quality quality quality

When it comes to quality, United Health Services is determined to be second to none. In 2002, it launched a special, systemwide initiative to improve the quality of patient care in three key areas: medication safety, reduction of pressure ulcers and reduction in hospital-acquired infections.

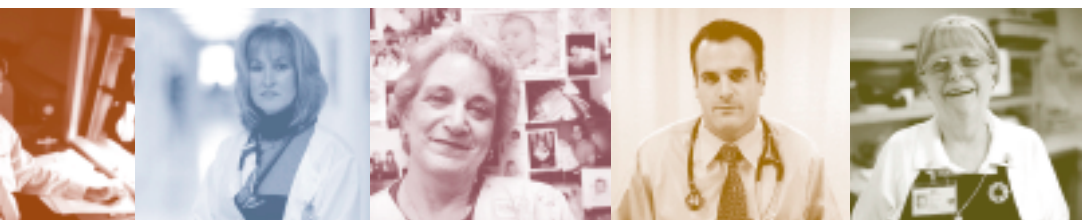
- United Health Services Hospitals launched a pilot project for a state-of-the-art medication administration system that uses bar-coding, computers and wireless technology to ensure that patients get the right medicine, at the right time, in the right dose. Results have been impressive, and the hospital will extend the service to several other units in 2003.
- Ideal Senior Living Center dramatically decreased the incidence of pressure ulcers in 2002 through a focused quality improvement initiative that put Ideal among a handful of “best-practice” providers in the country.
- Performance Improvement teams introduced a variety of strategies for minimizing hospital-acquired infections, including the introduction of waterless soap to make frequent hand-washing easier and less irritating. Patients and visitors are also encouraged to utilize the soap.
- Professional Home Care launched an innovative program called “Heart-at-Home” that helps to better manage patients with congestive heart failure by using interactive technologies that automatically measure and report changes in the vital signs of a homebound patient.



community community

Throughout the year, United Health Services maintained its commitment to improve the overall health of the communities we serve through more than a score of health education and prevention initiatives. At the same time, our system made an enormous contribution to the economic health of our region and the quality of life we enjoy. Some examples include:

- Attracting more than \$500,000 in grant money at United Health Services and Chenango Memorial Hospital for improving heart health through better diet and exercise; helping people to give up smoking and educating youngsters about the benefits of a smoke-free lifestyle; improving management of chronic diseases, such as diabetes, asthma and congestive heart failure.
- Our employees invested thousands of hours in volunteer community service, helping schools, fire departments, churches, children’s homes, performing and fine arts groups and other charitable agencies meet their missions.
- The United Health Services Foundation raised more dollars than ever before through community philanthropy, reinvesting the money for the purchase of needed equipment and modernization of health facilities.
- We provided good jobs and benefits to over 5,000 people, making United Health Services the region’s largest private-sector employer. Our four hospitals’ economic impact on the region during 2002 totaled \$503.5 million, generating more than \$22 million in state and local tax revenues.



standing together

United Health Services is governed by representatives from our community who volunteer to serve on its boards of directors, and on those boards' committees and work groups. These are caring, dedicated individuals who give generously of their time, energies and talents.

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