



2017 UHS SYSTEM ANNUAL REPORT

YEAR OF PERFORMANCE



YEAR OF TRANSITION

SUCCESSION PLAN FULFILLED, 2017-2018

The year 2017 saw a change in key senior leadership roles within the UHS System. The change was approved May 24 at the UHS Board of Directors' annual meeting. Matthew J. Salanger, FACHE, transitioned out of his role as president and chief executive officer of UHS Hospitals, effective June 1, 2017, and his role as president and CEO of the UHS System, effective Jan. 1, 2018, to become a part-time senior strategic advisor to the organization. He has continued to serve on the board and its executive committee. John M. Carrigg, executive vice president and chief operating officer since 2013, was appointed president and CEO of UHS Hospitals, effective June 1, 2017, and president and CEO of the full System, effective Jan. 1, 2018.

"This change was part of a senior leadership succession plan that was two years in the making," said Jerome J. Canny, chairman of the board. "We promoted from

within someone who is uniquely qualified to be the new CEO, and we also continue to benefit from our former president's insights and counsel. That ensures the long-term stability, strength and continuity of UHS as we continue to serve the healthcare needs of the Southern Tier."

Mr. Salanger said: "I believe the time is right for this leadership change to occur. I have long been convinced that it's important for succession at the top to happen in an orderly fashion, after careful planning and sound consideration, with the long-term stewardship of the organization being the first priority. The appointment of a strong, proven leader from within the organization, which Mr. Carrigg surely is, will give our System the seamless continuity we need, and I look forward to working with him in my new senior advisory role."



From left, John Carrigg, Jerry Canny and Matt Salanger

Mr. Salanger was the organization's longest-serving CEO since three community hospitals consolidated in 1981 to form UHS. His predecessors were Byron Irwin, Gennaro Vasile, Mark O'Neil and Peter McGinn. A Syracuse, N.Y., native, Mr. Salanger joined UHS in 1985, serving in a number of managerial capacities, including assistant vice president, associate vice president, vice president for Operations and director of UHS Binghamton General Hospital, and executive vice president and chief operating officer of UHS Hospitals. In 1994 he was named president and CEO of UHS Hospitals, and in 2007 additionally became president and CEO of the UHS System.

Mr. Carrigg is a Binghamton-area native who graduated from St. Andrew's College in North Carolina and earned a master of business administration degree from the State University of New York at Binghamton. At UHS he has served as vice president for

Operations and director of UHS Binghamton General Hospital, senior vice president and COO of UHS Hospitals, and executive vice president and COO of the UHS System.

"Mr. Salanger and I have worked closely together and share the same vision for the future direction of our organization," Mr. Carrigg said. "I look forward to the new challenges and opportunities that UHS will encounter in this decade and beyond, and am grateful to Matt for staying on in a strategy role from which the entire System will benefit."

The year 2017 was one of smooth transition – and outstanding performance. As a result, our organization is poised to reach new levels of excellence in the care and service we provide.

DEDICATED



Nurse navigators at UHS work with patients, patients' family members and the medical team to ensure that people coping with disease receive the education, support and resources they need. Navigators for the cancer program include, from left, registered nurses Mary Mancini, Ruth Manzer and Melissa Gaska.

PERFORMANCE TO IMPROVE OUR CARE

Throughout the year, UHS made gains in enhancing the patient experience, focusing on the further integration of care delivery across the System. Teams of employees worked to leverage information technology to coordinate care, and to ensure that compassion and connection become the

overriding culture of the organization. Clinicians and leadership took steps to standardize care around evidence-based practices.

As a result, patients are now served by nurse navigators and wellness coordinators as part of the care team. The navigator sees the patient in the hospital and follows up in the home setting. The purpose is to ensure that the person understands their medications and any medical equipment they may need to use; plus, do they have a follow-up appointment and a ride to get to it? Wellness coordinators work in primary care offices across the System. When a patient visits an

office, the coordinator talks with the person to make sure they are up to date with their vaccinations, examinations, blood tests and other pressing medical needs.

A cross-section of nursing professionals in 2017 formed the Compassionate Connected Care Committee, which seeks to ease unnecessary suffering and improve patient satisfaction with the care experience. The group works with nurses to engage in purposeful rounding on units, use whiteboards in patient rooms to communicate with family members and each other, and create a culture of nursing excellence in daily practice.

The people of UHS understand that a great patient experience depends on meeting the medical needs of the patient and ensuring the quality of every personal interaction between the patient and the individual providing care. Empathy, compassion and respect significantly affect patient satisfaction and trust.

MOTIVATED



PRAISED FOR HURRICANE HELP

UHS employees collected \$33,749 for hospital workers in Texas and Florida who were adversely affected by hurricanes and flooding during 2017. UHS split the amount equally between the Harris Health System in Houston, where Hurricane Harvey did much damage starting Aug. 17, and Baptist Health in South Florida, which was slammed by Hurricane Irma beginning Aug. 30. Hospital leaders, along with the Texas and Florida employees, some of whom lost everything in the storms, sent thank-you letters expressing gratitude for the generous and supportive way UHS and its workforce came to their aid.

"The letter your CEO sent with the check was probably the most heartfelt letter we received,"

said Kelli Fondren, vice president for Development at Harris Health. "Your financial assistance is truly a blessing...thank you also for your empathy, encouragement and support at one of our most trying times."

A similar letter described the hardships faced by the Harris Health team as they struggled to keep their doors open and provide patient care, all the time dealing with personal challenges. "We had 433 employees from across our system who requested financial assistance," Jennifer Buck, manager of Community Involvement at Harris Health, said. "Of those, approximately 70 lost everything, and many more had extensive damage. Your gift gives them hope."



During the year, UHS continued its tradition of prudently investing in new medical technologies for diagnosis, treatment and rehabilitation. This included such additions as FibroScan, a linear accelerator and operating room video equipment.

PERFORMANCE TO MANAGE OUR COSTS

UHS entered 2017 anticipating it to be the Year of Performance on all of our strategic priorities. With thoughtful planning, team commitment, hard work and nimble adjustments along the way, 2017 was certainly a year of strong financial performance. The organization ended the year in a position of financial strength, better suited than ever to meet the needs of patients in the communities we serve.

Total revenue across the UHS System rose to \$807 million, up 6.2 percent over 2016. This growth was achieved as more individuals and families chose UHS as the preferred provider to meet their healthcare needs. The year also showed a continuing trend in declining inpatient admissions, as UHS has worked to treat patients in less costly outpatient settings when appropriate for each patient's specific needs.

BENEFICIAL DELIVERY

UHS and its employees were recognized during the year for helping Mercy House in Endicott replace the center's older hospital beds with newer ones. Five of the facility's 10 beds were replaced in June. Amy Roma, director of Resident Care at Mercy House, noted: "UHS' staff members developed a system that was extremely well-organized and not disruptive to resident care. They commented that doing this job gave them a sense of satisfaction, knowing that they were helping those who are terminally ill."

When Mercy House first opened last year, UHS donated 10 used hospital beds. This year, Mercy House received an anonymous cash donation that allowed the facility to purchase five newer beds

from UHS Home Care. Six employees from UHS Home Care and UHS Hospitals delivered the new beds, removed the old ones and set up the new ones, all in a short period of time. The employees who did the replacement work were: UHS Home Care customer service technicians Chelsea Short, Steve Reppard and Chris Preston; Melissa Ferro, supervisor of Customer Service Technicians at UHS Home Care; and UHS Hospitals drivers Bob Irons and David Layman.

Mercy House, at 212 N. McKinley Ave. in Endicott, is a community care shelter which provides a home and a supportive family to people with terminal illnesses who can no longer remain in their own homes.

Our commitment to excellence and to listening to our patients' needs was evident in our capital spending throughout 2017. We worked to make the walk-in experience better for UHS patients, piloting an effort to expand hours, improve convenience and better accommodate people's busy schedules. Actions such as these benefit patients by reducing the waiting and stress often associated with walk-in visits.

UHS ended 2017 in a solid position, with a net surplus of \$19.3 million, a healthy increase over the 2016 net of \$16 million. In terms of clinical success, primary care visits totaled 335,780; walk-in visits 90,739; and specialty care visits 375,829, all better than what was budgeted for the year.

As we reflect on 2017, the Year of Performance, we also look forward with optimism to carrying our momentum into 2018. Overall, UHS continued to improve its financial strength as measured by cash reserves, profitability, capital structure and favorable bond covenant metrics. That strength enables us to continue investing in our people, our service offerings, our technology and our facilities to remain the region's leading healthcare System.

UNIFIED

PERFORMANCE TO GROW OUR MARKET SHARE

STRONG

UHS continued to work hard in 2017 to increase consumer preference for our signature services and other programs and facilities across the System. To grow market share, we focused on enhancing the patient experience, expanding primary care and growing services that make a meaningful difference in people's lives.

During the year, UHS expanded facilities and services to offer a better care experience

on many levels. Hours were extended at UHS Walk-In Vestal, and, for the first time, patients were able to use their mobile devices to reserve a time in advance at a UHS Walk-In, including "next available." The physical therapy and rehabilitation space on the Vestal campus was expanded to encompass 5,000 square feet, the finishing touches were placed on the new UHS Primary Care Robinson Street in Binghamton and UHS Pain Management relocated to newly remodeled offices at Wilson Place.

KNOWN FOR AWARD-WINNING CARE

UHS received a number of awards and honors during 2017 in recognition of our outstanding performance as a healthcare organization. Among the most prominent of these were the following:

A special award from the United Way of Broome County, the **Thomas J. Watson Society Gold Award**, recognizes support from institutional leadership donors to the United Way's annual campaign. The gold level recognizes organizations that pledge between \$50,000 and \$99,999 annually in combined employee and employer giving.

UHS received a special award from the American Heart Association and the American College of Cardiology Foundation for our care of patients with heart failure. UHS earned a 2017 **Get with**

the Guidelines-Heart Failure Gold Plus Quality Achievement Award for implementing specific quality measures in patient care.

Another 2017 recognition was a **Get with the Guidelines-Stroke Silver Plus Performance Achievement Award**. The American Stroke Association recognized UHS' commitment to implementing a higher standard of stroke care.

The American Heart Association celebrated the 2017 Heart Walk, which raised \$265,000, and recognized UHS and our employees, at the annual **Heroes of the Heart** event in May. Team UHS was honored as the Heart Walk's top employee team, raising nearly \$26,000.



The care you need, when you need it!

UHS made many clinical advances during the year, including the acquisition of a second linear accelerator, which uses external beam radiation to treat cancer, and the introduction of a new, non-surgical device that can replace needle biopsies in measuring scarring of the liver.

New physicians joined UHS, strengthening our primary and specialty care offices. Neil Gibson, MD, arrived at UHS with an impressive medical background from leading universities and the Cleveland Clinic in Cleveland, Ohio. Board-certified in general and colon and rectal surgery, Dr. Gibson heads a clinical team at UHS offering treatment options ranging from surgery to radiation to chemotherapy, with each approach tailored to a patient's specific condition and needs.

To showcase the many outstanding services UHS offers across the Southern Tier region, from specialty care to walk-in, we use carefully selected advertising vehicles, such as billboards, uhs.net and social media.

A medical practice was developed in 2017 that is expected to take urological care in the region to its highest level ever. Upstate Urology of UHS was formed through UHS' affiliation with Upstate Urology from the Syracuse area and is located on the UHS Wilson campus.

Healthcare nationwide has been on a 10-year transition from a volume-driven, fee-for-service payment model to one based on quality and outcomes. At the same time, the demand for lower costs and higher patient satisfaction, plus primary and home care, is increasing. By expanding its market share across the care continuum, UHS is poised to thrive during this era of transformation.

YEAR OF ACHIEVEMENTS

KEY ACCOMPLISHMENTS ACROSS THE SYSTEM

Reducing risk – UHS Wilson Medical Center in 2017 became the first hospital in the southern region of upstate New York to begin using “Watchman,” a mesh-like implant that can reduce the risk of stroke in patients with an irregular heartbeat. Watchman offers an alternative to the lifelong use of blood thinners for patients with the type of atrial fibrillation not caused by heart valve problems.

Being PrEPared – UHS Binghamton Primary Care at UHS Binghamton General Hospital began collaborating with the New York State and Broome County health departments to inform and educate the public about the availability of an AIDS preventative. Pre-exposure prophylaxis, or PrEP, is designed for those who are currently HIV-negative but whose lifestyles place them at an especially high risk of HIV.

Chenango perspective – Drake Lamien, MD, president of UHS Chenango Memorial, served on Gov. Andrew Cuomo’s “Southern Tier Expert Panel” at UHS in June on the potential effects of congressional health action. As both a primary care physician and a hospital leader, he offered perspective on the potential impact of pending legislation on hospitals that serve large rural areas.

Supportive ideas – UHS Delaware Valley Hospital enhanced care and support for those with chronic

conditions. “Happy, Healthy & Wise” workshops help patients with chronic illnesses, and their caregivers, better manage the ailments. “Lung Matters” is a support group specifically for those with breathing problems.

Many stars – UHS Senior Living at Ideal achieved its fourth quality star rating in May 2017 and its fifth in December. Ideal had excellent results from efforts to reduce falls among long-stay residents and maintain a strong focus on resident safety. The star designations are from the Centers for Medicare and Medicaid Services.

Quality showcase – UHS Home Care/Professional Home Care invested in a newly remodeled Showroom in Ithaca, spurring a 67 percent sales increase. UHS Home Care/Twin

Tier Home Health closed out the year in the top 10 percent nationally for patient satisfaction.

Expert providers – The UHS Medical Group welcomed a new provider in the oncological specialty during the year. Radiation oncologist Nathan Goldman, MD, joined with Rashid Haq, MD, in providing clinical care at UHS Radiation Oncology. Another new member of the team recruited in 2017 to begin practicing in 2018 is neurosurgeon Adesh Tandon, MD.

TRANSFORMATIONAL

PERFORMANCE THROUGH STEWARDSHIP

UHS furthered its commitment to good financial stewardship during 2017 through astute planning, cost-reduction strategies and sound investment in technologies, programs, services and people.

We continued our tradition of investing in new medical technologies to offer the best care in the region. In 2017, UHS added non-invasive FibroScan treatments for testing in the management of chronic liver disease, such as cirrhosis and several types of hepatitis.

We invested \$4.2 million in our Cancer Care Program through installation of the Varian True Beam linear accelerator, providing added flexibility in radiation treatment options. This investment also enabled UHS to improve the physical layout of space, further ensuring patient privacy.

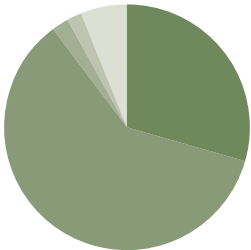
UHS Chenango Memorial Hospital applied for and successfully received a \$9 million Transformation Grant from New York State as part of a multi-year, larger-scale capital project to modernize the Norwich campus into the Chenango Medical Neighborhood. Similarly, UHS Delaware Valley Hospital applied for and received a \$1.5 million Transformation Grant to expand primary care in the Walton community.

Other notable financial observations in 2017 include UHS improving its overall cost containment and productivity as evidenced by operating expenses growing by 5.8 percent, or 0.4 percent

FINANCIAL PROFILE

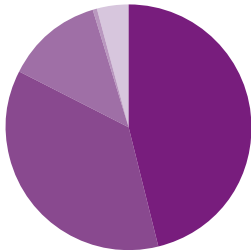
UHS System Revenue and Expenses (Thousands)*

Total Revenue	\$807,162
Total Expenses	\$787,875
Net Surplus	\$19,287
Net Uncompensated and Charity Care**	\$24,395



2017 Revenues (Thousands)

■ Inpatient services	\$238,519
■ Outpatient services	\$487,496
■ Long-term care	\$16,507
■ Home health care	\$16,166
■ Other operating revenue ...	\$48,474
and non-operating revenue	
Total	\$807,162



2017 Expenses (Thousands)

■ Salaries	\$364,441
■ Supplies and services	\$286,205
■ Employee benefits	\$101,142
■ Interest	\$4,560
■ Depreciation and	\$31,528
Amortization	
Total	\$787,875

* The information here is a preliminary, unaudited financial draft for the year 2017.
 ** This includes financial assistance and bad debts expense.

lower than the 6.2 percent revenue growth. Our focus on streamlining processes and harnessing the creativity of UHS team members led to slower cost growth and stronger bottom-line results. Net surplus of revenue over expenses improved to \$19.3 million

in 2017, providing the cash flow needed to invest in capital for facilities and technology. UHS remains the top employer in the Southern Tier, with 6,362 employees, including 407 physicians and advanced practice providers.

2017, YEAR OF PERFORMANCE

The UHS family shares a common bond, built on a spirit of teamwork and fueled by the power and passion that reflect our mission. Everyone plays a role on what we call our “Team of Healers,” striving to enhance performance across the continuum of care.

In 2017, UHS made great strides in improving, managing and growing to better serve our patients and community. Across the System, we saw much progress in the advancement of our strategic goals, as outstanding individuals, departments and member organizations worked hand in hand to produce exceptional results.

We of the UHS System seek to create memorable healthcare experiences in the lives of our patients every day. These

interactions remind us what called us to work in healthcare in the first place, and reflect our commitment to positively impacting the lives of others. There is no higher calling than to pursue ways to serve, heal, inspire and change lives.



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Chairpersons of the Boards of Directors of the UHS Healthcare System for 2017:

Jerome Canny, UHS and UHS Hospitals
Eric Larsen, UHS Chenango Memorial Hospital
Helen Johnston, RN, UHS Delaware Valley Hospital
Sharon Yapple, UHS Senior Living at Ideal
Linda Best, UHS Home Care
Leonard Anderson, MD, UHS Medical Group
Jon Sarra, UHS Foundation

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