



Building for Tomorrow

THE 2015 UHS SYSTEM ANNUAL REPORT

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ENTRANCE FOYER

Building on Our Strengths

Within the past few years, we at UHS have embarked on an ambitious journey - the transformation of our organization from a loose collection of health institutions into a closely knit healthcare system, sharing one vision, one purpose and one culture. All members of this integrated UHS system work together, building on a foundation of quality and service. Our board members, management, medical staff, employees and volunteers have embraced a series of strategic plans devoted to managing our costs, improving our care and growing our market share.

Throughout 2015, we were mindful of the challenges and opportunities presented by that commitment: The financial environment surrounding healthcare continued to be characterized by uncertainty. The federal government accelerated actions that compel providers to redesign service delivery and receive payment on the basis of clinical outcomes. And the need to offer patients ever-better access to primary and specialized care continued to make the recruitment of highly qualified physicians a top priority.

One of the more tangible ways we are building for the future is by adding or expanding facilities to accommodate services for which there is a growing demand in the community. In 2015, we began construction of our new Orthopedic Center, expanded the use of private rooms and moved departments to new locations for greater efficiency.

While these physical changes are the most visible, they are only one way we're transforming our system to meet community need. To enhance the patient experience, we continued to focus on the patient-centered



**Matthew Salanger, left,
and Jerome Canny**

medical home model of care delivery and used clinical excellence scorecards to drive and monitor our progress comparatively in the market. We maintained an emphasis on disease management programs across the continuum, and expanded access by improving care transitions, same-day primary care appointments and ease of registration. Most importantly, we sought to make our patients safe, secure, comfortable and well-cared-for, no matter what the care setting.

In all of these ways, during 2015 and as we look ahead, we are working to ensure that everyone on the UHS team shares the same commitment to providing a truly outstanding patient experience, one which people will think of when they say that, at UHS, we listen, we show respect and we give hope. Those are goals that we're proud to embrace, to share and to build on for tomorrow.

Matthew J. Salanger, FACHE
President and CEO of UHS

Jerome J. Canny
Chairman of the Board of UHS

Building Quality Across the System

UHS is creating the healthcare system of tomorrow in Greater Binghamton. Through a combination of new facilities, program enhancements and a continued emphasis on an outstanding patient experience, UHS is responding to the needs of the community and transforming the way healthcare is delivered across the Southern Tier.

In 2015, UHS focused on launching construction of a new Orthopedic Center on the Vestal Parkway, developing more private rooms to enhance patient satisfaction, relocating finance and information technology functions to new quarters, expanding the availability of primary care and spearheading a regional program to better coordinate care for Medicaid recipients.

Among the major accomplishments of the year were these:

Care Compass Network became a new nonprofit organization championing innovative models for providing Medicaid beneficiaries with higher-quality care. It is composed of 180 partner agencies, and focuses on solid care coordination and reduced costs. UHS was the lead agency applying to initiate the Performing Provider System that now spans a nine-county region. The partnership seeks to prevent unnecessary readmissions, deploy more healthcare resources to home care, prevent chronic illness and make more efficient use of electronic health information.

The UHS Orthopedic Center began to take shape on the Vestal Parkway. The facility will house UHS' specialized medical programs in

orthopedics, podiatry, chiropractic, rheumatology and physical therapy. It will be the site of the region's largest sports medicine practice, and ancillary services will remain conveniently located next door.

Private, single-occupancy rooms started to become a trend, notably with a project for cancer patients. The goal is to develop one 25-bed medical/surgical unit on the third floor of the Picciano Building at UHS Wilson. UHS Senior Living at Chenango Memorial Hospital developed a short-term rehabilitation suite that features four private rooms, and UHS Delaware Valley began converting to a private-room facility. In addition, UHS Senior Living at Ideal created a private-room short-term rehab suite.



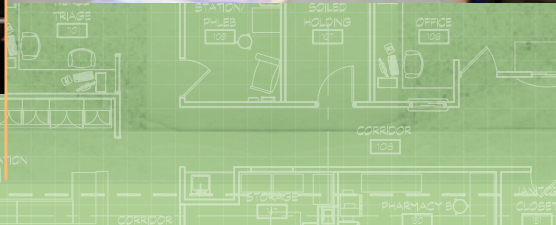
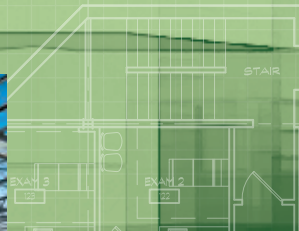
Major relocations took place during the year. Over a three-month period, 246 UHS Hospitals employees moved to new offices on or near UHS campuses. By year end, many employees, most from the Finance and Information Services divisions, moved to new work areas, in the Grand Avenue building in Johnson City and the remodeled, former Savin building on Lewis Road. In addition, more than 60 employees of IS found a new home on Phelps Hall 3/Johnson Hall 3 at UHS Binghamton General.

Other achievements around the system in 2015 included the following:

UHS Hospitals – Broome Oncology and UHS Hospitals formed a new, long-term relationship to provide enhanced cancer care services to patients in the Southern Tier. The closer alignment of the two organizations is designed to produce care and service that are continually more efficient, effective and patient-centered, with more cohesive strategic planning and direction in the development of oncology services. Also, UHS began offering a new type of valve surgery, transcatheter aortic valve replacement, that benefits

many heart patients otherwise deemed high-risk.

UHS Chenango Memorial Hospital – Susquehanna Anesthesiology of Johnson City began providing services at UHS Chenango Memorial, with on-site certified registered nurse anesthetists, a supervisory anesthesiologist and 24-hour-a-day coverage. Also, the hospital expanded primary care at Norwich, Sidney, Oxford and Sherburne, hired additional



nurse practitioners and advanced clinical services in such areas as pediatrics, gastroenterology and occupational medicine.

UHS Delaware Valley Hospital –

Walton’s critical access hospital secured a \$1.4 million state grant to expand primary care and telemedicine resources. Some of the dollars will be used to modernize the nurses’ station and add examination rooms at UHS

Primary Care Walton, while telemedicine will add a high-tech resource for behavioral health services,

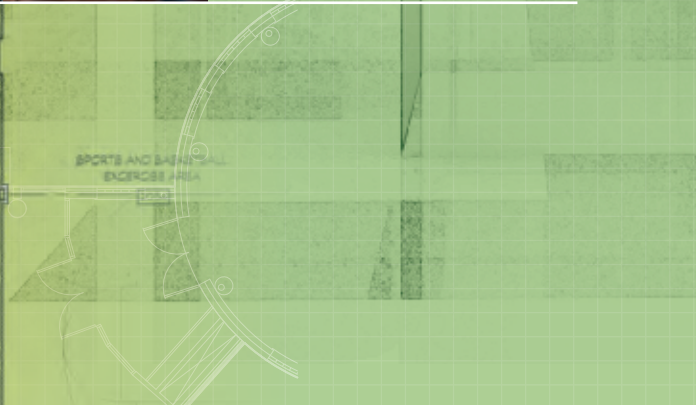
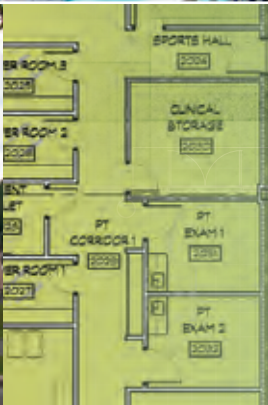
videoconferencing and grand rounds. Also, pediatrician Jean Petterson, DO, formerly a hospital chief of pediatrics in New Hampshire, joined Primary Care in 2015.

UHS Senior Living at Ideal –

Ideal turned 25 in 2015, marking a quarter-century of providing quality long-term care from its campus on High Avenue in Endicott. The senior complex hosted “25 Years of Ideal Living,” an anniversary celebration, featuring refreshments and entertainment. Also, during its silver anniversary year, Ideal saw the conversion of its short-term rehab area to a private-room suite and the remodeling of the dining room.

UHS Home Care – Karla Dotts, MSN/MHA, RN, was named vice president for Clinical Services and chief operating officer of UHS Home Care. She succeeded Greg Rittenhouse, who retired after 45 years of service with UHS. Also, UHS Home Care was designated a Home Care Elite agency in the top 25 percent of home health providers nationwide, and among the top 20 percent nationally for Home Health Compare quality indicators.

UHS Medical Group – The group recruited a number of new providers, expanded physician services to UHS Chenango Memorial and UHS Delaware Valley, enhanced cardiology and emergency services, linked operations at physician offices more closely together, increased volume at walk-in locations and strengthened the hospitalist program at UHS Hospitals. Also, Medical Home-participating physician offices attained the highest level of accreditation.



Building on Stewardship

In 2015, UHS focused its energies on offsetting the challenges presented by declines in government reimbursement and the shifting of consumer demand from inpatient to outpatient settings. The steps taken by UHS enabled the organization to achieve financial health, as evidenced by improved patient access to services, a lower cost structure per patient encounter and the resulting strengthening of revenue, cash flow and fiscal performance.

Improvements in care delivery through-put for inpatients enable our patients to receive care in a safe, effective and timely way. In 2015, this was evidenced by shorter lengths of stay, better patient access to providers and less waiting for appointments.

As a healthcare leader in upstate New York, UHS continued to anticipate and respond to the nationwide transition from a traditional fee-for-service healthcare financial model to a value-driven approach. Significantly, more than \$60 million in annual revenue now comes into the organization through some form of value-based purchasing or population health arrangement.

UHS demonstrated its leadership in the transformation through a Medicaid redesign initiative and a bundled-payment program developed for Medicare cases. Long-term success in these programs depends on improved care management across the continuum, which UHS is uniquely positioned to provide, given the breadth and depth of its services.

Improvements in cash flow in 2015 enabled UHS to secure financing for future projects that will further enable the system to improve and expand services. Most notable were investments in patient safety, such as vital-sign monitors with real-time alerts, and multi-year projects to expand the number of private beds at UHS facilities and create a new Orthopedic Center.

Overall, 2015 saw UHS attain a position of financial strength, posting a \$16.6 million surplus on revenues of \$714.8 million, and enabling the system to provide \$43.3 million in uncompensated care to those in need.

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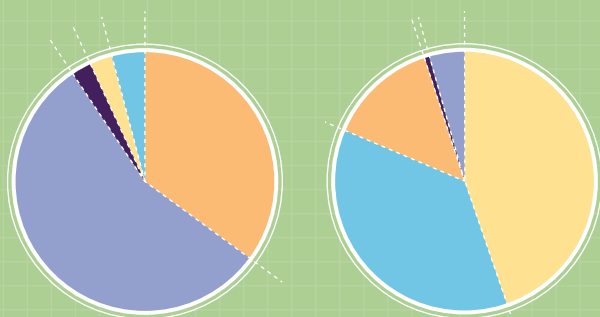
"Building for Tomorrow" is the 2015 Annual Report of the UHS healthcare system, based in Greater Binghamton, N.Y.; Matthew J. Salanger, FACHE, President and Chief Executive Officer. The report is produced and published by the UHS Community Relations Department, 10-42 Mitchell Ave., Binghamton, NY, 13903; 607-762-2336. Christina Boyd, Vice President for Community Relations; Jon Tooley, Director of Community Relations; William Michael, Communications Editor.

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FINANCIAL PROFILE

UHS System Revenue and Expenses (Thousands)*

Total Revenue	\$714,779
Total Expenses	\$698,189
Net Surplus	\$16,590
Net Uncompensated and Charity Care	\$43,282



2015 Revenues (Thousands) \$714,779

- Inpatient services \$251,340
- Outpatient services \$397,649
- Long-term care (ECF) \$17,315
- Home health care \$19,571
- Other operating revenue and non-operating revenue \$28,904

2015 Expenses (Thousands) \$698,189

- Salaries \$312,527
- Supplies and services \$255,929
- Employee benefits \$96,150
- Interest \$3,784
- Depreciation and Amortization \$29,799

* The information here is a preliminary financial draft for the year 2015. Final numbers are not expected to change substantially.

Chairpersons of the Boards of Directors of UHS organizations as of the end of 2015:

- Jerome J. 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
- Gary VanNostrand, UHS Foundation