Celebrating 15 Years of Collaboration in Health Care

2008 COMMUNITY REPORT
It is an exciting time to be in health care. As INHS celebrates its 15th anniversary, we recognize the success achieved when entities work together to attain the greatest good for the communities they serve. When INHS was formed, it was seen as a risk — but risk can have benefit. Our member hospitals made a decision to combine duplicated services and created INHS, starting with St. Luke’s Rehabilitation Institute and Northwest MedStar. It was a decision that has consistently paid off for our community year after year.

We are on the cusp of a new environment for the health care industry — one that uses technology, innovation and collaboration in services to improve patient care while reducing costs. INHS is in a unique position in this arena. We have been providing innovative, collaborative health care services for over a decade. Our model is held up nationally as proof that when a health care community comes together, to do whatever it takes to improve the health care of its region, they can be successful.

As health care technology takes off across the nation, INHS is looking to the future — what can be done next? How can we leverage the strong network we have developed and create new ways to improve the health of our region and our nation? What new tools and opportunities can we provide to health care providers, hospitals, patients and community members to take charge of their health care and make an impact? These are the questions we are asking and the answers we work to provide.

Over the last 15 years, with the support of our member hospitals and thanks to our employees, we have continuously made a difference in the health care of our community and 2008 was no different. Each of our service lines is unique, but they all work together for the betterment of the health of our patients, customers and community. It is our passion and our commitment — to do whatever it takes to improve health care.

Sincerely,

Tom Fritz
Chief Executive Officer

“It is our passion and our commitment — to do whatever it takes to improve health care.”
Caring for our patients

At INHS, our focus is on patients - providing the highest quality care in the most efficient and effective way possible to improve the quality of life for the patients we serve. From providing emergency medical care and physical rehabilitation, to education and health screenings, we do whatever it takes to improve outcomes for our patients.

- St. Luke’s Rehabilitation Institute provided quality care to more than 6,170 patients in the inpatient and outpatient settings for stroke, traumatic brain, spinal cord, orthopedic or other illness and injury.
- Established St. Luke’s Physiatry Practice, physicians dedicated to medical rehabilitation in the inpatient and outpatient setting. With the addition of two staff physiatrists, this exceptional team, along with partner physiatrists, works directly with patients and their primary care provider to provide the highest quality of care and ensure patients are quickly on the road to regaining their fullest life.
- Northwest MedStar transported 3,490 patients by helicopter, fixed-wing aircraft and ground ambulance, providing critical care to patients throughout the region.
- Provided health care education, screenings and prevention to more than 17,500 community members in the areas of diabetes, parenting, babysitting, tobacco cessation and others.
- Certified more than 22,840 community members and health care professionals in the lifesaving practice of basic and advanced CPR.
- Relocated the St. Luke’s north Spokane outpatient physical therapy clinic to Northpointe Medical Building to better serve patients.
- Provided Emergency Medical Services (EMS) education and training to over 4,300 health care providers through the Health Training Network.
- EMS Live@Nite provided 1,495 continuing education certificates to participants in Washington, Oregon, Idaho, Montana and Alaska at no charge.
- Eleven research studies were initiated or completed across INHS in 2008. One of those studies, conducted by staff from Regional Outreach, Northwest TeleHealth and Sacred Heart Medical Center, resulted in the publication of a manuscript in the peer-reviewed journal Resuscitation. The study, “Feasibility and Reliability of Remote Assessment of PALS Psychomotor Skills via Interactive Videoconferencing,” demonstrated that Pediatric Advanced Life Support training delivered via videoconference systems is as effective as training delivered in person.
- Served as a resource for regional health care providers through Spokane MedDirect providing connections to Spokane hospital resources, increasing the bank of knowledge that rural providers can draw on in treating their patients.
Working for our customers

Health care is an ever-changing industry, and technology is making those changes more rapid than ever before. That is why INHS is focused on the future – on what health care can be and how technology can improve efficiencies for hospitals, clinics and health care providers. Our customers know we are doing whatever it takes to manage their health information data so they have more time to focus on what is most important, providing the highest-quality care to patients.

- Eighteen of the INHS-supported hospitals were listed in the Nation’s 100 Most Wired by *Hospital and Health Networks*.
- Installed satellite weather monitoring in all Northwest MedStar helicopters to provide real-time weather reporting during flight.
- The IRM Help Desk took more than 193,800 support calls, providing high-quality service to users throughout the INHS network, with an average satisfaction score of 4.89 out of 5 on customer surveys.
- IRM successfully implemented Certified Physician Order Entry (CPOE) and Physician Documentation (PDOC) at St. Luke’s Rehabilitation Institute, leading the way in improving communication and documentation within the hospital, as well as with referring physicians and facilities.
- Northwest TeleHealth bridged more than 1,230 events for customers and partners throughout the region, connecting entities across the distance and allowing for cost-effective, seamless communication, consultation and education.
- Added Eastern Washington State Hospital (ESH) to the INHS health information network, allowing ESH care providers to access authorized patient data from area medical providers including hospital inpatient and emergency room reports, physician orders, medication information, laboratory data and radiological images.
- *health@work™* provided biometric screenings, employee wellness surveys and programs to more than 2,000 employees for organizations throughout the region.
- Received one of three grants from the Washington Health Care Authority to develop 1HealthRecord, a pilot program for a consumer-driven personal health record that integrates with their electronic medical record.
- Increased the number of active patient records in the INHS network by 5%, to a total of nearly 3.5 million patient records.
- Increased physician electronic medical record (EMR) usage, with 650 providers, 1,800 users, 98 clinics and 8 EMR databases across three time zones now using the GE Centricity EMR outside the hospital setting.
Providing for our community

At its core, health care is about more than the medical industry – it is about working together to do all we can to help every member of our community lead a healthy life. At INHS, we use our areas of expertise in health care to benefit each of the communities we serve through innovative and dedicated programs that do whatever it takes to bring health care to even the most remotely located community members.

- Center of Occupational Health & Education (COHE) continues to grow, with 823 participating health providers and 24 participating hospital emergency departments in eastern Washington using electronic management and working with employers to provide effective and efficient care to injured workers to get them back to work quickly – at a savings per claim of $600 (1 year) and $1,300 (3 year).
- Over $29 million in combined charity care, Medicare/Medicaid shortfalls and write-offs due to patient inability to pay provided through Northwest MedStar and St. Luke’s Rehabilitation Institute.
- Northwest MedStar implemented a seasonal base in Odessa, Washington to provide additional transport resources to the north central region of the state during the busy summer months.
- Donated more than $689,000 through sponsorships, underwriting and charitable contributions.
- Throughout the region 2,375 additional families joined Northwest MedStar membership to shield them from the high out-of-pocket costs of air medical transport not covered by insurance. More than 4,200 households are now part of this cost-saving program.
- Received more that $951,000 in public and private grants to offset the costs of community and professional education, clinical research, outreach programs and other costs.
- Camp Fun in the Sun welcomed 131 youth with diabetes to summer camp, with 65 children attending on scholarships.
- Northwest MedVan logged over 147,000 miles providing no-cost transportation services to more than 23,000 patients.
- The Center of Philanthropy, including the INHS local foundation and Children’s Miracle Network, raised more than $1.5 million to benefit local community programs.
  ~ More than $7,000 in toys, supplies and projects were provided to the 12 benefitting hospitals and programs of Children’s Miracle Network of the Inland Northwest.
  ~ The INHS Foundation increased fundraising contributions by nearly $300,000.
- Named a winner of the 2008 Alfred P. Sloan Award for Business Excellence in Workplace Flexibility, distinguishing INHS as a leading practitioner of workplace flexibility in Spokane and across the nation, as well as one of the Association of Washington Business’s (AWB) Better Workplace of the Year Award for the “Most Innovative Benefit and Compensation Program.”
- INHS has more than 1,000 employees with a combined annual impact to the region of over $63.3 million in payroll and benefits.
Celebrating 15 Years of Collaboration in Health Care

Northwest MedVan – 1997
Logged nearly 2 million miles providing transports for patients to and from their medical appointments, at no cost to the patient.

Children’s Miracle Network – 1996
Distributed over $5 million to hospitals and programs across the Inland Northwest to provide the finest care, research and community outreach to help millions of children with diseases and injuries of every kind.

Health Training Network – 2007
Provided clinical education and medical training services to more than 4,300 health care providers.

Spokane MedDirect – 1998
Provided more than 63,000 physician-to-physician connections for regional health care providers to Spokane hospital resources.

Community Health Education & Resources (CHER) - 1997
Provided health education and screenings to over 180,000 people in the Spokane area, ensuring they have the information they need to live their healthiest life.

Over 3.5 million electronic medical records and seven years of continuous rankings of multiple networked hospitals in Nation’s 100 Most Wired by Hospital and Health Networks, the journal of the American Hospital Association.

15 Years of INHS by the Numbers

![Gross Revenue Graph]

![Debt Graph]

*INHS purchased fixed-wing airplanes and helicopters for Northwest MedStar. Previously, INHS had leased aircraft.
INHS Foundation – 2004
Purchased nearly $700,000 in essential equipment and educational material for the INHS family of services, including specialized rehabilitation equipment, health education materials and equipment, technology upgrades and other items to improve care and outcomes for our patients and the customers we serve.

Northwest TeleHealth – 1997
Connected rural communities to more than 10,000 events for on-network customers throughout the northwest, as well as more than 400 off-network locations from Hawaii to Arizona and California to Alaska.

Northwest MedStar – 1994
Completed more than 46,000 patient transports for critically ill or injured patients throughout the northwest, providing critical care while transporting to major medical centers by helicopter, plane and ground ambulance.

health@work™ - 2005
Provided biometric health screenings to more than 12,800 employees at businesses throughout the region.

Center of Occupational Health & Education (COHE) - 2003
Applied occupational health best practices and health services coordination in processing over 97,000 injured worker claims with over 880 health care providers in 16 eastern Washington counties.

Over 275,000 inpatient days of care and over 362,000 outpatient therapy sessions provided to patients throughout the region for stroke, spinal cord, traumatic brain, orthopedic or other injury or illness.

Charity Care
To date more than $225 million in combined charity care, Medicare/Medicaid shortfalls and write-offs due to patient inability to pay.

Number of Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Employees</th>
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<tr>
<td>1994</td>
<td>466</td>
</tr>
<tr>
<td>2002</td>
<td>844</td>
</tr>
<tr>
<td>2008</td>
<td>1031</td>
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2008-2009 Leadership

Board of Directors

Brian Seppi, MD, Board Chair
Spokane County Medical Society

Dennis Barts, Board Vice-Chair & Treasurer
Valley Hospital & Medical Center

Andrew Agwunobi, MD, Board Secretary
CEO, Providence Health Care
Eastern Washington Services Area

C.E. “Mickey” Bilbrey*
CEO, Deaconess Medical Center

James G. Falkner, Past Board Chair
Community Member Representing
Providence Health Care

William Hussey
Community Health Systems

Ronald F. McKay*, Past Board Chair
Global Credit Union

Robert Quist*, Past Board Treasurer
CEO, Valley Hospital and Medical Center

Mike Reilly
Community Director Representing
Providence Health Care

R. Ronald Wells*, Past Board Vice-Chair & Treasurer
Wells and Company

Michael D. Wilson*
President, Providence Sacred Heart Medical Center
& Children’s Hospital

INHS Foundation Advisory Board

Lawrence Cohen, Board Chair
Pharm D, BCPP, FASHP, FCCP, FASCP
Washington State University College of Pharmacy

Paula Johnson, Board Vice-Chair
EZ Loader Boat Trailers, Inc./John L. Scott Real Estate

Brian Rekofke, Secretary/Treasurer
Witherspoon, Kelley, Davenport and Toole, P.S.

Chris Bell
NAI Black

John Layman, Past Board President
Layman, Layman & Robinson, PLLP

Tom Newbury
TW Telecom

Kit Querna
Randall & Danskin, P.S.

Brent Russell
Community Volunteer

St. Luke’s Rehabilitation Institute Community Advisory Board

Betsy Wilkerson, Chair
Moore’s Boarding Home

Mike Dunford, Vice-Chair
Moloney + O’Neill

Marcy Bennett
Banner Bank

Patrice Gorton
Avista Corporation

Catherine Grainger
Kalispel Tribal Economic Authority

John Moyer, MD
Retired Physician and Clinical Professor

Robbie Paul, PhD
Washington State University Spokane
Native American Health Sciences Programs

Jane Pimentel, PhD
Eastern Washington University
Department of Communication Disorders

Brent Russell
Community Volunteer

Thomas M. Fritz, MPA, MA
Chief Executive Officer
Inland Northwest Health Services

Stephan Humphries, MD
Medical Director,
St. Luke’s Rehabilitation Institute

EXECUTIVE TEAM

Thomas M. Fritz, MPA, MA
Chief Executive Officer

John Craig, FHFMA
Chief Financial Officer

Nancy Vorhees, RN, MSN
Chief Operating Officer,
Northwest Health Partners

Chuck Gersdorf, FACHE
Administrator,
St. Luke’s Rehabilitation Institute

Fred Galusha, MBA
Chief Information Officer

Phyllis Gabel, MPA
Chief Human Resources Officer

* Indicates board members who have completed their terms
INHS would like to thank the community for their ongoing support of the INHS Foundation, dedicated to helping improve the lives of those it touches by generating financial resources for the family of services provided by INHS.

Corporate Sponsors

INHS would like to thank the community for their ongoing support of Children’s Miracle Network, dedicated to helping kids by raising funds for nine hospitals and programs across the Inland Northwest.

A Time to Tumble
A&B Printing
Ace Hardware
AIG
Albertsons Community Partners
All City Contracting, Inc.
American Legion
Artby’s
ASCLS Washington
Atista Foundation
Avondale Golf Course
Bank of America
Bluz, Inc.
C&L Excavating, LLC
Carmike Cinemas
Cashmere Lions Club
Cat Tales Zoological Park
CG Northwest, LLC
da Gaba Mexican Grill
Central Pre-Mix Concrete
Cheney Federal Credit Union
Coeur d’Alene Casino
Coeur d’Alene Summer Theater
Colvico Inc.
Combined Federal Campaign
Connect Electric, LLC
Costco Wholesale
Lions Clubs International
Craig Zeutschel, Inc.
D.L.S. Construction, Inc.
Dairy Queen
Deaconess Medical Center
Dei Electrical Consultants, Inc.
Dix Corporation
D & B Wholesalers
Ennis Fine Furniture, Inc.
Enterprise Rent-A-Car Foundation
Europa Pizzaria & Bakery
Excelf Construction, Inc.
Express Personnel
Folsom Excavating, Inc.
Foresters
Gale Contractor Services
Global Credit Union
Golden Corral
Goodrich Corporation
Gregg Eigenheiser Concrete Contractor
Hankins Construction, LLC
Homescapes Systems
Horizon Credit Union
Huntwood Custom Cabinets
Ida & Norma’s Draperies
Illinois Tool Works Foundation
Jay Coorden Construction
Jewelry Design Center
Keller Heating, Inc.
Kestrel Vinthers
Kiwanis Clubs International
Kootenai Health
Kowalski
Laidlaw Education Services
Lake Coeur d’Alene Cruises
Landmark Restaurants
Leisure Lavender Farm
Little Salmon Lodge
Luigi’s Italian Restaurant
Lumbermen’s
Mackay Restaurants
Marine Corp - 1st Battalion Fifth Marine
Merritt International
Maryhill Winery
Mission Construction
Mt. Carmel Hospital
Museum of Glass
National City Mortgage
Newman’s at 988
Newman’s Own Foundation
Northern Quest Resort & Casino
Numerica Credit Union
Panda Restaurant Group
Papa John’s Pizza
Paras Homes
Peters and Sons Flowers & Gifts
Portland Marriott Downtown Waterfront
Polka Dot Pottery
Premier Blue Cross
Professional Insulation
Progressions Credit Union
Provence Holy Family Hospital
Provence Sacred Heart & Children’s Foundations
Provence Sacred Heart Medical Center
Randall & Danskini
Residence Inn Seattle Downtown
Rite Aid
Rock City Grill
Rock Placing Company
Round Table Pizza
Ruddell’s Art in Photography
SafeTway Federal Credit Union
Seattle Marriott Waterfront
Sigma Alpha Epsilon
Sigma Chi Fraternity
Silver Mountain
Silverwood Theme Park
Sir Speedy Printing
Sodexo
Spokandy
Spokane
Spokane Chiefs
Spokane City Credit Union
Spokane Credit Union Chapter
Spokane Federal Credit Union
Spokane Indians
Spokane Interplayers Ensemble
Spokane Restaurant Equipment
Spokane Symphony
Ste. Michelle Estates
St. Joseph’s Hospital
St. Luke’s Auxiliary
Stadium Sports, LLC
Sterling Savings
Sterling Savings Bank
Sticks & Stones Construction
Supercuts
The Davenport Hotel
The Fairways Golf Course
The Inn at Cannon Beach
TW Telecom
Titan Truck Equipment
Trexco Mechanical
Tuxedo Gallery
United Health Services Credit Union
United Way of Spokane County
UPM Stores, Inc.
US Bank
USA Gymnastics
Val Mary Construction
Vehrs Distributing
Walla Walla Valley Credit Union
Walmart
Washington Contract Loggers Association
Washington Credit Union League Foundation
Wenatchee Valley Federal Credit Union
West Pack, Inc.
White Cap Construction Supply
Wildhorse Casino & Golf Resort
Wolf Lodge
Yoke’s Fresh Market
INHS by the Numbers 2008

2008 Patient Services Revenue

$88,112,485

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>St. Luke’s Rehabilitation Institute</td>
<td>47%</td>
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<tr>
<td>NorthWest MedStar</td>
<td>53%</td>
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2008 Adjustments to Patient Services Revenue and Expenses

$29,159,362

<table>
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<tr>
<th>Adjustment</th>
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<tr>
<td>Charity care</td>
<td>28.4%</td>
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<tr>
<td>Medicare shortfalls</td>
<td>13.3%</td>
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<tr>
<td>Medicaid shortfalls</td>
<td>53%</td>
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<tr>
<td>Write-offs due to patient inability to pay</td>
<td>3.4%</td>
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INHS Employment Growth

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<th>Year</th>
<th>Total Number of Employees</th>
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<td>2005</td>
<td>954</td>
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<tr>
<td>2006</td>
<td>1019</td>
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<tr>
<td>2007</td>
<td>1066</td>
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<tr>
<td>2008</td>
<td>1031</td>
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INHS Total Gross Revenue

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<th>Year</th>
<th>Revenue</th>
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<tbody>
<tr>
<td>2005</td>
<td>$98,368,791</td>
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<tr>
<td>2006</td>
<td>$116,664,662</td>
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<tr>
<td>2007</td>
<td>$131,097,942</td>
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<tr>
<td>2008</td>
<td>$147,572,213</td>
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Overview of INHS Services

St. Luke’s Rehabilitation Institute
The region’s largest freestanding hospital dedicated to physical medicine and rehabilitation, providing a full range of accredited inpatient and outpatient rehabilitation services to more than 6,000 people throughout the region each year.

Information Resource Management (IRM)
Manages one of the nation’s most advanced health information technology networks with more than 45,000 users in hospitals, clinics and physician offices and over 3.5 million electronic medical records.

Northwest MedStar
Region’s premier critical care transport service with bases in Spokane and Tri-Cities, Washington, transports more than 3,400 patients a year in Washington, Idaho, Oregon and Montana, as well as provides ongoing outreach education for emergency medical professionals throughout the region and a membership program to help patients protect themselves from costs not covered by insurance.

Community Health Education & Resources (CHER)
Provides programs to help improve the health of the community including health screenings, wellness assessments, interventions and health education forums and classes. Includes the CHER Diabetes Education Center.

Northwest TeleHealth
Robust video-conferencing network with more than 100 units throughout the Northwest, utilizing the latest technology to permit live interaction between two or more locations for such activities as patient consults, rural medicine, health education, medical training and business administration.

Northwest MedVan
Logs more than 150,000 miles each year providing round-trip transportation services for patients from their homes to their medical appointments and back at no charge to the patient.

health@work™
Comprehensive health, wellness and productivity program, provides innovative solutions to meet the individual needs of businesses large and small.

Health Training Network
Provides clinical education and medical training services that bring regional health care providers and EMS personnel the latest information and strengthens relationships between rural providers and the services available at Spokane area hospitals.

Spokane MedDirect
Communications hub connecting regional physicians and hospitals to Spokane physicians, hospitals and health care services for patient referrals, consultation, information and research.

Center of Occupational Health & Education (COHE)
Works cooperatively within regional communities of health care in developing programs to improve the quality, cost effectiveness and consistency of care for injured workers in the Inland Northwest.

Center of Philanthropy
Dedicated to saving and improving the lives of children in the community, as well as supporting the community services and programs of INHS. The Center raises funds for Children’s Miracle Network and the INHS Foundation, with all funds dispersed locally.
Mission

We provide unique, effective, affordable services using collaborative and innovative approaches for the benefit of the entire healthcare continuum. These local, regional, national and international solutions promote positive health outcomes through disease and injury prevention and wellness programs in rehabilitation and clinical services, critical care transportation, information technology, health care education and other health care services. We incorporate the highest ideals from the sponsoring health systems’ joint Christian heritage in the provision of high quality medical care.