

2016

ANNUAL REPORT



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CEO WELCOME



Confluence Health had a good year in 2016. We continued to grow our availability of services, our locations, our number of physicians and staff, and the number of patients to whom we provide care. We also completed a strategic planning process for 2017–2019, which affirmed our key priorities: understanding and exceeding our customers' expectations; delivering the best practice of medicine centered on a defined, standardized care

model; financial stability; and utilizing a regional care model. To fulfill these priorities, we will continue our efforts to provide as much high value as possible, ensuring the best possible outcomes and access with the lowest possible use of resources. This effort will allow us to maintain our founding principle that a locally directed, controlled, integrated healthcare delivery system will best meet the needs of this area. We have come a long way since our formation in 2013, and we are working well with all other healthcare entities in the region to improve the health and quality of life for all residents and visitors.

We realize there is much more we must do to ensure that we and our partners are as safe, effective and efficient in our care as we can be. That effort is what our families, friends, coworkers and neighbors should—and do—expect.

This journey is one that we will continue throughout our careers on an individual level and as team members. The willingness to engage in this work by all of our staff is something I appreciate and am proud to be a part of.

In closing, I would like to take this opportunity to publically thank the Confluence Health physicians and staff for their dedication and compassion, and to thank our patients for trusting us to help them with their individual efforts to improve their health and quality of life.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Rutherford, MD". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Peter Rutherford, MD
Chief Executive Officer

ABOUT US

Our Mission:

Confluence Health is dedicated to improving our patients' health by providing safe, high-quality care in a compassionate and cost effective manner.

Our Vision:

To become the highest value rural healthcare system in the nation that improves health, quality of life, and is a source of pride to those who work here.

Our Core Values:

- Our patients are the reason for our being, and their needs will drive all of our actions.
- We will treat everyone with dignity, respect and compassion.
- We will work as a team, utilizing collaboration, active participation and open communication among all physicians and staff.
- We will continue to innovate ways to improve the delivery of excellent, high-value care.
- We will measure successes and failures and use the results to drive further improvement.
- We will be a good neighbor in the communities we serve, with donations of time, talent and capital.
- We will be ethical and accountable in all of our decisions and actions.

At Confluence Health, our patients are at the center of everything we do.

- Daniel P. -

"I would like to express my gratitude for services received at Confluence Health. I was suffering from a condition that had brought my life to a complete stop. Thanks to the help of your specialists, I have been up and running at full speed for the last seven months. I am so glad to have my life back! Thank you for the outstanding treatment."

CONFLUENCE HEALTH AT A GLANCE

We are an integrated rural healthcare delivery system with two hospitals, multi-specialty care in over 30 services lines, and primary care in 12 communities across North Central Washington. With over 270 physicians and 140 advanced practice clinicians, we serve an area of approximately 12,000 square miles and cover nearly every corner of this region through specialty outreach.



3600+ EMPLOYEES

270+ PHYSICIANS

140+ ADVANCED PRACTICE
CLINICIANS

200+ HOSPITAL BEDS

12 CITIES

12,000 SQ. MILE
SERVICE AREA



SERVICES WE PROVIDE

1.2 MILLION OPERATING ROOM
MINUTES ANNUALLY

915,000+ OUTPATIENT VISITS
PER YEAR

44,955+ ACUTE PATIENT
DAYS

13,600+ SURGERIES ANNUALLY

6,400+ TCU PATIENT
DAYS

1,400+ NEWBORNS

64% OF WENATCHEE VALLEY
HOSPITAL & CLINICS PATIENTS
ARE FROM OUTSIDE THE
GREATER WENATCHEE AREA

48% OF CENTRAL WASHINGTON
HOSPITAL INPATIENTS
ARE FROM OUTSIDE THE
GREATER WENATCHEE AREA



CONFLUENCE HEALTH DEFINES, MEASURES AND COMMUNICATES WHAT SUCCESS MEANS FOR US BY USING FOUR ORGANIZATIONAL PRIORITIES

1

Understand and exceed customer expectations

2

Deliver the best practice of medicine centered on a defined, standardized care model

3

Financial stability

4

Regional care

These priorities help us evaluate why we are here, what we want to accomplish, how we determine our progress, and how we best communicate information to the communities we serve.



UNDERSTAND AND EXCEED CUSTOMER EXPECTATIONS

*"From the minute I came into the department,
I was treated warmly, kindly and with reassurance.
My experience truly exceeded my expectations!"*

- Susan C. -

QUALITY IMPROVEMENT

Throughout 2016, Confluence Health continued to make enhancements and improvements to our internal processes, resulting in a higher quality of care. Of note are three accomplishments: increasing our patient-centered focus by giving our patients a new method for direct feedback; maximizing the value of care we provide to our Medicare patients; and reducing the number of infections that occur after colon procedures.

Patient-Family Advisory Council

Confluence Health established a Patient-Family Advisory Council in 2016, comprised of a

few Confluence Health employees and leaders along with several individuals who are patients or family members of our clinics and hospitals. The mission of this council is to incorporate the voices of our patients and families into our decisions and activities by providing a forum that enables them to have direct input and influence on our policies, programs and practices. In turn, this helps us to improve and to ensure safe, high-value, patient-centered and family-centered care

negatively or positively based on the value of the care they provide. Value is defined as providing the best outcomes for patients at the lowest cost possible. In this program, Medicare scores each hospital based on its performance in certain categories that represent high-value care. If a hospital's scores are lower than average, it receives a payment reduction for the year. The categories that are used to evaluate each hospital are:

Value-Based Purchasing

Value-Based Purchasing is a Medicare program that, since 2011, has adjusted payments to hospitals

- Sarah W. -

"I recently moved to another part of the country and wanted to let you know how great the people I saw at Confluence Health were. Trying to find a replacement has been a difficult task."



- Safety (*complications and certain infections*)
- Patient experience of care (*satisfaction with care*)
- Clinical care (*survival rates and best-practice care*)
- Efficiency (*money spent per patient*)
- Potentially preventable readmissions

Central Washington Hospital is one of only two hospitals out of 49 in the state of Washington that has not received any negative penalty since the program began five years ago. In 2016 there were 3,319 hospitals across the country that were evaluated for the value of the care they provide, and 91% of them had their payments reduced. Central Washington Hospital was one of the remaining 304 hospitals that did not

face a penalty. In fact, only 108 hospitals in the United States received a better score than Central Washington Hospital.

Colon SSI Improvement:

The Confluence Health Colon Surgical Site Infection (SSI) Reduction Team achieved a significant and sustained reduction in colorectal surgical site infections after colon procedures over a 12-month period in 2016. This improvement was the result of the implementation of an evidence-based “care bundle,” which is a structured way of improving the processes of care and patient outcomes by following a standard

set of evidence-based best practices that have been proven to improve patient outcomes. This improvement initiative included the efforts of a multidisciplinary team led by a surgeon champion to develop and implement a surgical site infection reduction plan throughout the care provided for all colorectal surgical patients. These evidence-based best practice changes are now the standard of care for all colorectal surgery patients.



“My wife and I truly appreciate the care we have received. You are the best!”

- Ernie and Vicki H. -



ACCREDITATIONS & AWARDS



Get with the Guidelines Stroke Gold Plus Quality Achievement Award and Target Stroke: Honor Roll by the American Heart Association/American Stroke Association — Recognizes Central Washington Hospital's commitment and success in implementing excellent care for stroke patients



Anticoagulation Center of Excellence by the Anticoagulation Forum — This honor demonstrates Confluence Health's goal of offering the highest level of care and the best possible outcomes for patients taking antithrombotic medications.



American Heart Association's Mission: Lifeline® Silver Receiving Quality Achievement Award — Recognizes Central Washington Hospital's commitment and success in implementing a high standard of care for heart attack patients.



The Rehabilitation Center at Wenatchee Valley Hospital recently had its inpatient rehabilitation program reaccredited for a three-year period by CARF—the Commission on Accreditation of Rehabilitation Facilities—which is an independent, nonprofit, international accreditor of health and human services. Additionally, the Rehabilitation Center was accredited by CARF as a Stroke Specialty Program, which was the first time the hospital received that designation.



In 2016, the Centers for Medicare & Medicaid Services (CMS) released its first-ever star ratings for overall hospital quality nationwide. The overall star rating is based on 64 quality measures from seven categories. Central Washington Hospital was one of 10 hospitals in Washington State to earn a four-star rating, and was the only hospital in Central Washington to receive this accolade.



Commission on Cancer accreditation, which accredits cancer care programs in the United States. The combined inpatient and outpatient program received full accreditation with seven areas of commendation and four areas of best practice (nursing care, survivorship program, genetics counseling and palliative care).



In 2016, Confluence Health earned the nation's top distinction for patient safety with an "A" grade from the Leapfrog Hospital Safety Grade. The "A" recognizes our high standards in patient safety.



**DELIVER THE BEST
PRACTICE OF MEDICINE
CENTERED ON A DEFINED
STANDARD CARE MODEL**

“Words cannot adequately express my gratitude for Confluence Health. The Hospice team respected my mom’s last wishes, and for that my family is forever grateful.”

– Sallee C. –

CHVS

CHVS: What is the Confluence Health Value System?

The Confluence Health Value System (CHVS) leverages our greatest resource—our people—to build processes that ensure the highest quality patient experience. This purposeful, systematized approach to continuous improvement seeks to eliminate waste in our processes by harnessing the ingenuity of those who do the work: the care teams. CHVS provides a shared set of tools designed to pinpoint opportunities for improvement and to systematically design and test effective change for the better. These improvements support our mission statement, directly contributing to improving our patients' health by providing safe, high-quality care in a compassionate and cost-effective manner. Through the CHVS lens, nothing short of zero

defects is “good enough.” Our leaders, providers and staff—united in purpose—work together to improve outcomes and to add value to each patient’s experience.

What CHVS gains were made in 2016?

In 2016, Confluence Health completed 29 improvement events. These multidisciplinary work groups focused on making process enhancements in several areas, including nutrition visits for oncology patients; medication education at discharge for hospital patients; outpatient MRI scheduling; making the space in the neurosciences clinics more patient centered for patients and their families; decreasing HAPU (bed sores) rates in our hospital patients; and improving nurse-to-patient communication in the hospital.

CHVS educational achievements in 2016 include:

- 3000+** employees trained at some level in CHVS
- 650+** employee completions of “Introduction to CHVS”
- 100+** enrolled participants in “CHVS Fundamentals”
- 50+** Confluence Health leaders became fully CHVS leadership certified

“Since establishing care with Confluence Health, I have been nothing but impressed with the quality of care, positive attitudes and level of professionalism. Thank you for making my treatment and recovery as comfortable as possible.”

— Amanda C. —



OUR PARTNERSHIPS



Seattle Cancer Care Alliance

Confluence Health and the Cancer Care Program are affiliates of Seattle Cancer Care Alliance (SCCA), which brings together the best of three internationally renowned cancer-care institutions: Fred Hutchinson Cancer Research Center, UW Medicine and Seattle Children's Hospital.



Virginia Mason Medical Center

Confluence Health and Virginia Mason have a cardiac affiliation through which physicians from each organization collaborate on numerous aspects of patient care and share best practices with one another. The organizations also partner on process and quality improvement programs.



University of Washington School of Medicine

The WRITE Program provides selected third-year medical students with an appropriate mix of ambulatory and hospital experience during a 20-week clinical education experience at a rural, primary care teaching site.

University of Washington / Harborview Medical Center

Confluence Health has an affiliation with Harborview Medical Center to provide expert stroke consultation services and neurosurgical coverage. This partnership allows for the rapid diagnosis and treatment of all types of strokes, and provides for immediate transport to a level 1 Comprehensive Stroke Center if needed, while also allowing the majority of patients in North Central Washington to remain locally at our level 2 Primary Stroke Center.



FINANCIAL STABILITY

“We were blown away by the service from your hospital. Everyone was so friendly and professional. They made my dad feel like he was part of a family. The healthcare professional was kind and caring.”

- Toni and Edward B. -

OUR NUMBERS



"I would like to thank you all for your care of my father, at the end of his life. The Hospice staff provides an immeasurable service to your patients and their loved ones. My brother and I appreciated the guidance given, they helped my father and us navigate it with dignity and grace."

- Lisa F. -

\$1,212,451,237 GROSS REVENUE

\$684,392,111 DEDUCTIONS FROM REVENUE

\$528,059,126 NET PATIENT REVENUE

\$130,979,882 OTHER OPERATING REVENUE

\$659,039,008 TOTAL OPERATING REVENUE

\$633,009,679 TOTAL OPERATING EXPENSES

\$26,029,329 OPERATING MARGIN

3.95% OPERATING MARGIN PERCENTAGE

97.3 DAYS CASH ON-HAND

47.2 ACCOUNTS RECEIVABLE DAYS

8.6 MILLION CHARITY CARE

11.2 MILLION BAD DEBT

500K CHARITABLE GIVING

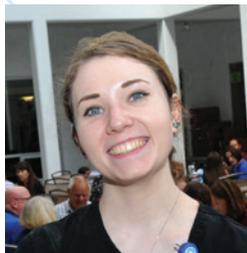
CONFLUENCE HEALTH FOUNDATION

Mission Statement

The Confluence Health Foundation is a volunteer organization with a commitment to develop successful fundraising programs to support regional, high-quality healthcare services at Confluence Health | Central Washington Hospital and Clinics and Confluence Health | Wenatchee Valley Hospital and Clinics for our families and our communities far into the future.

2016 Highlights

- \$165,000 toward MASIMO Patient SafetyNet System
- \$52,000 to 34 scholarship recipients
- Sponsored national speaker for Nurse Week
- Purchased Highline property, along with \$2,250,000 gift
- 19th Annual Golf Tournament netted \$65,845
- Funded Home Health Hospice “*Before I Die*” traveling wall
- 25th Spirit of A.Z. Wells Gala had 330 attendees netting \$72,000
- Wade Family Literacy Endowment reached over \$150,000
- Provided over \$52,000 from the H.O.P.E. Fund
- Provided \$15,000 to Home Health Hospice

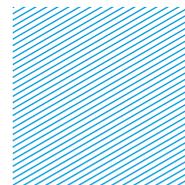


Charitable Gifts/Philanthropy

- Contributions/special events: \$3,549,448
- Other income/non contributions: \$827,926
- Total revenue: \$4,377,374

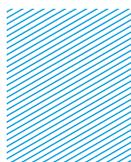
Moving Forward

The Confluence Health Foundation will continue positioning its charitable programs for availability to all of Confluence Health not-for-profit entities, providing educational scholarships, HOPE Fund assistance and mammogram diagnostics.



“My son was recently seen in ER, Radiology, OR and Pediatrics. Each encounter was very positive—everyone was kind, informative, helpful and compassionate. We are so grateful for Confluence Health.”

– Nicole D. –





REGIONAL CARE

“Your surgeons are top-notch. We are so very grateful to have such well-credentialed medical professionals in the Valley. I won’t ever have to travel out of the area for my health concerns.”

- Marlene B. -

EPHRATA CLINIC

Confluence Health is proud to open its doors to another community, providing healthcare close to home for people in Ephrata and the surrounding region.

The Ephrata Clinic—located at 314 Basin SW—offers care from August Hein, MD, and Rick Hourigan, MD, along with one nurse and three medical assistants (with recruiting efforts underway to hire additional providers). Services at the clinic include family medicine, primary care, diagnostic and therapeutic services, and case management support. In addition, behavioral health and anticoagulation services are expected by mid-2017. The clinic was designed with a “whole-person care” model in mind. The office layout and patient experience were rethought from the ground up in an effort to maximize the effectiveness of the patient’s visit and increase the provider’s efficiency. The goal is to provide an integrated healthcare dialog and trust between the patient and the provider, not only providing care to get the patient well, but also to provide a framework for the entire community to fulfill its wellness potential.



Dr. Hein



Dr. Hourigan



“I am always treated with respect, honesty and dignity. The care provided is above and beyond.”

– Margaret M. –

NEW PROVIDERS

Please welcome these new providers who joined Confluence Health in 2016.

MDs



Erin Andrade
MD
Neuro Rehab Physiatrist
Wenatchee



Kendall Blair
DO
Hospitalist, CWH&C
Wenatchee



Rodney Borden
MD
Anesthesiology
Wenatchee



August Hein
MD
Family Medicine
Moses Lake / Ephrata



Jeffrey Henning
MD
Orthopedics
Wenatchee



Kerry Jorges
MD
Geriatrics
Wenatchee



Matthew Krewer
OD
Optometry
Wenatchee



Richa Kukreja
MD
Hospitalist, CWH&C
Wenatchee



Nicolas Kummer
MD
Radiation Oncology
Wenatchee



Balaji Laxmanan
MD
Pulmonary
Wenatchee



Brenna Lewis
MD
Pediatrics
Wenatchee



Rejeesh Menon
MBBS
Hospitalist, Samaritan
Moses Lake



Marisa Moritz
MD
Women's Health
Wenatchee



Jennifer Newton
MD
Gastroenterology
Wenatchee



Trucian Ostheimer
MD
Ophthalmology
Wenatchee



Rachel Reeg
MD
Hospitalist, CWH&C
Wenatchee



Maria Rojas
MD
Nephrology
Wenatchee



Lee Sandquist
MD
Neurosurgery
Wenatchee



Frances Smith
OD
Optometrist
Wenatchee



Kevyn Stroebe
DO
Hospitalist, Samaritan
Moses Lake



Sam Woodard
DO
Family Practice
Wenatchee

APCs



Alana Benson
FNP
Anticoagulation
Wenatchee



David Colliflower
PA-C
Orthopedics
Wenatchee



Braeden Cook
NP
Orthopedics
Moses Lake



Miranda Dingle
PA-C
Pulmonary
Wenatchee



James Ewell
PA-C
Internal Medicine
Moses Lake



Tony Fadich
PA-C
Hospitalist, CWH&C
Wenatchee



Fallon Fehringer
PA-C
Hospitalist, CWH&C
Wenatchee



Rebecca Fleming
PT
Physical Therapy
Moses Lake



Kurt Haisch
PA-C
Walk-In Clinic
Wenatchee



Ben Kadas
NP
Behavioral Health, CWH&C
Wenatchee



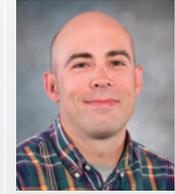
Roger King
PT
Physical Therapy
Wenatchee



Robin Lee
LMHC
Behavioral Health Youth
Wenatchee



Miranda Markesteyn, PA-C
Cardiology
Wenatchee



Rick Massey
PA-C
Family Medicine
Tonasket



Jay Monnahan
PA-C
Walk-In Clinic
East Wenatchee



David Moore
FNP-BC
Walk-in Clinic
East Wenatchee



Nicole Avila Parker
NP
Behavioral Medicine
Moses Lake



Ruth Parsons
MSW, LICSW
Behavioral Health
Wenatchee



Nathan Ruiz
PA-C
Hospitalist, CWH&C
Wenatchee



Shannon Sparks
PA-C
Dermatology
Wenatchee



Shannon Terry
ARNP
Family Medicine
Moses Lake



Steven Tilka
PA-C
Neurosurgery
Wenatchee



Rebecca Waxman
PA-C
Anticoagulation
Moses Lake



Amy Wood
NP
Walk-in Clinic
Wenatchee



Shannon Young
PA-C
Occupational Medicine
Wenatchee

