



# Capella Healthcare Accountable leadership in an era of Accountable Care

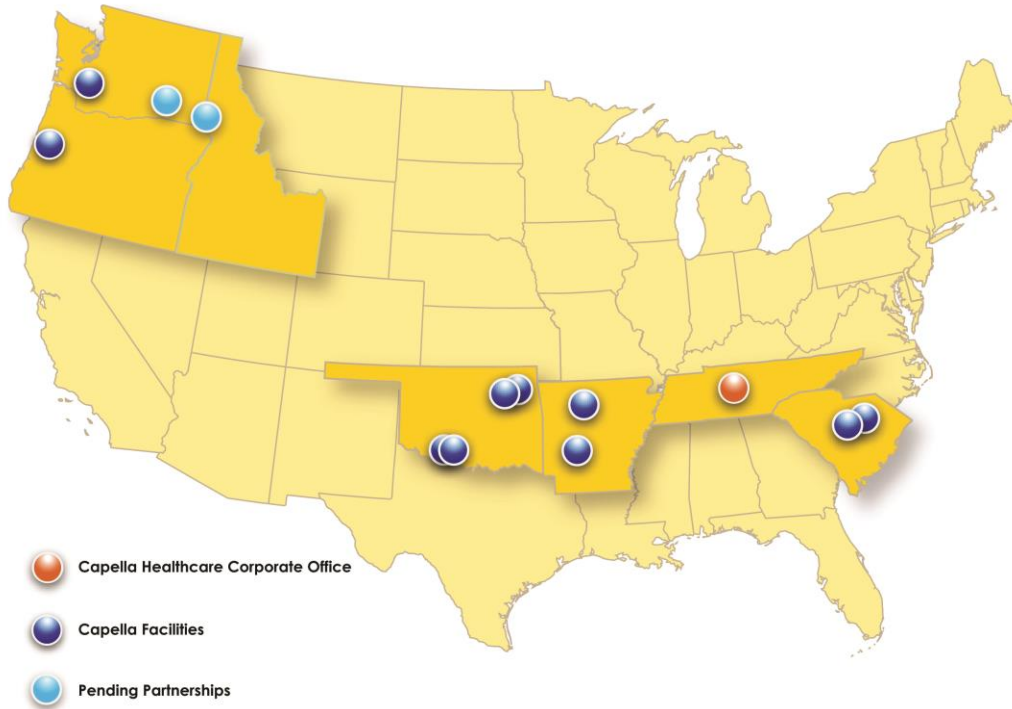


# Our History



- ◆ Founded in 2005 by experienced hospital operators, the Company was organized with belief that healthcare works best through an empowered and decentralized local leadership approach, supported by a parent organization providing best-in-class tools and resources in an efficient and economical manner.
- ◆ Our vision is for each of our affiliated facilities to be the center points for transforming the quality of life in their communities, focusing first on improving the health and well-being of every individual.
- ◆ We have selectively grown to include 10 hospital campuses in 5 states serving more than 750,000 patients a year.

# Our Locations



## Company Profile:

- 10 hospital campuses
- 5 states
- 6,500+ employees
- 1,300 physicians
- 750,000 patients
- 3 million patient encounters

Our Washington facility partners with the University of Washington.  
Our South Carolina facilities are part of the Capella-MUSC Health Network.  
Three of our facilities are jointly owned by physicians.



# Our Mission & Vision

## MISSION

Together, making health care better for our communities. Setting a new standard in patient care excellence.

## VISION

Hospitals in the Capella Healthcare family will be the **center points** for transforming the quality of life in their communities, focusing first on improving the health and well-being of every individual.



# Our Values

## Capella employees and physicians:

- ◆ Are committed to working **together**, collaborating to provide the best possible health care
- ◆ Make the **safety**, comfort and well-being of our patients the top priority
- ◆ Are honest and truthful, acting with **integrity** at all times
- ◆ Are courteous to all, **respecting** the feelings and viewpoints of others
- ◆ **Value** all resources and use them wisely





# Our Operational Philosophy

**Quality**

**Service**

**People**

**Growth**

**Financial**



# Alignment Requires Top-Down Communication

**Organizational-Wide Goals and Objectives must be clear to everyone**

## Quality

CMS VBP >.15%  
pmt add-on

SPAE = ZERO

ALOS 66th  
Percentile

## Service

Phys >62nd  
Percentile

ED > 50th  
Percentile

Corporate  
Service Survey  
>3.25 (Scale 1-4)

## People

Employee  
Satisfaction >  
50th Percentile

>95% awareness  
of Corporate  
Compliance  
Program on HSTM  
Employee Survey

## Growth

M&A: >\$100M

>=3% AA Growth

## Financial

EBITDA >=\$101M

Health IT >=\$15M

Corporate Office  
OH Expense <=  
\$18M

# Aligned Goals, Decentralized Management

## Capella Leadership Model







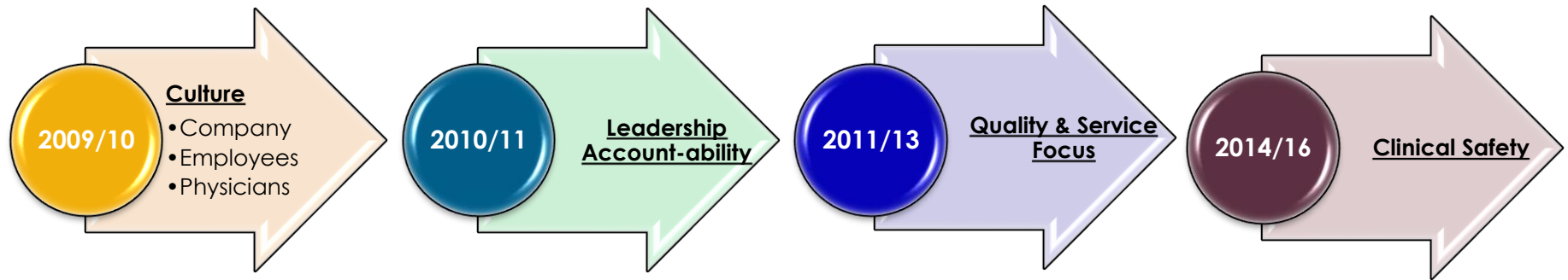
## Ongoing Vision for Intentional Quality Improvement



# Quality & Patient Safety Focus

- ◆ Addition of Corporate Chief Quality Officer
- ◆ Addition of Corporate Chief Experience Officer
- ◆ Addition of Corporate CMIO
- ◆ National recognition for quality and safety from a variety of sources
- ◆ Joint Commission Accreditation at all facilities
  - Certification in Knee, Hip, Spine care at 3 facilities
- ◆ CRIMSON - Data Analytics program
- ◆ Studer Group - Patient Satisfaction Program
- ◆ Infection Prevention - APIC attendance
- ◆ Telemedicine - Partnerships with nearby Medical Schools for Stroke & Psych needs

# Creating the Ongoing Vision for Intentional Quality Improvement



# Innovative Partnerships to Drive Value

## UW Medicine

UNIVERSITY OF WASHINGTON  
MEDICAL CENTER



- ◆ Capella's Olympia facility is affiliated with UW Medicine as part of a clinical affiliation agreement.
- ◆ As part of UW ACN, we have significantly expanded access to insured consumers.
- ◆ A new jointly developed and co-branded primary care clinic is being constructed in a strategic area.

CAPELLA \* MUSC Health  
Medical University of South Carolina  
NETWORK



 **MUSC Health**  
Medical University of South Carolina

- ◆ Capella's two South Carolina facilities are affiliated with MUSC Health as part of a clinical affiliation agreement.
- ◆ Access to specialists, telemedicine, residency program and co-branding opportunities are included.

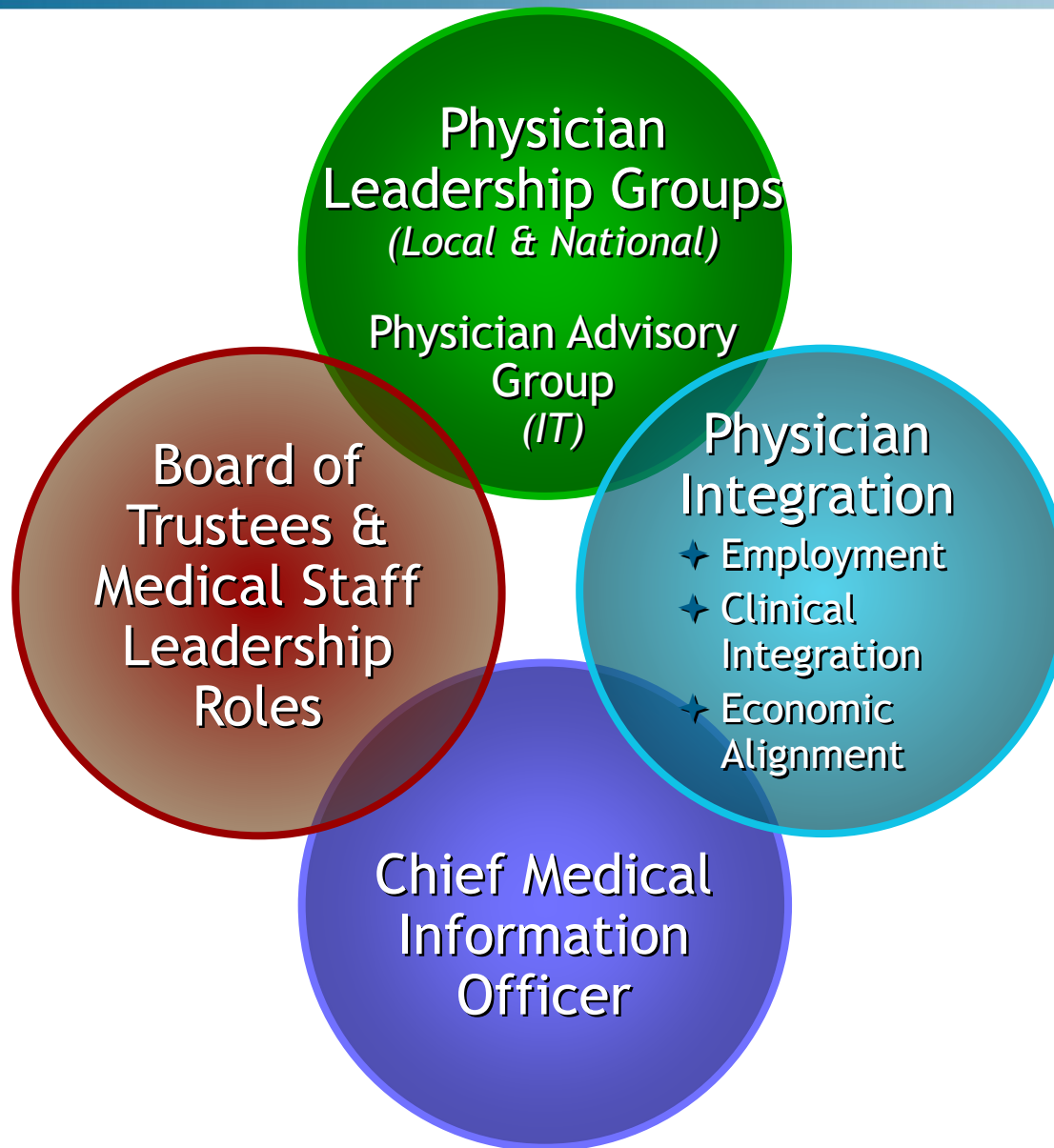


 Capella Healthcare Corporate Office

 Capella Facilities



# Physician Engagement





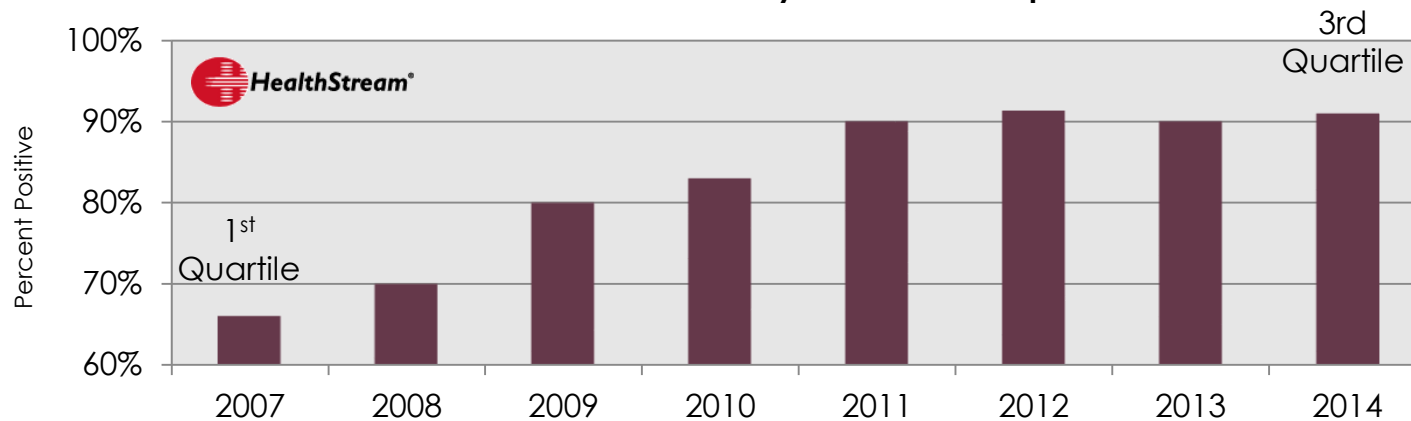


# Snapshot of Performance

# Sustained Quality Results

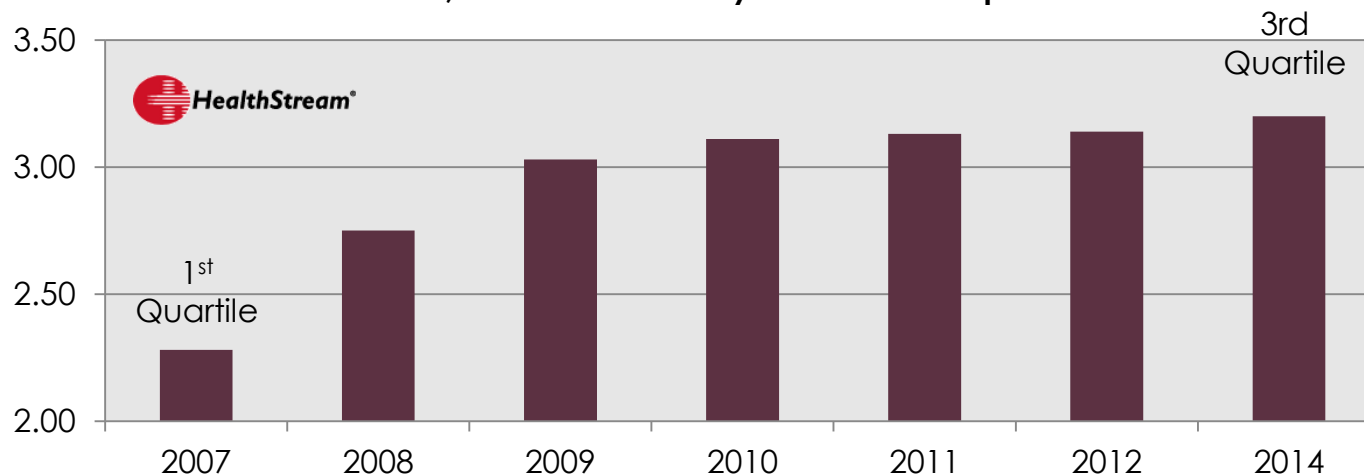
## Physician Satisfaction

Overall how satisfied are you with this hospital?



## Employee Satisfaction

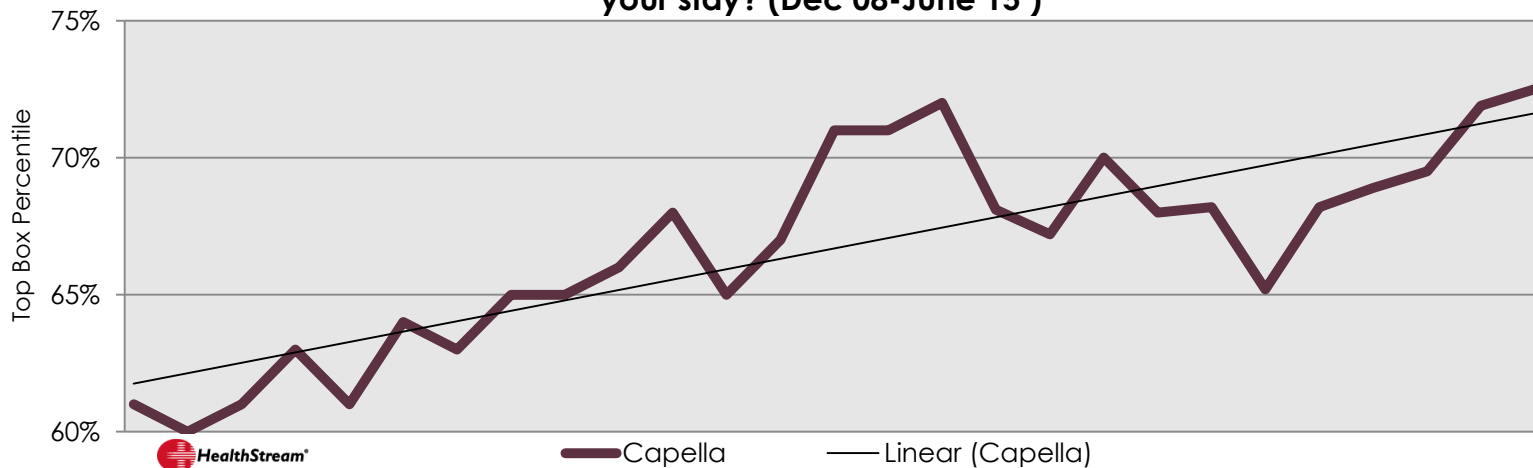
Overall, how satisfied are you with this hospital?



# Sustained Quality Results

## HCAHPS – Perception of Care

Using any number from 0-10, where 0 is the worst hospital possible and 10 is the best hospital possible, what number would you use to rate this hospital during your stay? (Dec 08-June 15 )



## Core Measures – Process of Care

	Q4-11	Q1-12	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Nat' Avg 4/12-3/13
AMI	97.0	98.0	99.0	95.7	96.4	97.4	93.9	97.4	98.3	98.2	96.7	97.5	97.3	100	100	92.0
HF	96.0	96.0	96.0	97.5	97.1	96.0	94.1	92.3	99.7	99.0	99.1	98.7	97.4	NA	NA	97.0
SCIP	98.0	98.0	99.0	98.2	98	97.6	98.4	98.4	98.9	98.6	98.7	99.4	98.9	NA	NA	98.7
PN	96.0	94.0	96.0	96.9	94.5	96.5	96.0	95.6	97.1	97.9	97.5	97.6	98	NA	NA	97.3
OP Surg	97.0	99.0	95.0	95	96.1	96.9	98.6	98.9	97.5	97.2	98.8	97.1	98.6	NA	NA	98.1
OP AMI	98.0	92.0	93.0	91.4	96.1	94.3	96.2	95.9	95.5	97.0	97.6	100	98.7	95.9	98.5	79.0
IMM/PN	N/A	N/A	95.0	93.6	94	95.0	90.8	92.2	96.0	NA	NA	NA	NA	NA	NA	91.8
FLU	N/A	N/A	N/A	N/A	N/A	95.2	N/A	N/A	95.2	97.7	NA	NA	96.5	95.0	NA	92.0
VTE						N/A	N/A	N/A	85.8	96.0	96.1	94.6	98.3	94.0	97.6	92.3
STK						N/A	N/A	N/A	94.1	98.0	97.8	95.1	96.6	96.4	96.3	93.6

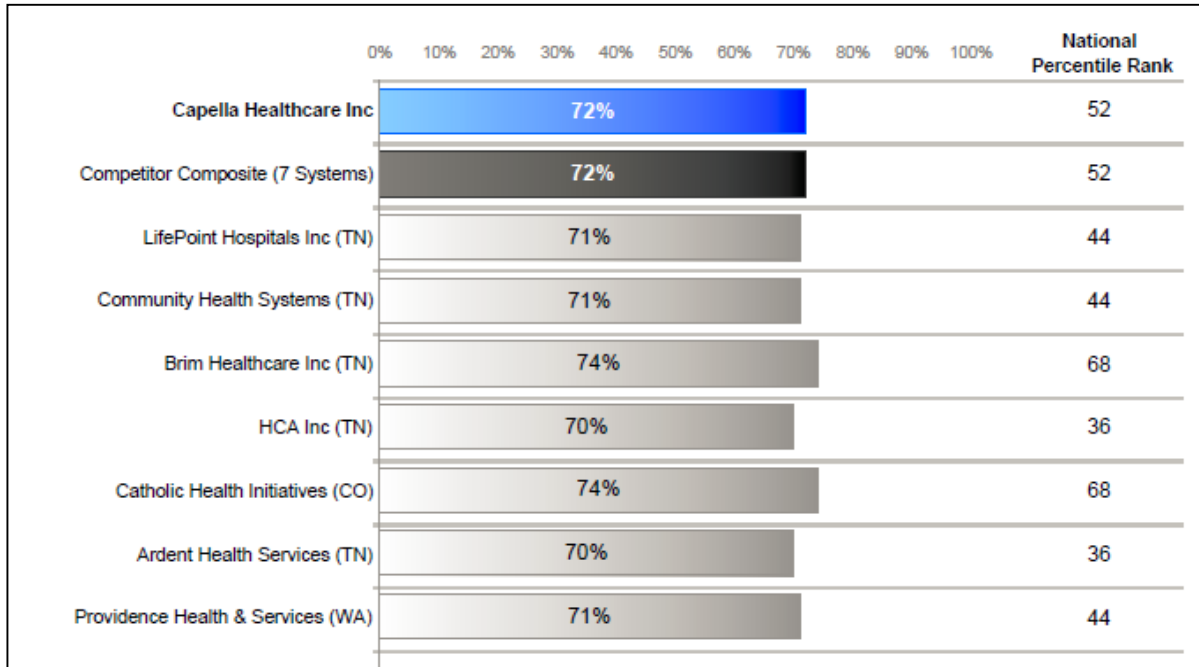
# Peer Comparisons

Capella Healthcare Inc  
Q2 2013 - HCAHPS Impact Report



## Comparisons to Competitors / Similar Systems

## Executive Summary



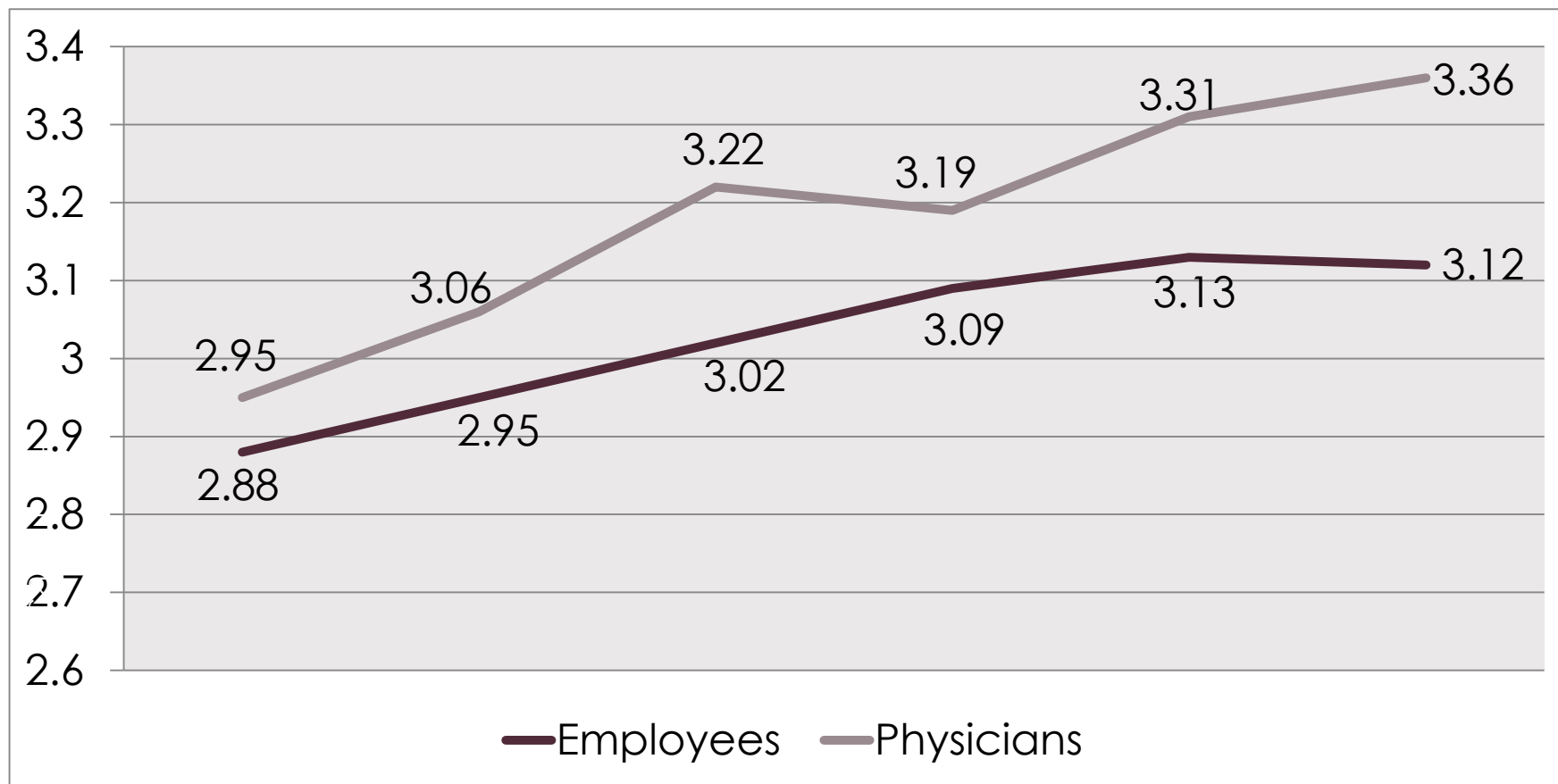
HealthStream created the following star rating scale to summarize your system's performance as compared to national and peer benchmarks.





# SAFE CARE: Efforts by administration to provide safe, error-free care

Using a number between 1 - 4, where 1 is strongly disagree and 4 is strongly agree, what number would you use to rate this hospital? (2008 – 2012)







# Questions and answers