Community Responsibility & Sustainability 2013 REPORT
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Dear friends,

The U.S. health care system has the social responsibility to provide our citizens with quality health care. After all, people who have access to prevention, early diagnosis and treatment have better health outcomes and are more likely to be productive contributors to our communities. As a faith-based nonprofit, Texas Health Resources advocates for increasing the number of the insured, rewarding hospitals based on the value and quality of care provided, and transforming care delivery to avoid urgent care before it is needed.

According to research by Healthways, personal behaviors are 50 percent to 70 percent of what influences health, but we spend only 4 percent of our health care dollars to change behaviors. We cannot manage rising health care costs if consumers don’t take personal responsibility for improving their own health.

To help facilitate this, Texas Health is implementing a physician-directed population health strategy that emphasizes keeping people healthy and out of the hospital. It puts physicians in leadership positions and integrates the entire continuum of care to better coordinate diagnosis, treatment and recovery. The advancements we made in 2013 included:

• Opening the Texas Health Population Health, Education and Innovation Center. It will serve as the nexus for sharing best practices, advancing medical research, leading physician-directed population health programs and driving community well-being collaboration.

• Conducting a system-wide Community Health Needs Assessment to better understand North Texans’ current health conditions and care needs. It will be repeated every three years.

• Investing in a Blue Zones Project® for the city of Fort Worth. It is designed to create a more livable, walkable, bikeable and socially engaged community that could recoup an estimated $1 billion in lost productivity over the next five years.

• Creating a systemwide Comprehensive Diabetes Care Initiative to improve diabetes education, treatment options and coordination of care between hospitals and other health providers.

We believe these initiatives, among other strategies, are providing us with a competitive advantage in an industry that is currently fraught with challenges and uncertainties. Texas continues to have the highest number of uninsured individuals in the nation, which puts a tremendous financial burden on hospitals like ours that are federally mandated to provide emergency care regardless of a patient’s ability to pay. Additionally, state legislators voted not to expand Medicaid, leaving an additional 1 million residents uninsured and increasing costs for hospitals, taxpayers and the privately insured.
Like any leading business, our long-term sustainability depends on our ability to adapt to these challenges. We are proactively cutting costs, improving wellness and reducing readmissions, targeting community health investments, expanding our partnerships with prominent health providers, and advocating to improve the health of the communities we serve. We invite you to read more about what Texas Health is doing in our 2013 Community Responsibility and Sustainability Report.

In the next few years, we intend to:

• Extend our culture across the care continuum and into the North Texas community.

• Continue to innovate and expand our care delivery to reliably provide compelling value based on quality, cost and service.

• Generate the financial capacity to fund this transformation.

We have great hope and confidence in continuing our successful journey and to become a benchmark for other health systems across the country.

If you have any questions or comments regarding our Community Responsibility & Sustainability report, please contact David Tesmer, senior vice president of Community Engagement & Advocacy.

Sincerely,

Douglas D. Hawthorne, FACHE
Chief Executive Officer
Retired August 31, 2014

Barclay E. Berdan, FACHE
Chief Executive Officer
Effective September 1, 2014
Executive Summary

Purpose of this Report

Texas Health Resources’ (Texas Health) 2013 Community Responsibility & Sustainability Report provides a high-level overview of our citizenship and sustainability programs, commitments and goals, as well as progress being made to enhance our workplace, our environment of care and to improve the health of the people in the communities we serve.

The report serves to:

- Capture progress being made in a more transparent and meaningful manner.
- Identify opportunities to streamline processes, reduce costs and improve efficiencies.
- Compare our performance and achieve a competitive advantage as a faith-based, nonprofit health care system.
- Provide a clear picture of our economic, social and environmental investments to help internal and external stakeholders better understand our mission, vision and values.
- Enhance Texas Health’s long-standing reputation as a good corporate citizen and leader in the community.

The content sheds light on our 2013 calendar year operational areas of excellence. It is helping us to identify opportunities for improvement so that we may prioritize sustainability strategies and investments for the future.

Report Scope

Texas Health Resources operates, through its controlled affiliates, a health care system with services and facilities throughout north central Texas. Texas Health’s wholly-owned facilities include 13 acute-care hospitals, 14 behavioral health hospitals and centers, 10 sports medicine and fitness centers, four outpatient facilities and surgery centers, and one transitional care and rehabilitation hospital. These tax-exempt hospitals have been recognized as exempt from federal taxes under the Code as organizations described in Section 501(c)(3), and a list of those hospitals can be found here.

In addition, Texas Health is the sole member or sole shareholder of certain other wholly-owned affiliates engaged in health care related activities including Texas Health Physicians Group, a Texas 5.01(a) physician organization and recognized as exempt from federal income taxes under the Code as an organization described in Section 501(c)(3).

Physicians on the medical staff of Texas Health’s hospitals practice independently and are not employees or agents of the hospital or Texas Health. Texas Health and some of its controlled affiliates participate with physicians and non-physicians to operate hospitals and other health related ventures. Some of those ventures are considered a physician-owned hospital under federal law.

In addition, there are numerous other non-hospital related joint ventures included in Texas Health’s financial statement. Some programs and benefits described in this report may be applicable only to wholly-owned facilities and/or the employees of the wholly-owned affiliates.
The information presented in this report covers Texas Health’s wholly-owned facilities, and is based primarily on calendar year 2013 performance. It does not include data on subsidiaries, joint ventures, leased facilities, upstream or downstream suppliers, or outsourced operations unless otherwise noted.

The following key internal teams provided direction and scope, and helped in identifying relevant topics that reflect Texas Health’s economic, environmental and social impacts, or issues of interest to our stakeholders:

- Behavioral Health
- Care Continuum & Collaboration
- Communications & Image
- Community Affairs
- Community Health Improvement
- Compliance
- Diversity & Inclusion
- Faith & Spirituality Integration
- Governance Services
- Government Affairs & Advocacy
- Environmental Services
- Environment of Care & Emergency Management
- Information Services
- Information Systems & Application Management
- Performance Improvement
- Quality Outcomes
- Quality & Patient Safety
- Real Estate Engineering
- Service Excellence
- Strategy & Planning
- Supply Chain Management
- System Engineering
- Texas Health Physicians Group
- Texas Health Population Health, Education & Innovation Center
- Texas Health Research and Education Institute
- Texas Health Resources Foundation
- Texas Health Resources University

Based on these contributions, we describe critical sustainability strategies, programs and performance indicators that we believe are most relevant to communicate at this time. It is important to note that we have not yet sought stakeholder engagement or independent assurance of this report. As we continue identifying and gathering information on issues that are most relevant and material to our organization, we plan to report even more robustly in the future.

All financial figures are quoted in U.S. dollars, unless noted otherwise. References to “Texas Health,” “the organization,” “we” and “our” refer to Texas Health Resources.

For more information about this report, please contact Felicia Walker, program director, Community Responsibility for Texas Health Resources at FeliciaWalker@TexasHealth.org.
Summary of Findings

Our Leadership
To succeed in today’s complex health care environment, Texas Health’s leadership must be accountable for sustaining its mission and complying with stringent laws and regulations.

Executive Summary

- Received the Texas Award for Performance Excellence (TAPE) for exceptional performance in all areas of organizational management.
- Reorganized management teams into three market zones to deliver care closer to patients’ homes and improve coordination of care with providers they already see.
- Maintained strong fiscal and organizational health.
- Incurred no regulatory sanctions or fines for violations, and maintained full accreditations and compliance.
- Announced CEO Doug Hawthorne’s plan to step down by August 31, 2014 as well as the process for succession planning.
- Engage physicians, nurses and other caregivers in redesigning and delivering coordinated patient care with exceptional results.
- Align, integrate and standardize core performance improvement and patient safety initiatives.
- Expand and integrate the linkages with information technology platforms.
- Improve operating performance.
- Appoint a new chief executive officer.
- Achieve national exemplary status by 2016.
- Execute new programs and action plans that will complete Texas Health’s decade-long transformation from a hospital system to an integrated health system.
- Create a Physician Compensation Subcommittee to support evolving physician integration models.
**Our Patients**
Texas Health fulfills its Promise® of Individuals Caring for Individuals, Together® by putting patients first. Not only does delivering superior care improve patient satisfaction and health outcomes, it also boosts employee morale and performance, reduces costs and enhances our reputation.

<table>
<thead>
<tr>
<th>Performance Highlights</th>
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<tbody>
<tr>
<td>• Published a patient <em>Quality and Safety Report to the Community</em> to embrace transparency and drive performance improvement.</td>
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<tr>
<td>• Achieved top decile performance for delivering evidence-based care.</td>
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<td>• Improved patient satisfaction in the inpatient, outpatient, emergency department and ambulatory surgery settings between 4% and 25% since 2012.</td>
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<td>• Achieved 93% to 95% compliance with patient safety measures.</td>
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<td>• Created the Texas Health Population Health, Education &amp; Innovation Center to bring a full continuum of population health services to North Texas.</td>
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<td>• Formed Accountable Care Organizations with Blue Cross and Blue Shield of Texas, Cigna and Aetna to improve quality and care coordination and to reduce costs.</td>
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<td>• Reduced hospital readmissions.</td>
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<td>• Launched a Patient Navigator program to help patients find and receive supplemental health services.</td>
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<td>• Received the 2013 Enterprise HIMSS Davies Award of Excellence by the Healthcare Information Management Systems Society.</td>
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<th>Strategic Objectives Supported</th>
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<tr>
<td>• Achieve national recognition for exceptional performance.</td>
</tr>
<tr>
<td>• Fully engage physicians, nurses and other caregivers in redesigning and delivering coordinated patient care with exceptional results.</td>
</tr>
<tr>
<td>• Improve market share today, and in the future under new accountable care models.</td>
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<tr>
<td>• Align, integrate and standardize core performance improvement and patient safety initiatives.</td>
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<tr>
<td>• Excel in being the most attractive system for all physicians to use.</td>
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<tr>
<td>• Grow a robust applied research program.</td>
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<tr>
<td>• Expand and integrate the linkages with information technology platforms.</td>
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<th>Future Plans</th>
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<td>• Roll out a Health Information Exchange to provide a secure and cost-effective vehicle for exchanging health information among health providers.</td>
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<td>• Continue to improve performance in patient safety and quality of care.</td>
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<td>• Deploy our Service Excellence program at Texas Health Physicians Group.</td>
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<td>• Redesign the care management process to help patients receive the care they need at 30, 60 and 90 days following hospital discharge.</td>
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<td>• Hire more clinical nursing leaders at each hospital who will supervise multidisciplinary care teams.</td>
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Our People
To fulfill our mission, Texas Health seeks to attract and retain a diverse group of top performers who are committed to providing pioneering and compassionate care, and to making a difference in the lives of those who need it most. A satisfied workforce that is continually educated helps us deliver quality patient care, innovate and expand business opportunities.

Performance Highlights
- Named among “America’s Top 150 Workplaces” by WorkplaceDynamics.
- Named “Best Place to Work” from the Dallas Business Journal.
- Received the “Best Employers for Healthy Lifestyles” gold award from the National Business Group on Health.
- Continued optimizing the health and productivity of employees and their families.
- Improved workplace satisfaction; 93.8% of employees would recommend Texas Health as a great place to work.
- Created Texas Health Resources University to offer training courses and development programs that support evidence-based practices.
- Reduced the frequency of work-related injuries by 31% and the severity of injuries by 70% since 2005.
- Hired 6.1% more Hispanic nursing and allied health professionals and 6.5% more ethnically diverse employees.
- Created a language initiative for bilingual employees to help communicate and interpret clinical and business interactions to patients who spoke 74 different languages other than English.
- Gave more than 65,000 Applause! thank you cards and awards that totaled more than $600,000 in employee recognition efforts.
- Created more than 22,600 direct full- and part-time jobs at our wholly-owned facilities.
- Paid $1.9 billion in employee wages and benefits system-wide.

Strategic Objectives Supported
- Strengthen our performance-based culture by attracting, retaining and growing top performers.
- Balance workforce supply and demand.
- Excel in being the most attractive system for all physicians to use.
- Improve operating performance.
- Fully engage physicians, nurses and other caregivers in redesigning and delivering coordinated patient care with exceptional results.

Future Plans
- Continue recruiting and retaining exceptional employees to provide quality patient care, improve patient satisfaction and make Texas Health the health care provider of choice.
- Standardize learning and development evaluation processes across the system.
- Enhance manager skills in selecting top talent and align our on-boarding practices for new employees with our culture to improve first-year retention.
- Pursue recognition from the Fortune 100 Great Places to Work.
- Add domestic same-sex/domestic partner benefit coverage.
- Gather engagement survey results from employees, physicians and volunteers to gain insight into engagement trends, issues and improvement opportunities.
- Improve employee safety by reducing slips, trips and falls by 10 percent.
Our Communities

Texas Health’s mission is to improve the health of the people in the communities we serve. To fulfill this mission, we build strong relationships with a number of stakeholders who influence how we deliver superior care in our communities. This helps us improve our understanding of issues that affect patient health outcomes and treatment costs, as well as our ability to operate effectively.

As a requirement of our nonprofit status, we provide significant charity care and community benefit by caring for the vulnerable and underserved. We also serve as a significant economic engine in North Texas by the jobs we create, wages we pay and business we conduct with suppliers.

Executive Summary

• Conducted a formal Community Health Needs Assessment (CHNA) to better understand the health status and needs of North Texas communities.
• Provided nearly $685 million or $1.9 million a day in charity care and community benefit.
• Helped establish a Blue Zone Project® for the city of Fort Worth that may save $1 billion in lost productivity over five years.
• Raised nearly $20 million to support community health and capital improvement campaigns.
• Raised more than $600,000 for the American Heart Association Heart Walks in North Texas, becoming the top U.S. health care fundraiser.
• Offered pastoral care to more than 100,000 patients and families.
• Volunteers more than 7,500 hours in the community.
• Conducted 9,536 free health screenings and education that reached 131,022 community members.
• Deployed a Faith Community Health program to help local congregations educate members about health services, wellness and disease prevention.
• Advocated for public policies that promote our mission to care for patients.
• Enhanced our brand and reputation as a responsible corporate citizen and community health leader.

Performance Highlights

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Strategic Objectives Supported

- Advance mission, vision, values and Promise
- Improve operating performance
- Strengthen our culture

Future Plans

- Implement community health strategies based on CHNA findings from 2014 to 2016. We also will target grants and sponsorships to programs and activities that address chronic disease prevention and management, and health awareness, literacy and navigation.
- Help create a healthier city of Fort Worth that is more socially and physically engaged.
- Provide at least 1 percent of each hospital’s net patient revenue for community benefit.
- Solicit $900,000 for each of the Texas Health Associates and Community Employee Giving Campaigns.
- Urge lawmakers to reform the health care system to ensure citizens have access to affordable health insurance.
- Promote meaningful improvements in quality and cost-containment models that do not compromise our ability to care for the vulnerable and underserved.
- Expand Attending Clergy Association activities to all wholly-owned hospitals.
Our Environment of Care
To sustain our environment of care, Texas Health creates a healing and healthy environment, conscientiously manages operational costs and continuously maintains critical business functions.

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<tr>
<th>Performance Highlights</th>
<th>Strategic Objectives Supported</th>
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<tr>
<td>• Participated in the U.S. Environmental Protection Agency’s ENERGY STAR® program and achieved partner status at Texas Health Plano.</td>
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<td>• Transitioned most acute-care hospitals to a nearly paperless environment; an achievement reached by only 2.9% of U.S. organizations.</td>
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<td>• Recycled more than 3.1 million pounds of paper - enough to save 26,660 trees.</td>
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<td>• Became the first health care system in North Texas to be “Clean Zone” certified.</td>
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<td>• Invested $2.5 million and completed 32 efficiency projects to reduce energy consumption.</td>
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<tr>
<td>• Saved nearly 6 million gallons of water.</td>
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<td>• Cut waste management expenses 29% by recycling more materials.</td>
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<td>• Saved $18.8 million in supply chain management initiatives.</td>
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<tr>
<td>• Spent more than $30 million with minority businesses.</td>
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</table>

• Achieve national recognition for exceptional performance.
• Improve operating performance.
• Strengthen our culture.

Future Plans
• Develop a system-wide sustainability plan that will include measuring our carbon footprint and reducing energy consumption by 5 percent.
• Implement supply chain management programs that will save $15 million.
• Establish a Physical Environment Workgroup to discuss EOC issues and plans and share best practices.
• Assess the feasibility of digging water wells at our larger hospitals to provide backup non-potable water supplies in case of utility outages or extreme drought.
• Update our emergency response orientation program to disseminate consistent and current information about our response policies and practices to employees and physicians.
### Community Responsibility at-a-Glance

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<tr>
<th>OUR PATIENTS</th>
<th>OUR PEOPLE</th>
<th>OUR COMMUNITIES</th>
<th>OUR ENVIRONMENT</th>
<th>OUR LEADERSHIP</th>
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<tbody>
<tr>
<td>We seek to deliver quality, safe and compassionate care.</td>
<td>We provide a safe, stimulating and inclusive workplace.</td>
<td>We identify and address community health needs and support vital programs.</td>
<td>We strive to create a healthy and safe environment of care.</td>
<td>We hold leaders accountable for sustained performance.</td>
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<td><strong>Why it matters:</strong> To remain competitive, we are committed to improving health outcomes and patient satisfaction.</td>
<td><strong>Why it matters:</strong> To succeed, we must attract and retain top performers.</td>
<td><strong>Why it matters:</strong> Our communities need access to quality health care, education and tools to enhance well-being.</td>
<td><strong>Why it matters:</strong> Our goal is to reduce operational costs, environmental impacts and service disruptions.</td>
<td><strong>Why it matters:</strong> To fulfill our mission, leaders must demonstrate Promise-based values and guiding principles.</td>
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### PROGRESS MADE

- Published first *Quality and Safety Report to the Community* to embrace transparency and drive improvements.
- Created the Texas Health Population Health, Education & Innovation Center to improve community health in North Texas.
- Reduced hospital readmissions and achieved top decile performance for care delivery.
- Formed Accountable Care Organizations with Blue Cross, Cigna and Aetna to improve care coordination and reduce costs.
- Improved patient satisfaction between 4% and 25% in one year.
- Created a Comprehensive Diabetes Care Initiative to improve diabetes education and treatment among providers.
- Received the Best Employers for Healthy Lifestyles gold award from the National Business Group on Health.
- Named among Best Places to Work by the *Dallas Business Journal*.
- Improved workplace satisfaction.
- Created Texas Health Resources University to teach evidence-based practices.
- Reduced injury frequency by 31% and severity by 70% since 2005.
- Created 22,600 jobs at wholly owned facilities, and paid $1.9 billion in wages and benefits system-wide.
- Hired 6.5% more ethnically diverse employees.
- Gave 65,000 awards worth more than $600,000 in employee recognition efforts.
- Conducted a Community Health Needs Assessment (CHNA) to better understand North Texans’ health status and needs.
- Provided nearly $685 million or $1.87 million a day in charity care and community benefit.
- Helped establish a Blue Zone Project® in Fort Worth to make healthy lifestyle choices easier.
- Raised nearly $20 million to support community health and capital improvement campaigns.
- Offered pastoral care to more than 100,000 patients and families.
- Volunteered more than 7,500 hours in the community.
- Raised more than $600,000 for the American Heart Association (top health care fundraiser)
- Advocated for public policies that promote our mission.
- Saved $18.8 million in supply chain management initiatives.
- Spent more than $30 million with minority businesses.
- Achieved ENERGY STAR® partner status at Texas Health Plano.
- Invested $2.5 million to reduce energy consumption.
- Transitioned most acute-care hospitals to a nearly paperless environment.
- Recycled more than 31 million pounds of paper, saving 26,660 trees.
- Cut waste management expenses 29% by recycling more materials.
- Became the first health care system in North Texas to be “Clean Zone” certified.
- Saved nearly 6 million gallons of water.
- Received the Texas Award for Performance Excellence (TAPE) for exceptional performance in organizational management.
- Formed three geographical zones and a Triad Council leadership team to drive clinical integration.
- Maintained strong fiscal and organizational health.
- Incurred no regulatory sanctions or fines for violations, and maintained full accreditations and compliance.
- Announced CEO Doug Hawthorne’s plans to step down by August 31, 2014 as well as the process for succession planning.

Texas Health Resources is one of the largest faith-based, nonprofit health care delivery systems in the U.S. in terms of patients served. Our support of patient-centered care is demonstrated through the faithful stewardship of resources entrusted to us to deliver the following medical and surgical services to more than 1.4 million people each year. As of 2013, we:

- Operated 25 acute-care, transitional, rehabilitation and short-stay hospitals that are owned, operated, joint-ventured or affiliated with Texas Health.
- Provided more than 250 community access points to health services throughout 16 counties in North Texas.
- Created more than 22,600 direct full- and part-time jobs at our wholly owned facilities.
- Provided nearly $685 million or $1.87 million a day in charity care and community benefit.
About Texas Health

The history of Texas Health is rooted in the healing ministries of the Presbyterian Church and the United Methodist Church. Our faith-based heritage and traditions are at the heart of everything we do.

Texas Health was formed in 1997 after combining the operations of three highly respected organizations into one health care system: Harris Methodist Health System in Fort Worth, Presbyterian Healthcare Resources in Dallas and Arlington Memorial Hospital. We then restructured our governance system, streamlined the organization, and consolidated core business and support services into one organization.

Years later, we began entering into additional joint venture agreements to significantly expand the system’s geographic scope and added Texas Health Physicians Group in 2009. Over the past three years alone, we have experienced 900 percent growth. Today, Texas Health is one of the largest faith-based, nonprofit health care delivery systems in Texas and the U.S. in terms of patients served.

Focusing on the future, we are committed to offering the full continuum of health care services for patients and community members across the Dallas-Fort Worth Metroplex. Recognizing that some services may be offered more efficiently or effectively by organizations with established competencies in those areas, we chose to create strategic partnerships for those services and currently focus on acute care and community-based care as our two primary service offerings.

We care for our patients’ mind, body and spirit with confidence in the contributions of medicine, science and the healing power of faith. We serve a diverse population, and respect and welcome all faiths that are represented by our patients, employees and volunteers. Our support of patient-centered care is demonstrated through the faithful stewardship of resources entrusted to us to deliver the following medical and surgical services to about 1.4 million people each year.
Recognition & Awards

Texas Health has been recognized for its quality of care, workplace and management practices. Please visit [www.TexasHealth.org/Honors-Awards](http://www.TexasHealth.org/Honors-Awards) to read more.

SNAPSHOT: 2013 Facts

Employment
- Largest employer in Dallas-Fort Worth
- 22,600+ employees and nearly 2,000 volunteers
- 5,500+ physicians with active staff privileges

Infrastructure
- 3,800+ licensed hospital beds
- 17 acute-care hospitals
- 6 short-stay hospitals
- 2 transitional and rehabilitation hospitals
- 58 outpatient facilities, surgery centers, fitness centers, imaging centers
- 13 behavioral health centers
- 250+ community access points

Business Services
- Texas Health Partners
- Texas Health MedSynergies*

Affiliated Health Services
- Texas Health HomeCare*
- Helicopter air ambulances*

Population Health, Medical Research & Education
- Texas Health Population Health, Education & Innovation Center
- Texas Health Research & Education Institute

Assets
- $3.8 billion in systemwide operating revenue (FY 2013)**
- $6.1 billion in systemwide assets (FY 2013)**
- AA- (S&P) and Aa3 (Moody’s) bond rating

Services
- Acute and inpatient care
- Outpatient diagnosis and treatment
- Emergency services
- Recovery and rehabilitative care
- Community-based care
- Prevention and wellness education

Community Benefit
- Nearly $685 million in charity care and community benefit

*Denotes joint venture or affiliated facility that may not be controlled by Texas Health
**Denotes systemwide data, including joint ventures.
Our Fiscal Health

Texas Health operates in the nation’s third-fastest growing state, which added the most residents in the nation in 2012-2013.¹ The population of our service area is projected to increase by 68.7 percent by 2050, more than double the national growth rate.²

To meet this need, we are building deep financial reserves to maintain adequate operating capital, and to invest in innovation and growth. Simultaneously, we are preparing for and counterbalancing declines in revenue resulting from health care reform:

• Medicare is reducing what it pays hospitals for health care services – while costs of these services continue to escalate.
• Texas leaders are not using state funds to expand Medicaid, which increases our burden for uncompensated care.
• Employers and payers are demanding reductions in health care costs.

To prepare for an influx of patients, we have and will continue to invest in outpatient service centers, ambulatory surgery centers and integrated health campuses. This is generating incremental revenue and providing a cohesive continuum of care for our patients.

Where We Operate

Headquartered in Arlington, Texas, Texas Health serves the fourth largest metropolitan region in the United States: the Dallas-Fort Worth Metroplex. Our health care system includes 25 wholly owned hospitals and joint-venture facilities, and a network of physician practices that service 16 counties.

SNAPSHOT: Our Economic Contributions

Texas Health serves as a critical economic engine that provides wages and jobs, taxes and local business development to suppliers in our 16-county service area, which is home to more than 6.8 million people. In 2013, we:

• Directly created more than 22,600 full- and part-time jobs.
• Contributed about $3.8 billion in revenue systemwide.*
• Paid about $1.9 billion in employee wages and benefits systemwide.*
• Paid nearly $685 million in charity care and community benefit.

*Denotes systemwide data, including joint ventures.

What We Believe

Our Mission, Vision and Values have inspired and guided Texas Health since we formed in 1997. We developed and added our Promise in 2004 to reinforce the commitment we have to hold ourselves accountable to our patients and to one another.

After our first decade in existence, Texas Health embarked on a 10-year transformation to evolve from a hospital system to an integrated health system that provides a continuum of care and services. By embracing innovation, capitalizing on best practices and adapting to the health needs our patient population, we have nearly achieved this goal.

We recognize, however, that our journey to strengthen our healing ministry and sustain as an organization will never be complete. We must continuously build on previous successes to fulfill our mission and be recognized as an industry leader.

Our Vision for Sustainability

As a faith-based, nonprofit with a Mission to improve the health of the people in the communities we serve, Texas Health recognizes fulfilling our mission is only possible by being a thriving and healthy organization our self. We are taking steps to reduce our own environmental footprint and improve population health by:

- Demonstrating our core values of Respect, Integrity, Compassion and Excellence each day.
- Maintaining strong financial and operational performance.
- Providing safe, high-quality and innovative care.
- Attracting, developing and retaining top performers.
- Maintaining high standards of conduct and integrity.
- Embracing diverse ideas and facilitating teamwork.
- Ensuring ongoing patient, employee and physician satisfaction.
- Recognizing and rewarding employees for achieving organizational goals.
- Delivering increased value, while lowering costs.
- Reducing or eliminating environmental and safety risks.
- Wisely using natural, financial and human resources.
- Forging strategic and mutually beneficial community relationships.
- Advocating for the needs and rights of our patients, employees and communities.

For more information, please visit [www.TexasHealth.org](http://www.TexasHealth.org).
Our Leadership

Texas Health Resources’ leaders are responsible for guiding the execution of our Mission, Vision, Values and Promise so that we can maintain organizational and financial sustainability. Each year, our leaders develop strategic plans, operationalize business objectives, engage employees and patients on key issues, evaluate performance and track continuous improvement to strengthen our health system. In 2013, our leaders:

• Announced Chief Executive Officer Douglas D. Hawthorne’s intent to step down as CEO by the August 31, 2014.
• Formed three geographical zones and a Triad Council leadership team to drive clinical integration.
• Maintained accreditation and compliance.
• Expanded health care services and our continuum of care.
Governance Structure

Texas Health’s governance structure, board composition and policies are designed to protect stakeholder and system-wide interests. We designed our governance structure to achieve standardization and best practices, and to facilitate system-wide decision making, accountability and efficiency.

Our governance system and leadership teams work hand-in-hand to align all parts of our organization toward quality and value, to integrate clinical services and to provide a continuum of care.

Texas Health’s Governance Plan, developed and executed by our chief executive officer, chief governance officer and senior executives, serves to:

- Clarify required roles and responsibilities at each level of the organization.
- Recruit leaders with a diverse set of competencies to assess business strategies and outcomes, and represent the diverse communities we serve.
- Build employee and community accountability and trust through engagement and sound performance.
- Collect timely data, information and tools to optimize strategic decision making.
- Evaluate and adjust multi-year strategies and priorities.
- Link governance performance standards, continuing education and best practices to our strategic plan.

Our well-established governance program has been commended by The Joint Commission\(^3\) and the American Hospital Association Center for Healthcare Governance’s\(^4\) Blue Ribbon Panel.

Strategic Plan

Texas Health’s goal is to deliver outstanding value to all stakeholders and be nationally recognized as an innovative health care system. We have spent the last seven years unifying and transforming from a hospital-centric organization into a patient-centered, fully integrated health system.

We are using a five-step strategic planning process that gives us the agility and operational flexibility to drive sustainability in the changing health care marketplace. Our next phase of transformation, from 2014-2016, will focus on enhancing our culture, value and quality, and financial sustainability.

\(^3\) The Joint Commission’s accreditation and certification is recognized nationwide as a symbol of quality that reflects an organization’s commitment to meeting certain performance standards.

\(^4\) The AHA Center for Healthcare Governance is a community of hospital and health system board members, executives and thought leaders dedicated to advancing excellence, innovation and accountability in health care governance.
### Our Leadership

#### Board of Trustees

Members of Texas Health’s Board of Trustees (board) freely give their knowledge, talent and time to serve our system. The diverse group includes independent health care, business and community leaders who offer a range of professional competencies.

Sixteen voting members are elected to govern for up to three consecutive, three-year terms. Our CEO and the chair of the Physician Leadership Council serve as ex-officio members. Three non-voting members serve in the Chair Emeritus role, which does not carry a term.

Together, they are responsible for establishing goals, making strategic policies and decisions, overseeing both organizational and CEO performance and accountability, and nurturing stakeholder relationships.

#### Compensation

Board members serve voluntarily and receive no financial compensation.

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5Each wholly owned hospital also has its own board of trustees, who oversee the implementation of hospital-specific strategic plans and performance.

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#### Evaluation

Board members complete a self-assessment survey each year to review their performance, as well as to gauge the quality of board/leadership relationships, communications, orientation and education.

The survey evaluates, in part, the management of our social and economic performance. It does not currently evaluate environmental performance as we do not consider it to be a material risk at this time. Survey findings reliably measure the board’s performance against recommended best practices for governance, which are compared to national averages and previous board self-assessment surveys.

#### Succession Planning

Our Board Leadership Continuity and Growth Plan serves as a roadmap for system and hospital board membership continuity, recruitment, growth and development. The plan helps sustain and continuously improve the level of board leadership across the system.

#### 2013 Highlights

Results of both system and hospital board self-assessments have outperformed national peers for more than a decade. In 2014, our board will create a Physician Compensation Subcommittee to support Texas Health’s evolving physician integration models.
Executive Leadership

Texas Health’s leaders bring tremendous clinical, business and operational expertise to our organization. They have various perspectives and competencies, possess an unwavering commitment to excellence, embed uncompromising values, aspirations and expectations throughout the system, and consistently evaluate and communicate our performance.

Our executive management teams are responsible for different facets of operational strategy and performance, leading our transformation into a fully integrated health system, and for improving financial and organizational sustainability.
Texas Health Resources Leadership
Read more about our leaders at TexasHealth.org/Leadership.
Development
Texas Health’s Leadership Continuity and Growth Plan helps sustain and continuously improve the level of executive leadership across the system. Executive Leadership Committee members also use annual performance evaluations and triennial 360-degree evaluations to create personal development plans.

Compensation
Our board establishes CEO compensation and approves the salary of seven direct reports. They review executive compensation every one to three years and refine the compensation in accordance with industry and market standards. Executives and senior leaders also are eligible for financial bonuses if key performance indicators and personal goals are met.

Evaluation
Each year, the board’s Governance Committee evaluates CEO performance in accordance with industry and market standards and against established goals. Hospital boards evaluate their senior leaders and provide feedback to system and zone leadership.

The CEO evaluates Executive Leadership Committee performance. Members discuss their performance evaluations, as well as opportunities for improving group and individual effectiveness. Employed physician leaders are evaluated by their supervisors.

Succession Planning
Our board oversees Texas Health’s succession planning process and approves plans for the CEO, executives and senior leaders. To support this effort, senior leaders and physician executives develop and maintain plans identifying appropriate succession candidates for their positions, which are assessed annually.

Potential successors receive coaching and special project assignments.

2013 Highlights
Our leaders continued to proactively engage and demonstrate our values in 2013, according to employee survey results. “Leaders really listen to employees” and “leaders do a good job communicating developments” have improved each year since 2008 and now surpass national 90th percentile performance. The same is true for employee perception of how well leaders focus on the future and live our values.

Also during the year, Texas Health appointed numerous executive and senior leaders in the Clinical, Marketing and Business Development, Communications and Image, Quality and Performance, Learning and Development, Governance, Performance Improvement, Strategy and Planning, Population Health and Information Technology functions.

In 2014, we will continue to educate leaders on the master plan for our 2014-2016 strategy, which requires the execution of new programs and action plans that will complete our decade-long transformation from a hospital system to an integrated health system.

SNAPSHOT: CEO Doug Hawthorne to Step Down
In December 2013, Texas Health CEO Doug Hawthorne informed our Board of Trustees of his intent to step down by August 31, 2014.

Doug has dedicated more than 43 years to improving the health of the people in the communities we serve. He was responsible for bringing together three health systems to form the Texas Health family, creating the largest health system in North Texas. Thanks to Doug’s leadership, Texas Health is a stronger organization. His lifetime of contributions to the health of North Texans will continue to impact many generations to come.

In order to identify Doug’s successor, the board appointed a search committee composed of present and former trustees, including physicians. They worked with Russell Reynolds Associates and conducted a national search that included internal and external candidates to identify the individual best-qualified person to lead Texas Health.
Triad Leadership
Texas Health formed three geographical zones and a Triad Council leadership team for each hospital in 2013 that consists of a president, chief nursing officer and chief medical officer. They are charged with increasing clinical leadership and integration in these areas.

A zone-level leadership group, comprised of system leaders and an operational and clinical dyad team, guides coordination across the continuum of care.

Performance Improvement
Texas Health’s leaders help embed performance improvement in our culture, which we systematically reinforce and provide financial incentives to achieve. Our performance improvement target is to achieve national exemplary status by 2016.

To help us attain this, we adopted and operationalized the Baldrige Performance Excellence Program to guide our organization, improve performance and achieve sustainable results. Using this framework, seven executive-led teams identify, prioritize and address opportunities for improvement. We also routinely review performance indicators and quality and financial dashboards at the hospital, zone and system levels to make improvements, as needed.

Accountability
Texas Health’s board members and senior leaders adhere to and advocate for our Mission, Vision, Values and Promise, as well as our Code of Business Ethics and Governance Plan. Our leadership expects accountability from each other, clinicians and employees alike, and guides improvement in the quality of care our patients receive, manages deadlines and budgets, and drives continuous improvement.

We put a number of strategies in place to drive accountability throughout the system. Some of these include:

- Adopting appropriate standards of the Sarbanes-Oxley Act, which call for stronger board independence and fiscal oversight.
- Incorporating best practices from industry consortia, such as the Patient Safety Culture Initiative and Malcolm Baldrige criteria.
- Ensuring independence on hospital boards by including community representatives. This also meets Internal Revenue Service requirements for nonprofit, tax-exempt 501(c)(3) organizations.
- Meeting annually to align major strategic initiatives with our Promise.
- Confirming managers adhere to budget and financial policies, sustain credit ratings and protect our organizational assets.
- Externally auditing financial statements and practices to confirm accuracy.
- Evaluating progress being made on business priorities and strategic plans, the quality of care being delivered and whether stakeholder needs are being met.
- Reviewing patient, physician and employee satisfaction surveys, and comparing findings with national and regional benchmarks.
- Creating our own proprietary Approval, Authority and Responsibility Matrix for board members, leadership teams and management to provide uniformity and accountability for decisions being made throughout the system.

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6 The Agency for Healthcare Research and Quality's Patient Safety Culture Initiative conducted studies to understand medical errors and implement programs to improve patient safety.
7 Malcolm Baldrige is the world’s most widely accepted model for running an effective organization.
8 Independence is defined as those who do not have a direct financial, employment or contractual relationship with the organization or its affiliates.
Accountability reinforces our core value of Excellence, which boosts pride throughout our workplace as employees know their contributions make a difference.

<table>
<thead>
<tr>
<th>Fiscal Accountability</th>
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<tbody>
<tr>
<td>PROCESS</td>
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<td></td>
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<tr>
<td>Internal audit findings cleared</td>
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<tr>
<td>External financial audit clean opinions</td>
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<tr>
<td>OMB Circular A-133* audit report material weakness</td>
</tr>
<tr>
<td>Operations/compliance risk assess †</td>
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</tbody>
</table>

* Office of Management and Budget’s Audits of States, Local Governments and Nonprofit Organizations
† Indicates a voluntary measurement that is not mandatory by an external party or agency

Transparency

Transparency has become a strategic imperative for organizations. Trust grows when patients, employees, community members and senior leaders understand how Texas Health operates and what we are doing to meet community expectations.

Texas Health has an ongoing commitment to being transparent about our current state of affairs. In fact, our leaders regularly discuss and address performance shortfalls, expectations and actions that board members, senior leadership, directors, managers and key employees at all levels can take to improve our organizational performance.

We also require board members, officers, directors, certain contracted physicians and employees managing specific tasks to review our Duality and Conflict of Interest Policy and complete a disclosure form annually. These are assessed and shared with governing boards.

In April 2014, Texas Health published detailed comparison information about the quality and safety of our clinical care in the Quality and Safety Report to the Community: A Transparent Report Card from Texas Health Resources to be transparent and accountable, and to make improvements based on the data.
Ethics, Principles & Values

As a faith-based, nonprofit community health care provider, Texas Health is committed to operating ethically and conducting business safely, fairly, legally and with integrity.

Since our inception, we have integrated our values of Respect, Integrity, Compassion and Excellence into our expectations for legal and ethical conduct. By so doing, we earn and maintain the trust of those we employ and serve.

Legal and Ethics System

We have a systematic and well-deployed Legal and Ethics System to consistently meet and exceed regulatory, legal and accreditation requirements. It is overseen by our Chief Compliance Officer, Executive Leadership Committee and the board’s Audit and Compliance Committee. Our System Compliance Committee and Business Ethics Council regularly review legal and ethics measures, and assess the effectiveness of the Legal and Ethics System.

Physicians agree to abide by medical staff bylaws and our Physician Code of Conduct. We provide ethics and compliance materials at initial credentialing and at each re-credentialing. We also deliver mandatory ethics and compliance training for employees, volunteers and board members. Vendors also must agree to comply with our ethics and compliance policies.

Reporting

Employees and patients can anonymously report allegations of improprieties to supervisors, patient advocates, our chief compliance officer or CEO, or through a toll-free hotline, without fear of retaliation. Per our policy, we investigate all incident reports and respond to improprieties with disciplinary action, including termination, if warranted. Confirmed violations are reported to senior leaders and the board. Physician violations are handled through disciplinary action under medical staff rules and regulations.

<table>
<thead>
<tr>
<th>Ethics Process</th>
<th>TARGET</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tr>
<td>BOT* compliance and HIPAA training</td>
<td>100%</td>
<td>100%</td>
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<td>Supplier HIPAA agreements in place</td>
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<td>Compliance and HIPAA training, employees/volunteers</td>
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<td>100%</td>
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<tr>
<td>BOT, officer and other conflict disclosures</td>
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<td>100%</td>
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<tr>
<td>HIPAA non-compliance resolved †</td>
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<td>N/A</td>
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<td>97%</td>
<td>96%</td>
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<tr>
<td>Employees do not fear retaliation †</td>
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<td>N/A</td>
<td>96%</td>
<td>97%</td>
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<td>Compliance hotline calls</td>
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<td>100%</td>
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<tr>
<td>Compliance/privacy dashboards †</td>
<td>Quarterly</td>
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<td>Issued</td>
<td>Issued</td>
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<td>Issued</td>
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</tbody>
</table>

* Board of Trustees  **Target = % published in 2011 Ethics Resource Center National Business Ethics Survey
† Indicates a voluntary measurement that is not mandatory by an external party or agency
Compliance

Operating in a complex legal and regulatory environment requires strict adherence to federal and state rules, laws and regulations. Failure to do so can lead to legal, financial and reputational harm, and can negatively impact patient care.

Oversight

The board’s Audit & Compliance Committee and senior leaders oversee compliance with laws and regulations that govern our industry and workplace. Each quarter, board members meet with the chief compliance officer, legal counsel and senior leaders to review our compliance dashboard of risk assessments, compliance issues and results.

<table>
<thead>
<tr>
<th>Agency/Regulation</th>
<th>Focus</th>
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<tbody>
<tr>
<td>Centers for Medicare &amp; Medicaid Services (CMS)</td>
<td>Participation in Medicare and Medicaid programs</td>
</tr>
<tr>
<td>The Joint Commission (TJC)</td>
<td>Accreditation standards; safe practices; Centers of Excellence certification for specialty programs</td>
</tr>
<tr>
<td>Health Insurance Portability &amp; Accountability Act (HIPPA)</td>
<td>Privacy and security of patient information</td>
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<tr>
<td>Equal Opportunity Employment Commission</td>
<td>Non-discrimination in employment</td>
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<tr>
<td>Occupational Safety &amp; Health Administration (OSHA)</td>
<td>Workplace safety</td>
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<tr>
<td>State/local health departments</td>
<td>Standards for facilities, services, staffing</td>
</tr>
<tr>
<td>American Nursing Credentialing Center (Magnet)</td>
<td>Nursing quality</td>
</tr>
<tr>
<td>Blue Cross, Aetna, United Healthcare and Cigna</td>
<td>Centers of Excellence certification for specialty programs</td>
</tr>
</tbody>
</table>
**Accreditation**

Texas Health voluntarily seeks accreditations to drive program quality and service. Annual compliance and internal audit work plans validate the effectiveness of internal controls. Over the past decade, all hospitals have consistently achieved full accreditation by The Joint Commission, and have complied with laws and regulations.

**Additionally:**
- Ten hospitals earned Magnet or Pathways to Excellence status, which recognizes health care organizations that provide the very best in nursing care.
- Nine hospitals attained Cycle III Chest Pain Center accreditation (the highest possible).
- Seven hospitals are accredited as a Primary Stroke Center.
- Four hospitals have Acute Heart Failure accreditation.

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**Results**

<table>
<thead>
<tr>
<th>Process</th>
<th>Target</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tbody>
<tr>
<td>Accreditation/Licensure</td>
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<td>TJC/CMS accreditation review</td>
<td>Full</td>
<td>Full</td>
<td>Full</td>
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<tr>
<td>State - TSHS* licensure</td>
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<td>Issued</td>
<td>Issued</td>
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<td>Magnet/Pathways to Excellence †</td>
<td>Achieved</td>
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<tr>
<td>CAP/CLIA** †</td>
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<tr>
<td>AHRP/ACGME*** reviews †</td>
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<td>Health care Service/Safety Risk Management</td>
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<tr>
<td>Patient safety - SALTs**** monitored</td>
<td>100%</td>
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<td>100%</td>
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<tr>
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<td>CMS national voluntary</td>
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<td>100%</td>
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<tr>
<td>Charity and community benefit report †</td>
<td>100%</td>
<td>100%</td>
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<td>100%</td>
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</tbody>
</table>

† Indicates a voluntary measurement that is not mandatory by an external party or agency
* Texas Department of State Health Services
** College of American Pathologists Laboratory Accreditation Program and Clinical Laboratory Improvement Amendments
*** Alliance for Human Research Protection and Accreditation Council for Graduate Medical Education
**** Safety Action Learning Tool
Texas Health strives to be recognized nationally as an excellent and innovative health care system that provides integrated, coordinated care across the continuum. Putting patients first and improving their health outcomes is helping us achieve this goal. Some of the key strategies we deployed to advance patient care in 2013 include:

• Creating the Texas Health Population Health, Education & Innovation Center to increase our focus on innovation, research and well-being.

• Partnering with Blue Cross and Blue Shield of Texas, Cigna and Aetna to create Accountable Care Organizations (ACOs) that will improve health care quality while reducing costs.

• Delivering all evidence-based care appropriate for patients’ diagnoses 96 percent of the time.

• Significantly expanding our continuum of care service offerings.

• Improving patient satisfaction scores, ranging from 4 percent to 25 percent in the inpatient, outpatient, emergency department and ambulatory surgery settings, since 2012.
Introduction

It is an exciting time to be in health care. Reform is challenging, complex and at times controversial, but Texas Health is taking this opportunity to transform from a hospital system to a health care system by caring for people before, during and after they need a hospital or outpatient center.

We have spent the past several years laying the foundation for this transformation. We are intentionally and strategically connecting with those who are helping us design and deliver the best continuum of care possible. These include:

- Our employees, to identify the tools and training they need to provide exceptional and compassionate care.
- Our communities, to help them change unhealthy lifestyles before they develop into chronic conditions.
- Our patients, to identify and provide the most appropriate care when, where and how they need it, along with tools to help them stay well and assess their existing health status.
- Medical researchers and technologists, to revolutionize how we treat our patients.
- Our peers, to learn from the success and mistakes of those who have gone before us.
- Our network of collaborators, to raise the bar on the care we deliver and the value we provide.
- Our payers and insurers, to create a payment and reimbursement model that will financially sustain us both.
- Legislators, to gather the support we need to care for those who can’t care for themselves.

In the following sections, you can read about the progress we made in 2013 delivering quality care, keeping patients safe and satisfied, expanding our health service offerings and leveraging technologies to improve operational efficiency and health outcomes.
Patient Experience

As a faith-based nonprofit, Texas Health is in the business of caring for those in need. We put patients at the center of everything we do. Delivering innovative and compassionate care, communicating clearly and helping navigate the steps involved in patient care not only earns us their trust, but also improves their health, and lowers readmissions and costs.

We designed our Service Excellence strategy based on evidence-based tactics that have the greatest impact on patient satisfaction, including:

- Identifying and meeting patients’ needs from initial intake through discharge.
- Monitoring patients’ care, condition and questions through regular clinical and leadership rounding.
- Providing system leaders and staff with coaches who advise on evidence-based tools, tactics and techniques that improve the patient experience.
- Developing a plan of care that collects, documents, evaluates and transmits patient and provider goals to caregivers at other health settings.
- Capturing and resolving patient complaints.
- Alerting entity leaders when satisfaction is declining based on comments submitted through the Press Ganey patient satisfaction process.

We improve patients’ experience by seeing them promptly, treating them correctly, preventing hospital-borne infections and ensuring they fully understand how to care for themselves at home.

Additionally, we use the Hear, Empathize, Apologize, Respond and Thank (HEART) model to immediately address service failures and identify opportunities for improvement. Unresolved issues are escalated to managers or reported to designated committees for review and resolution.

Outpatient Willingness to Recommend

In 2013, we began using an online tool, MyRounds, which enables unit leaders to record patient interactions each day. Monthly report cards are giving us better insight as to where and how often patients are being engaged, and the level of their satisfaction with Texas Health.

Our goal is to achieve and sustain top decile performance in patient satisfaction by 2016. To date, we have steadily improved scores as evidenced by survey results from the Centers for Medicare and Medicaid Services’ (CMS) Hospital Consumer Assessment of Health Care Providers and Systems (HCAHPS). Press Ganey benchmarks these scores, enabling us to compare against similar organizations.

In 2013, we improved patient satisfaction systemwide 14 percent. Scores improved from 4 percent to 25 percent in the inpatient, outpatient, emergency department and ambulatory surgery settings in one year. Engagement scores by hospital can be found here. In 2014, we plan to roll out the Service Excellence program in Texas Health Physicians Group.

SNAPSHOT: Innovating to Improve Patient Satisfaction

Prior to opening its doors, Texas Health Harris Methodist Hospital Alliance put innovative clinical and operational improvements in place based on patient and peer feedback and industry best practices. These are helping the hospital boost both patient and employee satisfaction by:

• Optimizing logistics for staff to deliver linens, oxygen and other items following patient admittance. Nurses no longer coordinate these activities, which enables them to focus more on patient care.

• Enabling patients to control room temperature, order food, have a paper delivered, look up their medical records or perform other tasks through a tablet computer. The tool frees up clinicians' time to focus on patient monitoring and requests.

• Installing digital signs outside each room to alert clinicians of food or drug allergies, personal medical requests, fall risk or dietary restrictions. Care and community benefit.
Clinical Quality
Texas Health’s ability to fulfill our mission and preserve our reputation is based on providing high-quality care that is evidence-based and scientifically sound. After all, it is our medical expertise, innovation of care and history of success that earns patient trust and increases referrals.

Since our inception, we have sought to deliver care that is evidence-based and scientifically-sound. After all, it is our medical expertise, innovation of care and history of success that earns patient trust and builds our referral network.

Driving Innovation
We help advance clinical quality in part by the Texas Health Research & Education Institute (THRE), an independent, nonprofit organization within our system. Accredited by the Association for the Accreditation of Human Research Protection Programs, THRE enables thousands of physicians and their clinical teams to receive training that supports patient safety and quality initiatives. In 2013, THRE offered more than 900 continuing medical education activities to Texas Health physicians and clinicians.

To respond to the changing health care environment, THRE is increasing its focus on innovation and becoming part of our newly developed Texas Health Population Health, Education & Innovation Center. The Center also will house the functions of Population Health Management, Performance Improvement, Quality and Safety, Community Health Improvement, and Diversity and Inclusion, as well as Health Informatics.

SNAPSHOT:
Innovating in Population Health
Texas Health created the Population Health, Education & Innovation Center in 2013 to identify, develop and implement strategies and policies to bring a full continuum of population health services to North Texas. The center’s objectives are to:

• Align clinical, operational, research and educational strategies to improve community health.
• Facilitate collaboration with community health partners to prevent chronic disease and improve patient well-being.
• Share best practices and lead physician-directed population health initiatives.
• Promote patient-centered practices that emphasize caring for the body, mind and spirit.
• House research and medical education activities as well as technology initiatives for interdisciplinary clinical research, analytics, predictive modeling, data management and remote patient monitoring.
• Coordinate community health and faith-based outreach activities.

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Texas Health is collaborating with physicians, commercial insurers and employers to develop an accountable care model that not only cares for people when they are ill, but also focuses on keeping people healthy and out of the hospital.

Facilitating a Continuum of Care

The need to manage patient care outside the walls of Texas Health facilities creates new opportunities for collaboration with physicians, clinics and primary care providers. We have been transforming our model of health services to one that is based on a physician-directed, care-team approach, which is designed to keep people healthy and out of hospitals except when they are acutely sick or injured.

As part of this process, Texas Health is aligning core competencies with services to provide the highest quality of care in the areas in which we excel. As a result, we are building a clinician network of size, scale and capability to manage all lives for which we are accountable.

Currently, we are redesigning our care management process to help patients receive the care they need at 30, 60 and 90 days following hospital discharge. We also plan to add more clinical nursing leaders at each hospital in 2014. They will supervise multidisciplinary care teams.

In 2013, we signed agreements with Blue Cross and Blue Shield of Texas, Cigna and Aetna to form Accountable Care Organizations (ACOs) that organize health care teams around patient needs in an effort to provide sustainable care, improve quality and reduce costs.

Additionally, we collaborated with Healthways, Inc., a national well-being solutions provider, to:

- Improve efforts to identify inpatients most at-risk for readmissions, and align inpatient and post-hospital care teams around their needs.
- Establish a Blue Zone Project with the city of Fort Worth. Blue Zones are community well-being improvement initiatives designed to make healthy choices easier through permanent changes to environment, policy and social networks. These communities provide residents access to life-enhancing elements that aid in prevention and overall well-being, such as sidewalks, safe neighborhoods, healthy food and medical care.

SNAPSHOT: Preventing Issues Before They Arise

In our busy lives, it is easy to delay routine health screenings - from blood sugar monitoring to mammograms to colonoscopies. To remind patients to get the care they need when they need it, Texas Health appointed Population Health navigators to help close gaps in care.

Working with care managers, the navigators routinely monitor higher-risk patients’ charts to flag overdue or upcoming procedures. They then contact patients to schedule appointments or to resolve any barriers to completing procedures. Taking this extra step can reduce or eliminate hospital readmissions and aggravated health conditions.
Texas Health forges numerous partnerships to expand our continuum of care and creates additional care facilities of our own.
Texas Health also forged numerous partnerships to expand our continuum of care and created additional care facilities of our own. These include:

- Texas Health Harris Methodist Hospital HEB’s Cancer Center to provide oncology-related outpatient services.
- Texas Health Presbyterian Hospital Dallas’ comprehensive cancer center to provide chemotherapy, radiation, an outpatient pharmacy, imaging and dietary education.
- Texas Health Outpatient Center Willow Park, a freestanding emergency department, fitness center and medical office building that houses cardiac rehabilitation, behavioral health, physical therapy, laboratory services, advanced imaging and a chronic disease management program.
- Cooper Aerobics Center at Texas Health Outpatient Center Craig Ranch to offer behavioral health care services.
- Texas Health Arlington Memorial Hospital’s medical office building to provide cardiac services, cancer treatment, orthopedic services and a senior care clinic.
- Texas Health Behavioral Health Center Uptown Dallas to offer comprehensive behavioral health care services.

**SNAPSHOT:**

**Texas Health Physicians Group**

Texas Health Physicians Group (THPG) enhances Texas Health’s ability to serve patients throughout their lives by meeting their changing medical needs and requirements.

By aligning closely with all types of physicians, THPG strives to improve quality and outcomes through better coordination of care, from prevention and wellness programs, to acute care, long-term and hospice care. It is an integral part of our strategy to become an integrated provider and coordinator of care, and to transform the delivery of health care in North Texas.

THPG not only is helping to sustain the financial viability of Texas Health, but also is transforming the way primary care is organized and delivered. For example, 26 of its practices earned recognition by the National Committee for Quality Assurance as a Patient Centered Medical Home, which:

- Meets rigorous standards for addressing patient needs.
- Facilitates partnerships between patients and their personal physicians.
- Makes treatment decisions based on individual preferences, and often involving the family.
- Offers after-hours or online access to provide support when needed most.
- Measures results for continuous improvement.

Following the retirement of former THPG President Dr. Michael Stoltz in 2013, THPG introduced the first slate of its new leadership model. Dr. Shawn Parsley was named president, Dr. Adam Myers was appointed chief medical officer and James Parobek was named senior vice president of operations.

**Established:** 2009  
**Scope:** 840+ physicians, physician assistants, nurse practitioners and medical professionals  
**Services:** Primary and specialty practices; ancillary services include sleep lab services, infusion services and diagnostic imaging  
**Locations:** 230+ in Collin, Dallas, Denton, Johnson, Parker and Tarrant counties
• Texas Health Harris Methodist Hospital Azle’s walk-in care clinic to offer acute primary care services to patients without appointments or who cannot pay.
• Texas Health Presbyterian Hospital Plano launched a new Women’s Health Connection Nurse Navigator to help patients identify personal risk factors for cancer, diabetes, heart disease and other age-related illnesses.
• Texas Health Presbyterian Hospital Denton hosted A Matter of Balance, a free, eight-week community course focused on managing concerns about falling and improving mobility in adults over age 60.
• Texas Health Harris Methodist Hospital Alliance opened a new imaging center to give women in north Fort Worth and surrounding areas more resources for maintaining and improving breast health.
• Texas Health Harris Methodist Hospital Fort Worth’s Wellness for Life mobile health program brought health screening services to businesses, community events and residents in underserved communities in Tarrant County.

In the coming year, we will deploy a physician-directed Medicare health model to five North Texas communities. It will include gerontologists, advanced practice nurses, social workers, nutritionists and behavioral health services for Medicare-eligible patients.

SNAPSHOT: Screening Prospective Partners for Excellence

When Texas Health began expanding our continuum of care, we knew we wanted to offer patients the ability to receive follow-up care in the comfort of their homes. With 1,600 home health providers in the Dallas-Fort Worth Metroplex alone, we sought to work closely with agencies who voluntarily provide quality data and information regarding services and outcomes.

We asked agencies to respond to a comprehensive questionnaire, and submit Medicare health process and outcomes data to provide the most complete information for caregivers and patients to consider when making post-acute care choices, such as home health and other services.

We developed a user-friendly online dashboard to integrate the data provided about the agencies. This dashboard provides key information that will help patients make informed decisions in consultation with their caregivers.

SNAPSHOT: Comprehensive Diabetes Care Initiative

Every year, more than 30,000 people are admitted to Texas Health hospitals for inpatient diabetes care. To address this growing health problem and reduce variances in how we deliver diabetes care, we teamed with Healthways to improve diabetes management through best practices, innovative programs and standardization of care throughout our system.

After meeting with an inpatient work group to solicit their feedback on how we could improve care delivery, we created a systemwide Comprehensive Diabetes Care Initiative to improve community education, advance treatment options and improve coordination of care between hospitals and other health providers. We want every patient, no matter where they are seen, to receive the same advanced evidenced-based care.

As part of this effort, we developed a diabetes education curriculum that we rolled out to 6,200 nurses. We also appointed diabetes resource teams in each hospital to serve as information resources for other clinical staff. Each Texas Health facility also offers diabetes patients ongoing support and education to help them manage their disease more effectively and to keep their health care costs down.

To reach physicians, we appointed a physician education taskforce for hospitalists, who see 80 percent of diabetes patients. The taskforce created evidence-based presentations on such topics as diabetes, oral glycemic agents and insulin that other hospitalists could view on demand. Additionally, we standardized physician order sets to provide consistent and expedited care orders once diabetes was diagnosed.

In the community, we appointed an outpatient work group to engage and educate primary care physicians in our six American Diabetes Association-certified outpatient centers about our updated diabetes curriculum, presentation and order sets.

“This initiative will help us lessen the burden of diabetes on our communities while creating a more standardized and integrated experience for our patients,” said Elizabeth Ransom, M.D., FACS, executive vice president and North Zone clinical leader.
Our Patients

SNAPSHOT: Improving Community Well-Being

The 2013 Gallup-Healthways Well-Being Index report found the Dallas-Arlington-Fort Worth area ranked 61st in overall well-being out of 189 major metropolitan areas across the country. The Metroplex also scored poorly in healthy behaviors (lifestyle habits such as eating well, exercising and stress management), ranking 143rd nationally and sixth in Texas. The state of Texas ranked 27th among U.S. states.

“What's important is to look at these numbers and begin the dialogue about how we become healthier, not just in terms of lack of disease, but in improving our physical, mental and social well-being,” said Dr. Daniel Varga, chief clinical officer of Texas Health. “We believe that people with higher well-being aren't simply healthier. They contribute more to their communities and they're more productive at work. They also have lower health care costs.”

The Index found that the higher a state scored on overall well-being score, the lower its obesity rate. Residents of states with high overall well-being grades also tended to smoke less and exercise more. Those people also had lower blood pressure and were less likely to have diabetes or suffer heart attacks.

Texas Health has a 10-year partnership with Healthways to provide the tools necessary for doctors, hospitals and residents of North Texas to measurably improve their health and well-being. In 2013, we launched a free online tool based on the Gallup-Healthways Well-Being 5™ assessment to help our communities measure their overall well-being.

The well-being score measures the whole person, including sense of purpose, social connections, financial security, community relationships and physical health. Looking at each of these elements as a whole can determine people’s overall well-being and help them develop an improvement plan.

Five Elements of Well-Being

- Sense of purpose: Liking what you do each day and being motivated to achieve your goals.
- Social connection: Having supportive relationships and love in your life.
- Financial security: Managing your economic life to reduce stress and increase security.
- Relationship to your community: Liking where you live, feeling safe and having pride in your community.
- Physical health: Having good health and enough energy to get things done daily.
Reducing Readmissions

As we take greater responsibility for community health, we help patients navigate the next health care steps once they have been discharged from the hospital. Hospital readmissions typically increase when patients do not understand how to manage their condition, do not adhere to discharge instructions or fail to receive timely physician follow-up.

Our relationship with Healthways allows us to identify patients with heart failure who are at risk for poor self-management and readmission. Transition coaches assess patients’ risks and identify their unique needs beginning in acute care. They then plan for follow-up and consultation with the patient, family and physicians.

While not all readmissions are preventable, the Centers for Medicare & Medicaid Services (CMS) estimate that up to 79 percent could be. Under the Affordable Care Act, CMS instituted a Hospital Readmissions Reductions Program that began withholding up to 1 percent of a hospital’s reimbursements in 2013 if it had too many patient readmissions within 30 days of discharge because of heart attack, heart failure or pneumonia. By 2015, CMS will increase that penalty to 3 percent and expand the program to include other medical conditions.

In 2013, CMS charged 2,213 U.S. hospitals about $280 million in readmission penalties; 169 of these hospitals were located in Texas. At Texas Health, eight of our hospitals reduced their penalties, four experienced no change and six forfeited some reimbursements. Overall, our readmission rates fall below the national mean and our median readmission ratio has steadily improved over the past four years.

Effective coordination of care after patients are discharged can improve quality and patient safety, lower costs, improve patient outcomes and help prevent costly readmissions.
SNAPSHOT:
Guiding Patients through the Health Care Maze

Patients who are newly diagnosed with a serious or chronic health issue, or facing a long recovery from an injury or illness, can be overwhelmed. Remembering which care provider to see and when, and what paperwork needs to be filled out and shared with whom, adds more anxiety to an already stressful situation.

After identifying care transition as an opportunity to improve, Texas Health Physicians Group launched a Patient Navigator program to help patients find and receive the supplemental health services they need. From coordinating appointments, sending medical records, arranging for translators, assisting with paperwork to keeping patients and their families apprised, these navigators play a crucial role in helping patients receive timely care – which ultimately boosts their satisfaction and health outcomes.

THPG’s navigators process an average of 30,000 referrals each month, and continuously monitor which providers patients see and why. They also follow-up with patients to confirm they are receiving the care and attention they need. In 2013, they assisted nearly 250,000 patients.

“I love that our patients get very personal attention and know exactly who they are going to see and when – often even before they walk out of the office,” said one THPG physician.

Improving Performance

Continuous performance improvement – both clinical and operational – is a key strategy for Texas Health. We know we must design and deploy innovative care models that measurably improve patients’ quality of care, health and well-being. To accomplish this, we review industry benchmarks, set performance goals and monitor how well we:

- Provide access to care and how fast we treat patients.
- Provide the right care in the right place at the right time by the right provider.
- Communicate health and treatment information.
- Deliver and comprehend clinical training.
- Perform against core clinical measures.
- Avoid readmissions or hospital-acquired infections.
- Effectively transition patients within and across care settings.

In 2013, we appointed performance improvement zone directors to prioritize projects and initiatives. Many of the team’s project managers are Lean Six Sigma yellow, green and black belts, while others are certified in project management or health care quality. They focus on designing clinical work processes and systems to intentionally achieve the outcomes Texas Health desires.

To identify areas of underperformance and opportunity, clinical and operational leaders routinely review performance metrics and patient satisfaction data at the unit, hospital, zone and system levels. If necessary, they charter a taskforce to create and deploy actionable processes for improvement.

Better practices are shared across the system, posted on our intranet and showcased at our annual Quality Conference. Texas Health has been working with the Center for Transforming Healthcare since 2012 and consulting with other high-performing health care systems to learn additional best practices.

*Lean Six Sigma is a managerial concept that provides a disciplined, data-driven approach and methodology for eliminating organizational waste and defects.*
The Affordable Care Act seeks to improve the value of care, while lowering costs. To achieve this, the government provides financial reimbursements or penalties based on how hospitals perform against quality measures.

Quality Measurement & Reporting

Texas Health strongly supports evaluating the care provided by our staff to confirm we are following best practices and identifying improvement opportunities. We assess clinical performance primarily by:

1. Participating in the Premier Health Alliance QUEST project\(^1\) to measure and compare how frequently we deliver evidence-based care in a safe, effective and efficient environment against other hospital and ambulatory settings.

2. Monitoring how well we prevent or treat heart attacks, heart failure, pneumonia, blood clots, hospital-acquired infections and strokes against standards (core measures\(^2\)) developed by the Joint Commission and the Centers for Medicare & Medicaid Services (CMS).

By using and sharing best practices, increasing how often patients receive evidence-based care and reducing variations systemwide, Texas Health is reducing variation across our hospitals, advancing clinical quality and maximizing reimbursement. Our overall appropriate care score quantifies how often we provide patients with every evidence-based practice suggested for their disease type. In 2013, 96 percent of patients across the system received the evidence-based care appropriate for their diagnosis.

Transparency

Texas Health recognizes that patients expect to know whether or not a provider delivers exceptional care prior to receiving services. By making data publicly available, we empower patients to make informed decisions to actively participate in their care, which improves their satisfaction and health outcomes.

In April 2014, Texas Health published detailed comparison information about the quality and safety of our medical care in the **Quality and Safety Report to the Community: A Transparent Report Card from Texas Health Resources.** We are being forthcoming with this data because as a faith-based, nonprofit health care system and a community resource, we believe that consumers should know how we are performing. We know that transparency also drives continuous performance improvement through accountability.

\(^1\) The QUEST collaborative is a group of 350 high-performing U.S. hospitals working to reduce mortality, harm, readmissions and cost of care.

\(^2\) The Centers for Medicare & Medicaid Services' core measures evaluate clinical performance and financially compensate hospitals for above-average work.
Recognition for Quality

Several Texas Health hospitals were recognized in 2013 for their quality of care:

Texas Health received the Texas Award for Performance Excellence from the Quality Texas Foundation for being a role model organization that demonstrates exceptional performance in all areas of organizational management.

Texas Health Harris Methodist Hospital Fort Worth earned the Consumer Choice Award from the National Research Corporation for the 18th consecutive year.

Four Texas Health hospitals achieved top performance in at least four of six areas of care in the Premier health care alliance’s QUEST: High Performing Hospitals collaborative.

Texas Health Harris Methodist Hospital Southwest Fort Worth earned Quality Respiratory Care Recognition from the American Association for Respiratory Care for delivering respiratory care consistent with national standards for the fourth consecutive year.

Texas Health received the 2013 Richard A. Norling Premier Alliance Excellence Award for its leadership in accelerating care quality and cost improvements among the nation’s largest collaborative network of health systems.

Texas Health hospitals in Arlington, Azle, Bedford, Kaufman and Rockwall were recognized as Top Performers on Key Quality Measures® by The Joint Commission for exemplary performance in using evidence-based clinical processes that are shown to improve care.

Caregivers in the neurological intensive care unit at Texas Health Harris Methodist Hospital Fort Worth received the Bronze Beacon Award for Excellence from the American Association of Critical-Care Nurses for successfully developing, deploying and integrating best practices for quality care of patients and families.

U.S. News & World Report ranked four Texas Health hospitals among the best in the Dallas-Fort Worth area in the 2013 Best Hospitals metro-area rankings.

Texas Health Harris Methodist Hospital Azle was named a Top 100 Hospital in the nation, and among only nine in Texas by Truven Health Analytics for delivering high-quality care while improving efficiency.
Our Patients

SNAPSHOT: A Leader in Behavioral Health

To help those struggling with behavioral health issues and reduce their suffering, Texas Health created a standardized and exemplary behavioral health program focused on treating the whole patient. It has been integrated into our continuum of care and expanded to 15 locations throughout the Dallas-Fort Worth Metroplex.

“We offer the most extensive behavioral health programs in North Texas,” said Ramona Osburn, senior vice president of behavioral health for Texas Health. “Our programs and facilities have been very successful. In fact, many facilities are at capacity.”

Each facility provides a variety of services and some also have specialty services. Patients are directed to the facility that can best address their issue, such as inpatient, outpatient, senior care, adolescent treatment, substance abuse, eating disorders or depression. Additionally, Texas Health Behavioral Health provides mobile assessment services to all of the system’s emergency departments to assess patients for behavioral health issues.

To better serve the population of North Texas, Texas Health Behavioral Health opened a call center that receives an average of 2,500 calls per month. The call center handles physician referrals and connects patients, families, physicians and clinicians to behavioral health resources. About 90 percent of people who contact the call center are scheduled for complimentary assessments.

Texas Health Behavioral Health is able to keep a pulse on emerging behavioral health issues by working closely with community organizations and specialists. Through community feedback, we have addressed the need for specialty programs such as chronic disease and medical comorbidity outpatient programs, bullying and cyberbullying workshops for schools and parents, and lesbian, gay, bisexual and transgender outpatient programs.

In 2013, Texas Health partnered with the University of Texas Southwestern Medical Center to provide depression screening technology to integrate behavioral health into primary care. Also during the year, Texas Health Seay Behavioral Health Hospital Plano partnered with Cooper Fitness Center at Craig Ranch to create an integrated wellness center as the relationship between physical and mental health is key to total well-being.
Texas Health is committed to the health and safety of our patients. We work tirelessly to refine our practices, reduce risks, and promote a safe treatment and healing environment, while aligning our patient safety goals with the goals of the Joint Commission.

Considering the following statistics, it is incumbent on not only Texas Health, but the entire health care industry, to help ensure patients are not further harmed while under our care:

- More than 500,000 falls happen each year in U.S. hospitals, resulting in 150,000 injuries.\(^{13}\)
- One in 20 patients contract hospital-acquired infections.\(^{14}\)
- Medication errors harm an estimated 1.5 million Americans each year, resulting in 220,000 to 440,000 deaths and billions in additional medical costs.\(^{15}\)

To address our key patient requirements of heal me and keep me safe, we designed and deployed key patient safety strategies that are described as follows.

### Patient Safety Observations

Texas Health turned to nuclear power engineers to help us improve our patient safety observation program because they are the most experienced in monitoring and managing exceptional safety risks. They advised that to achieve optimal performance, our clinicians must pause and consider each action they take when interacting with a patient.

Every year, we formally conduct weeklong observations in each health setting to assess highly reliable processes that keep patients safe. For example, we monitor how often clinicians wash their hands, correctly identify patients, assess patient needs or verify the correct surgery site. This helps us improve health outcomes, and identify best practices and communicate opportunities for improvement.

### Safe Surgery Initiative

The World Health Organization’s Safe Surgery Initiative calls for clinical teams to take a timeout immediately before surgery to confirm a patient’s identity, the procedure to be conducted, location of surgical site and any unique patient needs. By following these critical steps, we can reduce avoidable risks.

### TeamSTEPPS

Every wholly owned Texas Health hospital implements TeamSTEPPS,\(^{16}\) a nationally recognized program to strengthen teamwork and communication among health care workers. Since implementing this program, communication failure has dropped.

We increase caregivers understanding of patients’ medical history and treatment plans by:

- Using electronic health records and other technology to securely review patient records remotely or from a smart device.
- Facilitating the transfer of patient treatment information to other facilities as appropriate.
- Deploying advanced practice nurses into patients’ homes when a follow-up visit to the physician’s office cannot be scheduled shortly after discharge from the hospital. Evidence shows this reduces the likelihood of readmission.
We use bar-coded medications and smart IV pumps to verify that patients receive the correct medication.

Bar-coded Medication Verification

Medication administration errors can put patients at risk of adverse reactions or even death. In response, Texas Health implemented a system-wide program called Bar-coded Medication Verification that helps clinicians verify if the right patient received the right medication at the right dose via the right route at the right time.

All medications are bar-coded either by the manufacturer or by the hospitals' Pharmacy Department. Prior to administering, caregivers scan the patient’s armband and then the barcode. Our electronic health record immediately verifies if it is the correct medication. If a discrepancy occurs, the caregiver is alerted so the process can be stopped and corrected. Since deploying this technology in 2011, we have reduced medication errors by 50 percent.

Clarity of Care

In today’s fast-paced world, people can simply forget to communicate or muddle the messages they send. For health care organizations, communication lapses can put patients’ health at risk. That’s why it is critical for our clinicians to effectively communicate with each other and patients to convey important information – at shift change, upon discharge or anytime when uncertainty exists.

We use both formal and informal methods to identify patients’ requests and quality of care standards. These vary from discussing treatment plans and ways we can improve, to requesting that our 24-hour interpretation service delivers clear and accurate information to non-English speaking patients. Health system leaders also make rounds to assess whether caregivers are meeting communication expectations.

Additional Safety Initiatives

Texas Health takes additional precautions to protect patients from harm including:

- Assessing skin breakdown and intervening to prevent pressure ulcers.
- Implementing evidence-based practices to prevent central line infections.
- Identifying why and where falls occur, as they are the most frequent cause of patient injuries while in a hospital.
- Reviewing and administering influenza and pneumococcal vaccinations.
- Requiring annual influenza vaccinations for all employees.
- Reducing elective inductions\(^\text{17}\) before 39 weeks gestation to reduce pre-term births and improve perinatal care.
- Reducing hospital-acquired infections and dangerous blood clots.
- Using smart pumps for intravenous administration of medications and fluids, which provide an added level of safety. They work together with bar-coded medication verification to avoid serious human errors.

These patient safety initiatives have helped us achieve internal targets on our safety goals.\(^\text{18}\)

\(^{17}\) Aligns with the March of Dimes prematurity campaign, and our own commitment to reducing low birth weight babies, C-sections and medical expenses in this setting.

\(^{18}\) The Joint Commission’s 15 National Patient Safety Goals are designed to ensure safer care and better patient outcomes. The TJC independently assesses how well health care organizations adhere to its goals, and accredits and certifies those that do.
Health Information Technology

At Texas Health, health information technology (HIT) is woven into every aspect of patient care and helps us provide a continuum of care. Our $200 million electronic health record, CareConnect, is the foundation for patient care, safety, quality and efficiency. It is being used to:

- Gather clinical business intelligence to support accountable health initiatives and reduce health care costs.
- Reduce mistakes, make more efficient use of resources, and control and secure access to information.
- Provide computerized physician order entry, clinical decision support systems, bar-coding and closed-loop medication administration technologies. It also provides prompts, alerts, protocols and checklists to standardize performance, and reduce errors and duplication of services.

In 2013, Texas Health:

- Developed the technological infrastructure needed to collect, analyze and share patient data with physicians to help them better manage the overall health of patient populations.
- Incorporated outpatient facilities into the electronic health record system.
- Enabled patients to access their hospital records in a secure manner from home.
- Created a microsite on TexasHealth.org to direct patients and residents to government Health Insurance Marketplaces to help them enroll in a health insurance policy as mandated by the Affordable Care Act.

Also during the year, we began the transition process from the International Classification of Diseases (ICD) 9 coding system of diseases, symptoms and causes that is used internationally to classify morbidity and mortality data for health statistics and for reimbursement. The new ICD 10 system will have approximately 141,000 diagnosis and procedures codes – which will produce better data for quality measures, research, monitoring, performance and reimbursement – when it is rolled out by the federal government in 2015.

In 2014, Texas Health plans to roll out a Health Information Exchange (HIE) to provide a secure and cost-effective vehicle for exchanging health information among health providers. It will connect with the North Texas Accountable Healthcare Partnership’s HIE. This will improve the delivery of patient care through the secure, rapid electronic transfer of health information that gives treating providers a more complete picture of their patient’s health record.
Texas Health Resources’ employees are committed to delivering innovative and compassionate care. We take steps to recruit and retain the best people, improve workplace satisfaction, provide learning opportunities and recognize exceptional contributions. Some of our 2013 achievements include:

- Receiving the Best Employers for Healthy Lifestyles gold award from the National Business Group on Health.
- Being named a 2013 Best Places to Work in the large company category by the Dallas Business Journal and one of America’s Top 150 Workplaces by WorkplaceDynamics.
- Retaining more nurses, allied health workers, support staff, managers and employed physicians than 2012.
- Boosting employee empowerment by 13.4 percent since 2008.
- Enhancing physician communication and engagement to facilitate their participation in key strategic and operational decisions. Physician engagement scores have increased every year since surveying began in 2010.
Our People

Texas Health Resources (Texas Health) can only fulfill our Mission to improve the health of the people in the communities we serve through the dedication and expertise of the people who serve our patients every day. Our more than 22,600 employees, physicians, medical staff and volunteers embody the caring and compassionate values that make Texas Health one of the best health systems in the nation and one of the largest employers in North Texas.

Being a great place to work is important to us. Our benefits, compensation, recognition and development programs are thoughtfully designed and managed to support the Texas Health Promise: Individuals Caring for Individuals, Together®, which is the foundation of our culture.

Recruitment

Texas Health is committed to hiring diverse, compassionate and innovative caregivers who deliver quality patient care and help us evolve as a health care organization. Our workforce planning initiative helps us hire the right people in the right way, at the right time and in the right position. It also enables us to:

- Anticipate hiring needs, and appropriately prepare to fill any vacancies or new positions.
- Proactively plan to avoid staffing shortfalls or a surplus.
- Assess the supply of existing and future personnel who meet position-specific skill and competency requirements, and exhibit our Mission, vision and values.
- Keep a laser-like focus on retention.

Since the market for health care services and talent in North Texas is very competitive, we must be deliberate and fact-based in our approach. We hire and promote selectively, pay competitively, recognize the achievements of our people, and provide opportunities for educational and clinical development for career progression.

Our employee referral program encourages employees to refer friends or former colleagues for employment at any of our facilities, and our recruiters make it a top priority to pursue these leads. Since the launch of the program in 2000, we have filled more than 17 percent of open positions annually through employee referrals.

Like most health care organizations, Texas Health faces a shortage of qualified talent in nursing, case management, rehabilitation services and other clinical roles. Thoughtful workforce planning and competitive employment programs enable us to recruit and retain those who can continue providing quality patient care, improve patient satisfaction and make Texas Health the health care provider of choice in the communities we serve.

Additional challenges we face include:

- Changing patient demographics and community health needs (e.g., chronic disease management and health literacy, awareness and navigation) that require innovative approaches and advanced education from our people.
- A constrained fiscal environment that impacts our ability to increase compensation to the point of market differentiation and provide unlimited development opportunities.
- Heightened competition for a shrinking pool of highly qualified candidates pursuing health care-related careers.
- An aging workforce; many employees in critical roles are expected to reduce work hours as they approach retirement.
To stay competitive, Texas Health is deploying a multipronged strategy that includes:

<table>
<thead>
<tr>
<th>Approach</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive workforce planning program</td>
<td>Identifies capacity and capability needed to meet our goals; includes a forecaster tool to balance workforce demand and capacity</td>
</tr>
<tr>
<td>Planning and budgeting analyses</td>
<td>Narrows talent acquisition strategies to meet short- and long-term demand</td>
</tr>
<tr>
<td>Promoting and hiring diverse leaders</td>
<td>Better reflects our changing community demographics</td>
</tr>
<tr>
<td>Academic partnerships and scholarships</td>
<td>Encourages students to enter the field of health care</td>
</tr>
<tr>
<td>Tuition reimbursement</td>
<td>Encourages employees to pursue clinical degrees</td>
</tr>
<tr>
<td>Help create associate, bachelor and master’s degree programs</td>
<td>Boosts recruitment and development of nurses</td>
</tr>
<tr>
<td>Improving recruitment efficiencies</td>
<td>Improves candidate and hiring manager satisfaction, reduces time to fill positions and lowers replacement costs</td>
</tr>
<tr>
<td>Online behavioral self-assessment, behavioral interviews and behavioral reference checking</td>
<td>Ensures candidates meets cultural fit assessment and provides a 360-degree view of the candidate in order to hire top talent</td>
</tr>
<tr>
<td>Promote jobs to employees, and via advertising, social media, networking and recruiting events</td>
<td>Attracts potential new staff</td>
</tr>
<tr>
<td>Recruit locally and broaden searches only when warranted</td>
<td>Maximizes a workforce representative of the communities we serve</td>
</tr>
</tbody>
</table>

Texas Health deploys a multipronged strategy to attract the best talent to stay competitive.
Progress Being Made

We measure our recruitment processes against regional and national benchmarks for efficiency and effectiveness. We make course corrections as needed based on monthly data and quarterly detailed reviews with hiring leaders.

Key achievements made in 2013 include:

- Integrated workforce planning with strategic planning efforts, which helps us evaluate long-term employee supply and demand.
- Continued evaluating the flight risk of current top and significant performers in hard-to-fill, critical positions.
- Enhanced programs to engage and attract physicians, primarily to gather their feedback on ways to improve clinical care.
- Deployed an online training tool for hiring managers that enables them to access interview and assessment tools and guidance, among other related recruitment modules, conveniently from our intranet.
- Created a way to conduct 360-degree cultural fit assessments of job candidates to know earlier whether they are the right fit for Texas Health. Now, candidates, references of their choosing and our hiring managers can complete behavioral assessments on such traits as values, customer service skills and dependability – entirely online.
- Achieved a 92.8 percent offer acceptance rate systemwide. Our time-to-fill rates increased due to a more competitive marketplace and the staffing and opening of a new hospital.

In 2014, Texas Health plans to:

- Comply with amendments to two labor laws: the Veterans’ Readjustment Assistance Act and the Rehabilitation Act of 1973. Both prohibit federal contractors from discriminating in employment against protected veterans and individuals with disabilities, respectively. They also require employers to take affirmative action to recruit, hire, promote and retain veterans and people with disabilities.
- Improve recruitment efficiency by proactively identifying promising passive candidates – those not actively seeking a new job – through networking events, social media channels and cold calling.

### External New Hires

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allied health</td>
<td>208</td>
<td>187</td>
<td>210</td>
<td>222</td>
</tr>
<tr>
<td>Entry level</td>
<td>893</td>
<td>1,060</td>
<td>1,100</td>
<td>1,023</td>
</tr>
<tr>
<td>Office and clerical</td>
<td>476</td>
<td>471</td>
<td>551</td>
<td>641</td>
</tr>
<tr>
<td>Professional</td>
<td>332</td>
<td>354</td>
<td>448</td>
<td>503</td>
</tr>
<tr>
<td>Rehab services</td>
<td>69</td>
<td>67</td>
<td>82</td>
<td>55</td>
</tr>
<tr>
<td>Nursing</td>
<td>925</td>
<td>953</td>
<td>1,162</td>
<td>1,025</td>
</tr>
<tr>
<td>Technicians</td>
<td>320</td>
<td>319</td>
<td>482</td>
<td>479</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,223</td>
<td>3,417</td>
<td>4,035</td>
<td>3,948</td>
</tr>
</tbody>
</table>
When we give employees a sense of purpose, recognition for a job well done, opportunities to learn and meaningful professional relationships, they help us achieve great things.

**Retention**

Employee retention, a key indicator of workforce capacity, is also a Texas Health key performance indicator and a strategic focus throughout our system. We recognize that engaged employees – those who are committed to and satisfied by their work – perform better and seek ongoing improvement.

Texas Health strives to preserve our reputation as a best place to work and retain the brightest talent in the region. With an aging workforce and an intense competition for skilled employees, we deploy a variety of retention strategies across the system. These include:

- Teaching new employees on their first day about our culture and performance expectations, the role their team plays, and how they can personally contribute to our success.
- Giving managers the tools they need to help new hires assimilate quickly, create strong working relationships and establish a plan for professional development.
- Appointing experienced workers to precept and mentor recent graduates and new employees.
- Offering competitive pay and rewarding long-term employees with greater benefits.

We track employee retention, assess employee feedback and meet with high-performers who voluntarily leave the organization to identify potential issues. We use this feedback to make course corrections and craft improvement plans as needed.

While workforce reductions are rare, we make it a priority to match affected employees with other positions available throughout our system that are best suited to their qualifications and interests. We also provide placement assistance and severance pay. If rehired within six months, impacted employees receive full credit for prior service.

In 2013, we deployed an online tool called MyResignation to streamline the resignation process. The web-based system automatically provides employees with important information such as outstanding payroll balances, impact to benefits (including retiree benefits eligibility), a brief confidential exit survey and company property acknowledgement.

MyResignation also provides employees with all the information needed to understand how a resignation will affect their benefits and their paycheck. Managers immediately receive an email notification of the resignation and are prompted to approve it online.

**Performance**

Over the last few years, Texas Health has steadily improved our retention rates. Overall retention has reached the PwC Saratoga top decile benchmark for management and physician groups, and has improved for the allied and support staff since 2011. Retention of nurses also has remained stable.

Our efforts to centralize and standardize recruitment have produced consistently lower vacancy rates than the local market.
In 2013, we reduced our vacancy rate from 4 percent in 2012 to 3.8 percent. Fewer registered nurses also left the organization (4.2 percent) compared with 7.8 percent locally. Additionally, 93.8 percent of employees said they would “recommend this organization to a friend as a great place to work,” up from 80.6 percent in 2010.

In coming years, we plan to:

- Complement our national, state and regional recognition for being a great place to work by pursuing recognition from the Fortune 100 Great Places to Work.
- Improve successful retention of employees by active listening, engaging employees in their work and developing programs to continually improve workplace satisfaction.
- Continue to develop the technical and team skills of allied health and nursing professionals to improve the health of the community.
- Improve recruitment efficiency by proactively identifying workforce gaps and developing strong candidate pipelines through a variety of sources.
- Continue partnering with community resources including educational, workforce development and health care associations to advance common employment goals in North Texas.
- Enhance manager skills in selecting top talent and improve our on-boarding practices for new employees to drive alignment to our culture and improve first-year retention.

### Recognition

In recognition of our retention initiatives, Texas Health received the following workplace honors in 2013:

- “Best Places to Work” award from the Dallas Business Journal
- Distinctive Workplace Award® from Press Ganey Associates, Inc. (based on 2012 performance)
- One of America’s Top 150 Workplaces by WorkplaceDynamics

### Retention by Segment

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>0.890</td>
<td>0.885</td>
<td>0.866</td>
<td>0.876</td>
<td>0.882</td>
</tr>
<tr>
<td>Nursing</td>
<td>0.888</td>
<td>0.884</td>
<td>0.877</td>
<td>0.874</td>
<td>0.882</td>
</tr>
<tr>
<td>Allied</td>
<td>0.929</td>
<td>0.913</td>
<td>0.910</td>
<td>0.917</td>
<td>0.923</td>
</tr>
<tr>
<td>Clinical</td>
<td>0.898</td>
<td>0.892</td>
<td>0.887</td>
<td>0.878</td>
<td>0.891</td>
</tr>
<tr>
<td>Non-clinical/support</td>
<td>0.875</td>
<td>0.870</td>
<td>0.825</td>
<td>0.872</td>
<td>0.863</td>
</tr>
<tr>
<td>Management</td>
<td>0.914</td>
<td>0.917</td>
<td>0.894</td>
<td>0.906</td>
<td>0.907</td>
</tr>
<tr>
<td>Non-management</td>
<td>0.888</td>
<td>0.882</td>
<td>0.864</td>
<td>0.873</td>
<td>0.880</td>
</tr>
<tr>
<td>Employed physicians</td>
<td><strong>0.929</strong></td>
<td><strong>0.927</strong></td>
<td><strong>0.938</strong></td>
<td><strong>0.842</strong></td>
<td><strong>0.904</strong></td>
</tr>
</tbody>
</table>
Learning and Development

Texas Health believes that employees want to succeed at work, understand their roles and how they can make a meaningful contribution – and they want to excel and be rewarded for their effort. We know that stimulated employees improve organizational health, which is why we make considerable investments in employee development.

Development Systems

Our learning and development systems balance organizational, site and individual development needs, and engage and align the workforce with our performance expectations and organizational goals.

Throughout 2013, our senior leaders invested hundreds of hours to determine ways Texas Health can advance our learning and development programs. We organized a systemwide group of employees representing educators and other stakeholders. They held a series of discussions, performance improvement workouts and strategic brainstorming sessions on how to improve educational alignment and access, while reducing costs.

Texas Health Resources University™

We identified a critical need to strengthen the alignment of our learning and development systems with Texas Health’s business strategy. We conceptualized a corporate university and decided to change the name and structure of Texas Health’s Center for Learning & Career Development – which offers more than 4,000 courses and development programs that support evidence-based practices – to Texas Health Resources University (THRU) in 2014.

THRU aims to deliver higher-quality, more consistent and targeted education and development programs systemwide, while reducing costs. Three dedicated service lines will develop high-performing individuals, teams and our organization. THRU will roll out several key initiatives, the most visible of which will be:

- Centralizing orientation and onboarding.
- Creating a System Education Resources Team.
- Ensuring broader access to education by all entities.

SNAPSHOT: Development Strategies

To improve the skills and competencies of our employees, Texas Health:

- Ensures employees work in the right setting to fully utilize their talents and expertise.
- Provides innovative tools to help them succeed.
- Develops our people to serve as organizational leaders or specialists.
- Builds trust and collaboration among teams.
- Promotes our reputation and brand for being a great place to work.
- Ensures workforce alignment and clarity with our strategic plan.
Other Programs

Additional ways Texas Health facilitates professional development include:

- Offering preceptorships, residency and leadership programs.
- Reimbursing tuition to encourage employees who want to continue their formal education.
- Providing career/academic counseling and leadership forums to help staff advance as they desire.
- Encouraging and subsidizing specialty certification, participation in career ladders (e.g., Nurse Career Advancement Program) and membership in professional organizations.

Development Programs by Type

<table>
<thead>
<tr>
<th>Group</th>
<th>Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders</td>
<td>• Receive training in key leadership behaviors to help them prioritize projects. • Participate in our Leadership Continuity and Growth Program to develop and strengthen competencies to address core services, strategic challenges and achievement of action plans. • Attend our one-year Talent Academy to participate in strategic capstone projects and formal mentoring.</td>
</tr>
<tr>
<td>Physicians</td>
<td>• Develop leadership, operational and strategic skills through our partnership with the American College of Physician Executives. • Offer more than 900 continuing medical education activities and symposia that meet state medical requirements through the Texas Health Research &amp; Education Institute.</td>
</tr>
<tr>
<td>Nurses</td>
<td>• Earn specialty certification through our Nursing Career Advancement Program or through memberships in professional organizations. In 2013, we standardized stroke training to improve patient outcomes.</td>
</tr>
<tr>
<td>Allied health</td>
<td>• Can join our Youth Prodigy Program, which targets high school graduates who have an interest in pursuing registered nursing and allied health careers. • Learn from the best with our Grow Our Own academic program, which partners with local colleges and universities to create a pipeline of qualified clinical professionals. The Texas Health Foundation offers scholarships to cover students’ tuition costs in an effort to increase enrollment, which has increased participation.</td>
</tr>
<tr>
<td>students/employees</td>
<td>In 2013, we launched a series of interprofessional clinical practice workshops to improve communication and patient safety, as well as web-based continuing education opportunities.</td>
</tr>
<tr>
<td>New hires</td>
<td>• Participate in system, entity and department-specific orientations to learn more about our patient-focused culture, workplace safety and security, code of ethics, legal and ethical policies, and job-specific requirements. • Are taught by leaders how their individual job responsibilities support our mission, vision and strategy. • Adjust to their new jobs through formal mentoring and clinical preceptor programs led by experienced employees.</td>
</tr>
<tr>
<td></td>
<td>In 2014, we plan to standardize our one-day new hire orientation to ensure consistent training and information is delivered systemwide.</td>
</tr>
</tbody>
</table>
Career Progression
To help employees determine if they are in the right job based on their values and interest, we launched a career navigator program in 2013. It provides employees with hands-on support in identifying their career goals and job values in alignment with organizational goals.

Succession Planning
Our chief executive officer (CEO) and Executive Committee members participate in succession planning and in the development of future organizational leaders. Additionally, the Board of Trustees’ Governance Committee manages succession planning for the CEO and his direct reports. They also develop their own board leadership continuity and growth plans, advise on upcoming known or likely vacancies and provide recommendations for recruitment based on competencies.

Officers identify high-potential staff, including physician leaders, through personal observation and evaluation of skills/abilities. They also periodically conduct flight risk assessments to facilitate and prepare identified successors for key positions.

In December 2013, Texas Health CEO Doug Hawthorne announced he would step down by the end of 2014. Doug has dedicated more than 43 years to improving the health of the people in the communities we serve.

Performance Monitoring
We believe it is important to adjust programs as necessary to enhance our viability and competitiveness, and to help ensure learning supports our business strategy. Caring for an aging, diverse population, complex health conditions, advances in medical technologies and treatments, and the numerous implications of the Affordable Care Act have required us to continually refine our development programs.

To achieve this, we solicit feedback from coaches, preceptors, health system leaders and employees. We also evaluate learning effectiveness through skill demonstrations, checklists, job aids, trainer check-offs, exams, surveys, focus groups and interviews. In 2013, we developed a performance journal to capture real-time feedback on development events and offerings.

Additionally, Texas Health conducts performance reviews at least annually to evaluate operational effectiveness, pinpoint opportunities for improvement, and to verify that employees are adhering to certification and licensing requirements. Service Excellence coaches routinely share improvement opportunities and patient feedback to address performance gaps as well.

Physician performance relative to key clinical metrics is also reviewed on an ongoing basis. They must complete a formal credentialing process every two years and Texas Health Physicians Group’s doctors receive an annual performance review.

Unsatisfactory performance is elevated to an entity’s medical staff credentialing committee and if needed, to the entity’s board of trustees. In 2014, we plan to standardize the learning and development evaluation processes across the system.
Compensation and Benefits

Texas Health’s competitive compensation and benefits packages are tangible evidence of our investment in the professionals who help us achieve our mission. They are designed to help employees take care of their body, mind and spirit, today and in the future.

Compensation

We assess industry and market standards to keep employees’ salaries competitive and reward exceptional performance with higher pay or bonuses.

Executive compensation is determined with input from our Board of Trustees’ Executive Compensation and Benefits Subcommittee, Governance Committee and external consultants. They review and update compensation every one to three years in accordance with industry and market standards. In 2013, the board also established a Physician Compensation and Transaction Subcommittee to support our evolving physician integration.

Benefits

Texas Health tailors medical benefits to the needs of our diverse workforce. We pay more than 80 percent of insurance premiums and scale employees’ costs based on their salary level to make health coverage even more affordable. We also subsidize health plan costs for older workers moving from full- to part-time status.

Our 401(k) retirement plan increases to match years of service, which gives us a competitive advantage in the marketplace. Additionally, we offer unique employee benefits, from on-site child care services and discounted fitness centers, to chapels in each hospital to employee discounts on various products and services, such as vacations or pet insurance.

Our benefits have been recognized by both employees and external entities, and contribute to our high employee retention rate. We regularly re-evaluate offerings, monitor employee feedback and conduct market analyses to make sure salaries and benefits remain competitive. In 2013, we:

• Continued to keep our benefits costs low, which helped strengthen the system’s financial
• Increased employee satisfaction with our compensation and benefit packages.
• Add monetary incentives for employees’ spouses to complete the health assessment and annual wellness exam.

In coming years, we plan to add domestic same-sex/domestic partner coverage as well as the Walkingspree program, a workplace wellness initiative designed to increase walking and reduce health costs. We will provide employees with a free Fitbit® Zip to wirelessly track their walking (market value of $60) and will compensate them $25 per quarter for walking an average of 6,000 steps a day. Finally, we plan to modify our recognition program to allow employees to accumulate points when they are recognized for outstanding performance.

Total Rewards

We are committed to a market based pay-for-performance compensation program. We continually leverage performance management tools to identify and develop high-potential talent, and recognize and reward significant performance.
Employee and physician engagement and satisfaction are critical to fulfilling Texas Health’s mission, vision and values, and for achieving our strategic objective of becoming nationally recognized as an excellent and innovative health care system of choice.

We believe that highly engaged and satisfied employees and physicians work together to comfort and provide care to our patients. We invest in building stronger relationships with our workforce, as human connection invites collaboration and teamwork, and improves patient care.

**Voice of the Workforce**

We foster a culture that supports employee engagement and satisfaction by:

- Continuously seeking employee feedback through annual surveys and informal listening.
- Conducting senior leader listening rounds that provide leaders and employees another opportunity to engage in discussions about their work environment.
- Partnering with managers to implement action plans that make Texas Health an even better place to work and serve our patients.
- Recognizing excellent performance, ideas or suggestions for improvement through our Applause! and other recognition programs.
- Offering an employee grievance program that helps employees solve problems with the help of specially trained coaches.

We leverage multiple communication channels to engage employees through dialog and other communication initiatives. This helps us discuss the roles employees play, how they can meet expectations, improve their performance and fulfill our vision for the future.

<table>
<thead>
<tr>
<th>Engagement mechanism</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-person meetings, forums and conferences</td>
<td>Share ideas, best practices, concerns and feedback</td>
</tr>
<tr>
<td>Intranet</td>
<td>Share company news and program highlights</td>
</tr>
<tr>
<td>Social media</td>
<td>Engage with various stakeholders, including patients and prospective employees, on <a href="#">Facebook</a>, <a href="#">Twitter</a>, <a href="#">YouTube</a>, <a href="#">Google+</a> and <a href="#">Pinterest</a></td>
</tr>
<tr>
<td>Surveys, focus groups, quick polls, rounding, town halls and exit interviews</td>
<td>Reveal how clinicians, staff, patients and physicians rate their satisfaction and engagement with Texas Health, and evaluate the effectiveness of communication approaches</td>
</tr>
<tr>
<td>“Mail to the Chief” email box</td>
<td>Enable confidential feedback to be sent to our CEO</td>
</tr>
<tr>
<td>Texas Health Now</td>
<td>Allow Texas Health’s CEO and other senior leaders to discuss strategic initiatives and progress toward goals each quarter during a live video broadcast with employees</td>
</tr>
<tr>
<td>Face to Face</td>
<td>Provide a walking tour and the opportunity to discuss key issues with Texas Health’s CEO, who annually meets with front-line employees and patients at each hospital</td>
</tr>
</tbody>
</table>
Monitoring Feedback
Texas Health evaluates employee engagement through verbatim survey comments, exit interviews and other feedback mechanisms. In 2013, we deployed an innovative text analytics tool to identify themes and sentiments from surveys to help us better understand why our employees felt the way they do and how we could address areas of concern.

We learned, for example, that trust is not developed by how managers manage, but how they interact personally with employees. In response, we developed a Fuel by Feedback program to examine the behaviors of top-performing managers to help other supervisors build trust and improve engagement with their direct reports. This program will be launched 2014.

To benchmark satisfaction and engagement performance, we use a national survey administered by Press Ganey21, as it allows for comparisons against organizations outside Texas Health offering similar services. Our goal is to rank in the 90th percentile or better, which we achieved in 2013 for nursing, allied health and administrative professionals.

Our overall partnership score (a combination of overall satisfaction and engagement) was 81 percent, up 7.3 percent since 2010. Our overall employee engagement score was 81 percent and 90.2 percent of employees reported being satisfied with Texas Health.

Physician Engagement
Enhancing physician communication and engagement was a key focus for Texas Health in 2013 to help improve and facilitate physician participation in key strategic and operational decisions. We enhanced our physician portal, CareGate, to keep physicians informed and to provide real-time, user-friendly access to data and information.

Physician liaisons also were appointed to educate and build relationships with referring physicians. For the first time, Texas Health began assessing physician engagement to understand and address areas of importance. Engagement scores exceeded many Press Ganey benchmarks. In 2014, we plan to gather engagement survey results from employees, physicians and volunteers to gain significantly more insight into engagement trends, issues and opportunities for improvement.

SNAPSHOT: Excellence in Employee Engagement
Press Ganey awarded its 2013 Beacon of Excellence AwardSM to Texas Health Presbyterian Hospital Dallas for high levels of employee engagement over three years. The 2013 Guardian of Excellence AwardSM was given to these hospitals for reaching the 95th percentile in employee engagement:
- Texas Health Center for Diagnostics and Surgery Plano
- Texas Health Harris Methodist Hospital Southlake
- Texas Health Organization for Physicians
- Texas Health Partners
- Texas Health Surgery Center Denton

2 Press Ganey is an organization that supports health care providers in understanding and improving the entire patient experience.
Managing health, safety and security risks is the only long-term solution to controlling medical plan costs and boosting productivity.

**Occupational Health and Safety**

Texas Health invests in programs, policies and tools to keep employees free from harm and illness while at work. Their protection so they can effectively deliver better care to our patients and communities.

**Safety**

Texas Health takes a comprehensive approach to providing a safe operating environment and preventing accidents. Employees are most at risk from harm due to unsafe lifting of patients, falls, strains, sprains, and exposure to medical waste and chemicals.

**Prevention**

Our safe workplace policy is designed to create an environment free from violence, threats and harassing behaviors. We also:

- Invest in safety controls and devices, and develop procedures for employees to follow that reduce risks.
- Provide new hire safety orientation and annual safe workplace training for employees, who are required to score 80 percent or higher to perform their work. Programs include how to safely dispose of medical waste, lift and transport patients, use personal protective equipment, safely store and use chemicals, and prevent workplace violence, among others. In 2013, we updated and deployed hazardous communications training to comply with new Occupational Safety and Health Administration (OSHA) regulations.
- Evaluate whether employees have the physical ability to perform their jobs safely, or reassign duties as needed.
- Establish threat management teams in each entity to prevent workplace violence. In 2013, we initiated an active shooter response training to better prepare employees on what to do in an event.

**SNAPSHOT:**

**Reducing Back Injuries**

Patient lift injuries were the third most common employee injury in 2013, resulting in more than 1,600 days away from work and costing Texas Health nearly $500,000.

Texas Health Harris Methodist Hospital Fort Worth has a no-lift floor. Lift equipment and devices must be used to transfer and reposition patients, helping avoid the injury risk of manual lift. Caregivers are trained and required to use the equipment, which is strategically placed for them to easily access.

Before the no-lift unit was established, there was an average of five injuries every 18 months. Now only one no-cost injury has been reported – in seven years. We encourage more employees to use lifting technology to reduce injuries to both them and their patients, as well as to reduce claim costs.
• Monitor and discuss employee safety and injuries at Environment of Care committee meetings.
• Distribute newsletters to promote safety messages systemwide.
• Hire employee nurses who are experienced in occupational health management to provide resources and education.
• Employees in clinical areas are required to complete annual safety surveys and have a visit with their Employee Health department to confirm they can perform their jobs safely.

**Inspection**
Across the system, we continuously monitor those employees with the greatest exposure to communicable diseases, blood and bodily fluids, and hazardous materials, as well as the frequency of reportable injuries and illness. We also:

• Conduct annual medical surveillance assessments for high-risk areas.
• Complete biannual safety tours in clinical areas and annually in non-clinical areas to identify potential worksite hazards.
• Have employees report incidents and near-misses to Employee Health.
• Track employee injuries to help us identify injury trends.
• Complete physical environment surveys annually to identify potential issues and maintain compliance with regulatory standards in life safety, emergency management and Environment of Care.

Additionally, we conduct annual inspections that include performance elements mandated by the Joint Commission, National Fire Protection Association, Food and Drug Administration and OSHA. These inspection reports, along with results from our workers’ compensation insurance carrier, are reviewed by senior leaders and entity safety officers.

**Analysis and Recovery**
Multidisciplinary committees at each entity routinely review safety data to evaluate potential hazards, identify improvement needs and analyze injury frequency, cost and severity. In select cases, we perform root cause analyses of safety events. This analysis informs systemwide decision-making and the implementation of corrective actions.

For example, data showed we needed to create a safe lift program to reduce injuries for patient care employees, and change footwear requirements to reduce falls for environmental and dietary staff.

**Progress Being Made**
Texas Health’s goal was to reduce slips, trips and falls by 5 percent in 2013, which we did not achieve. We developed a Slip Trip Fall Prevention Program and are working to reduce these incidents 10 percent in 2014.
Since 2005, Texas Health has reduced the frequency of work-related injuries (31 percent fewer claims per employee) and the severity of injuries (70 percent reduction in cost per employee)\(^\text{22}\). Our lost time incident rate was 1.4 in 2013, which surpassed the OSHA industry benchmark of 1.5. Additionally, our workers’ compensation incidents dropped nearly 13 percent from 1,729 incidents in 2005 to 1,511 in 2013. Costs incurred in premiums, fees and claims dropped nearly in half from $5.2 million to $2.7 million during that same timeframe.

Looking ahead, we will:
- Continue to integrate entity and systemwide management of safety issues.
- Re-engage employees about consistently reporting safety incidents to improve our learning and response.

### Health and Wellness

Our communities look to Texas Health for guidance and inspiration in adopting a healthier lifestyle, so improving health begins with us. We take innovative steps to inspire change in the way employees think about their own health, and implement behavior interventions that improve quality of life over the long term.

We also design our risk-reduction programs based on thorough reviews of claims data, health risk assessments and population health trends. In 2013, we made available a personal care manager to high-cost claimants\(^\text{23}\) to help improve their health outcomes.

Our award-winning Be Healthy employee wellness program is designed to motivate employees to move from health awareness to action. It promotes the benefits of healthy lifestyle choices, and offers strategies and rewards to help employees make necessary changes that reduce risk factors and improve well-being. Participants have access to free or low-cost

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\(^{22}\) The frequency and cost data were incorrectly reported in the 2012 report.

\(^{23}\) Our high-cost claimants represent 1 percent of medical plan membership, but drive almost half the costs.
programs such as smoking cessation, weight loss support, diabetes management and fitness center memberships.

Additionally, we:

- Host free annual health fairs.
- Provide access to biometric testing and personal health coaching.
- Encourage exercise through free fitness challenges.
- Keep our campuses tobacco-free.
- Offer a menu of easily identifiable healthy food items to employees at a reduced cost.
- Deliver medical nutrition therapy and a personalized healthy eating plan to select employees.
- Offer financial incentives for completing mammograms, colon and prostate cancer screenings, and annual physical/well woman exams.

To assess workforce health, we track employee total health scores, data from medical claims, health risk assessments, employee health screenings, compliance with influenza vaccinations, the rate of avoidable admissions and employee risk levels over time. We then develop targeted interventions where needed, such as reducing incidence and cost of diabetes and high blood pressure to address the chronic burden.

These efforts have reduced the prevalence of obesity, smoking, high stress and other high-risk categories among our workforce. In turn, medical and pharmacy utilization has dropped, and our employee medical costs have increased only 24 percent from 2003 to 2013.

If we had experienced the marketplace average of 8 percent trend per year during that same time, our per employee per year cost would have increased 116 percent. Scores for healthy behavior, chronic burden, total health reduction and avoidable admissions have improved steadily since 2009.
Diversity

Different cultures vary in the ways in which health and illness are perceived and care is accessed, which is why caring for diverse patients requires a workforce that reflects the diversity of our communities and who can understand and meet patients’ needs.

Evidence shows that if we are able to communicate effectively in the languages of our patients, and provide individualized care that reflects cultural differences and health beliefs, we will not only provide a more welcoming environment – but also improve their entire health care experience and health outcomes.

For Texas Health, a strong commitment to affirmative action goals and equal employment opportunity is a sound business practice. We establish diversity-focused hiring goals through our affirmative action plan and grow our multicultural workforce by:

- Encouraging students from diverse ethnic backgrounds to enter the field of health care through scholarships, partnerships with local colleges and universities, and our “Grow Our Own” program.
- Providing multifunctional work teams with the tools and resources they need to understand cultural differences so that they can extend that knowledge to others in the care of diverse patient populations.
- Evaluating and evolving how we engage and strengthen our relationship with diverse employees each year.

Beginning at new hire orientation, our Diversity and Inclusion Department works to deepen employees’ awareness of their own diversity and the role they play in providing culturally competent care. Myers Briggs24 personality testing and training further enhance awareness of individual diversity and support interactions between diverse personality types.

Additionally, department members monitor emerging and/or special populations, and support entities and departments with developing the strategy and structure for diversity programs and services. Each entity has a Diversity Advisory Council and qualified bilingual interpreters to support its caregivers and patients as well.

In 2013, we increased the pipeline of Hispanic nursing and allied health professionals by 6.1 percent and hired 6.5 percent more ethnically diverse employees. Additionally, we created a language initiative for bilingual employees to help communicate

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### 2013 Demographics

<table>
<thead>
<tr>
<th>POPULATION</th>
<th>ALL EMPLOYEES</th>
<th>MANAGERS AND ABOVE</th>
<th>SYSTEM/HOSPITAL OFFICERS</th>
<th>BOARD OF TRUSTEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>22.9%</td>
<td>34.7%</td>
<td>51.6%</td>
<td>83.3%</td>
</tr>
<tr>
<td>Women</td>
<td>77.1%</td>
<td>65.3%</td>
<td>48.4%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Ethnic minority</td>
<td>39.1%</td>
<td>17.7%</td>
<td>11.1%</td>
<td>11.1%</td>
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<tr>
<td>Age &lt;30</td>
<td>15.9%</td>
<td>1.7%</td>
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<tr>
<td>Age 30-50</td>
<td>52.2%</td>
<td>49.1%</td>
<td>31.7%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Age 50+</td>
<td>31.9%</td>
<td>49.3%</td>
<td>68.3%</td>
<td>88.8%</td>
</tr>
</tbody>
</table>

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24 Myers Briggs offers tools to help understand personality types.
and interpret clinical and business interactions to patients who spoke 74 different languages other than English. Speaking in native languages helps us:

- Enhance the care provided.
- Promote medication knowledge, compliance and safety.
- Achieve better health outcomes for our patients.

We now have more than 100 qualified bilingual interpreters and hope to grow the program to address other interpretation requests at our hospitals.

Equal Opportunity and Human Rights

Our Promise of Individuals Caring for Individuals, Together® is based in part on the understanding that our employees are our most valuable asset.

Our core values and management philosophy are focused on respecting the dignity and well-being of those we employ and serve. This allows us to maintain employees’ morale, improve productivity and retention, and strengthen our ability to fulfill our mission.

Texas Health’s equal employment opportunity policy prohibits discrimination based on race, color, veteran status creed, disability, genetic information, religion, gender, gender identity and expression, age, national origin, sexual orientation or marital status. We provide advancement opportunities to all individuals, and base decisions on performance, qualifications, experience, skills and abilities.

We train leaders and employees on our ethics and workplace standards to emphasize that they abide by our values. Noncompliance will result in corrective action, which may include termination. Human resources and legal personnel monitor and address reported issues.
Recognition

When employees exceed our expectations and shine as examples to others, it helps fulfill our mission. Texas Health uses a variety of methods to recognize employees and reinforce their contribution to the organization. They, in turn, are more inclined to deliver superior performance.

For achieving select key performance indicators, employees can receive annual financial bonuses through our Success Sharing program. Executives also are eligible for cash awards for exceptional performance through our Officer and Senior Leadership Incentive Program.

All employees who are active in Texas Health’s wholly owned entities at the time of payout, meet requirements for number of hours worked, and are not included in other incentive plans (e.g., physicians under contract, participation in executive incentive plans) are eligible to participate in the Success Sharing program.

Our Applause! program is available for all employees to send thank-you cards and other rewards to facilitate both peer-to-peer and leader recognition of staff. We honor individual and team achievements at meetings, in written materials, at formal recognition events and appreciation days, and through gift cards. In 2013, we gave more than 65,000 Applause! thank you cards and awards that totaled more than $600,000.

Employees are recognized for community involvement, supporting diversity, improving patient safety and quality, service milestones, retirement, top performance and outstanding demonstration of our values.

<table>
<thead>
<tr>
<th>Reward &amp; Recognition</th>
<th>Employees</th>
<th>Physicians</th>
<th>Volunteers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applause!</td>
<td></td>
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<tr>
<td>Success Sharing</td>
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<tr>
<td>Be Healthy gift cards</td>
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<tr>
<td>Community Health Awards</td>
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<tr>
<td>Employee of the Year</td>
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<tr>
<td>Mosaic pin (diversity)</td>
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<tr>
<td>Quality Awards</td>
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<td>Nursing Excellence Awards</td>
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<tr>
<td>Graduation events</td>
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<tr>
<td>Length of service</td>
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<td></td>
<td></td>
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<tr>
<td>Professional recognition weeks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volunteer Week events</td>
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<td></td>
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<tr>
<td>Thank you notes</td>
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<tr>
<td>Living the Mission Award</td>
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<td></td>
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<tr>
<td>Helping Hands Award</td>
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<tr>
<td>Patient Safety Award</td>
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<td></td>
<td></td>
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<tr>
<td>Community Service Award</td>
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</tbody>
</table>
The mission of Texas Health Resources (Texas Health) is to improve the health of the people in the communities we serve. To achieve this, we provide a variety of health care services and programming that are designed to help people take charge of their health. This includes health education and outreach, and numerous well-being and health resources. In 2013, we:

- Completed a formal Community Health Needs Assessment to help us better understand the health status and needs of the communities we serve.
- Provided nearly $685 million, or $1.87 million a day, in charity care and community benefit, which exceeded state nonprofit requirements by about 20 percent.
- Conducted 9,536 free health screenings; provided education that reached 131,022 community members at 126 events and appointments; and hosted support groups attended by 1,577 people.
- Enabled employees to use more than 7,500 hours of paid Community Time Off to complete nearly 500 community service projects throughout North Texas.
Community Engagement

Texas Health has a strong philanthropic history and is proud of our employees and their commitment to give back to the community. Being a good corporate citizen is an important part of the way we do business as a faith-based, nonprofit health care system. We fulfill this by:

- Providing access to free or reduced-cost medical care and community health education.
- Promoting our paid time off employee volunteerism program.
- Leveraging our faith-based community partnerships and philanthropic resources to make a broader impact.

Outreach

To thrive, Texas Health must connect with and build strong relationships with a number of stakeholders who affect how we deliver care – from physicians to public health agencies, to policymakers and other health care focused nonprofits. Through ongoing dialogue, we improve our understanding of trends affecting health outcomes, service delivery results and costs of care.

To learn more about public health concerns and desired health services, we solicit input from community board of trustee members, community stakeholders and health councils, patient advisory councils and other forums. We share findings with our organization’s leaders so they can refine strategies and tactics to improve our programs and services.

As a member of local business, civic and industry groups, Texas Health is able to assess the most pressing health issues facing the communities of North Texas. This helps us identify strategic nonprofit partners and enables us to invest in critical programs and services our communities need most.

Texas Health employees, staff, volunteers, family and friends participated in American Heart Association Heart Walks, raising more than $600,000 for this worthy cause. We were the top U.S. health care fundraiser.

Click here to watch the video.
Faith and Spirituality Integration

As a faith-based health care system, Texas Health is committed to providing health care with respect for each person. We strive to provide health care services for the whole person – body, mind and spirit – and believe there is something greater than ourselves and medicine that can offer hope and healing to our patients.

We deliver care in many ways, being mindful of respecting and welcoming the diversity of religious faiths and the different ways people nurture their spirit. We provide spiritual support throughout our health system and also partner with North Texas congregations to extend this care into the communities we serve.

At Texas Health

Within our health care system, we offer:

Pastoral Care

Our Pastoral Care Department comprises about 35 full-time and 40 contract chaplains to help bring together the physical, emotional and spiritual components that are necessary for an individual to experience healing, health and hope.

Our chaplains provide spiritual care services to more than 100,000 patients, family members, hospital employees and medical staff members each year. Our on-site chapels and healing gardens also serve as a sanctuary for individual prayer and reflection for all faiths.

SNAPSHOT: Partnering to Care for Patients

Our chaplains are called to provide spiritual care in a health care setting. As board-certified chaplains, the Texas Health chaplains serve our patients 24 hours a day, seven days a week. They journey with patients, family and staff in the midst of fear, uncertainty, grief and loss.

Our spiritual caregivers also facilitate family meetings when difficult decisions must be made and offer comfort in times of distress. Chaplains also offer spiritual guidance, prayer and support to our clinical caregivers as they face complicated situations with their patients.

“As an oncology nurse, it can be very stressful,” said Tammy Quattrochi, a nurse at Texas Health Harris Methodist Hospital Hurst-Euless-Bedford. “Our chaplains come up on a daily basis and ask if there is anything they can do for us. Knowing that there are people at the hospital praying for me provides me support to be there for my patients. It’s great.”
Clergy Education
Texas Health offers a Clinical Pastoral Education program, which in 2013 was accredited by the Association for Clinical Pastoral Education, Inc., as a system program. Students annually participate in a residency program that helps them develop and enhance their pastoral and theological skills. They work at a Texas Health hospital during their study to learn from physicians, nurses and our chaplains how they can integrate the skills they form during the year of residency to better care for patients in a clinical setting.

Faith at Work
Texas Health’s faith-based values are woven into the cultural fabric at each of the hospital campuses. Each caregiver is encouraged to nurture their spirit and live out their faith at work. Our Faith and Spirituality Integration Cabinet reinforces our faith-based values and promotes values-based leadership to our entire workforce.

- To help employees integrate faith and spirituality and find ways to deliver compassionate care, we offer:
- Chapels in our hospitals to provide a quiet place to pray, worship, meditate and find serenity.
- Meditation gardens that provide a natural, sacred space to clear minds and be present in the moment.
- Chimes that remind staff to say a short prayer and invite them to see their work as holy as they care for themselves and others.
- The Texas Health Resources Prayer Book, which contains prayers from each of the world’s major faith traditions.
- Blessing of the Hands, a routine blessing event that recognizes the sacred work of all those who come to work each day.

Community Support
Texas Health extends our faith-based traditions into the communities we serve through community service, community health programs and by disbursing hundreds of millions of dollars in charity care to help our under/uninsured neighbors each year. We also advocate at the regional, state and national level for improved health care quality and accessibility.

Senior Chaplain Eric Smith and other spiritual caregivers support more than 100,000 people each year.

Faith Community Nurses Cassandra Howard, R.N.; Cheryl Mart, R.N.; Paula Miller, R.N. and Caryn Paulos, R.N., bring health guidance into faith congregations.
Some of our key community programs include:

**Faith Community Health**

Our Faith Community Health program works with partnering North Texas congregations to assist in identifying community health needs across the continuum of care. The comprehensive program, rolled out system-wide in 2013, incorporates Faith Community Nursing, Faith Community Health Promoters and clergy to promote health and healthy choices by educating the faith community about health services, wellness and disease prevention.

Faith Community Nurses and Faith Community Health Promoters also provide health promotion and education to assist faith communities to identify how they can improve the health of their members before, during and following a health event. This may include health fairs, hospital and home visits, educational programs, risk assessments and support groups.

**Attending Clergy Association**

As a nonprofit interfaith clergy organization within Texas Health, the Attending Clergy Association (ACA) enhances pastoral education for clergy, promotes physical, emotional and spiritual health in congregational and community settings, and links community clergy to members of the Texas Health care team.

For 20 years, Texas Health has been one of the few health systems in the nation that has offered a program to welcome community clergy as members of our healing team.

Today, about 350 spiritual leaders from various faith communities attend monthly educational opportunities to learn more about medical, psychiatric, pastoral and nursing care as a way to better understand what their congregants face while in the hospital. ACA members currently meet at Texas Health Presbyterian hospitals, but we are expanding activities to all wholly-owned hospitals within our system in 2014.

The ACA also hosts two annual events. The annual clergy/physician roundtable brings those two groups together around a topic of mutual benefit. The annual ACA symposium is open to North Texas clergy and health care professionals and features nationally recognized speakers in the field of medicine, faith and ethics.
Community Affairs
Texas Health’s Community Affairs team works to develop and maintain community partnerships with stakeholders whose mission, vision and values are aligned with ours. In cooperation with executive management, senior leadership and multiple System Services departments, our community investments help us fulfill our mission, preserve our nonprofit status, differentiate us from our competitors and allow us to improve the health of North Texans.

Strategy
We make investment decisions based on results of Texas Health’s Community Health Needs Assessment, which began in 2013 and will be conducted every three years. We also consult with local business groups, civic leaders and industry associations to gather additional perspectives on pressing community health needs and how we can best support them. Additionally, Texas Health funds community benefit grants, sponsors health programs and events, and offers a paid-time off employee volunteer program to make a more meaningful impact in North Texas.

Strategic Nonprofit Partners
To extend Texas Health’s culture across the care continuum and into the community, and to maximize our community benefit and resources to align with our core values, strategic objectives and identified community health needs, we strategically partner with other nonprofit organizations to make a greater impact. We select these partners based on their alignment with our mission, vision and values; community health improvement needs; and executive feedback. They also must meet one or more of the following focus areas:

- Health and well-being
- Disease prevention
- Health management
- Health disparities
- Health care education
- Diversity and inclusion
- Economic development
- Community building

Since 2011, Texas Health has partnered with the following organizations:

- **American Cancer Society** – Texas Health invests in cancer education programs and services that support uninsured and Medicaid patients in North Texas, including 16,000 minority group members.
- **American Diabetes Association** – Texas Health served as the three-year Lie Empowered Title Sponsor for all ADA African-American initiatives. Multiple faith-based, community programs focus on awareness, management and treatment of diabetes, physical activity and healthy eating.

Strategic Nonprofit Partners
Texas Health supports each through grants, sponsorships and employee volunteers. To date, we have provided more than $5 million to these organizations combined. Additionally, we support more than 200 national, state and local nonprofit and industry associations each year.
Texas Health sponsors the North Texas Go Red for Women campaign, supports AHA's Hispanic outreach initiative, Vestido Rojo, and provides health screenings. Our partnership with AHA gives us the opportunity to increase awareness about heart disease and support life-saving research.

Mar\ch of Dimes – Texas Health annually supports March for Babies, which raises funds for research, education and family support. We also provide community support for populations with disproportionate underserved health care needs through two prenatal education programs that operate at more than 30 sites across North Texas.

United Way – Each year, Texas Health employees raise funds for United Way’s Dallas, Tarrant and multiple surrounding counties’ annual giving campaign. In 2012, Texas Health also invested more than $540,000 (2012-2015) to the United Way Metropolitan Dallas’ Healthy Zone Schools Recognition Program, which focuses on preventing childhood obesity, nutrition and physical activity.

Each year, we review these organizations’ annual reports, expenditure of funds, and indicators of community impact to measure partnership effectiveness. Based on program evaluation, strategic alignment and overall stakeholder engagement, Texas Health will renew these same partnership agreements for 2014-2016.

SNAPSHOT: Expanding our Footprint Across our Multicultural Communities

The Dallas-Fort Worth population is becoming more diverse, which is why Texas Health established a Multicultural Growth & Innovation strategy to advance our system’s ongoing commitment to reach different cultures and communities. Currently, Hispanics represent one-third of the North Texas population and are expected to comprise almost one-half of the population by 2050.

We started a Hispanic Initiative to respond to this population’s unique health service needs. Texas Health’s Community Affairs team aligned strategically with this initiative in an effort to engage in deep and meaningful partnerships that further expand our footprint into the Hispanic community.

To make a greater impact, Community Affairs also has leveraged relationships with our strategic nonprofit partners. This effort includes:

- Collaborating with the American Diabetes Association to support diabetes prevention and education programs that target or serve Hispanic communities and faith-based organizations.
- Collaborating with the March of Dimes to support pre-natal education and prematurity prevention programs created specifically for Latino mothers.
- Hosting events with the American Heart Association to promote Go Red Por Tu Corazon and offer attendees free health screenings, as well as providing health and well-being educational resources.

A healthier Hispanic community means a healthier North Texas.
Memberships and Community Collaborations
Texas Health actively participates in more than 25 local, state and national health care industry associations including the American Hospital Association, Texas Hospital Association, Dallas-Fort Worth Business Group on Health and the Dallas-Fort Worth Hospital Council. We also are actively involved with several chambers of commerce, diversity councils and health care collaborations within our 16-county service area. This allows us to:

- Serve as active board and committee members.
- Participate in professional development and networking opportunities.
- Sponsor public policy, economic development and health care events.
- Engage the business community in major health care issues.
- Provide leadership in advocating for sound health care policy and legislation.
- Financially support regional economic development plans.
- Share best practices in health care research and innovation.

Community Involvement Programs
Texas Health is committed to investing in programs and services that help local neighbors improve their health. Managed and led by Community Affairs, Texas Health’s three signature community involvement programs are:

Texas Health Gives
Our signature employee giving and volunteering program, Texas Health Gives supports a number of worthy causes and nonprofit organizations that align with our mission, vision and values. Our employees not only give with their hands by volunteering, they also give from their hearts by contributing financially to multiple causes through our Community Employee Giving Campaign.

Texas Health Community Benefit Grants & Sponsorships
Through Texas Health Grants, nonprofit organizations can request a community benefit grant or event sponsorship support. To comply with federal and state community benefit requirements, Texas Health only funds programs that provide treatment and/or promote health in response to identified community health needs.

Priority funding and consideration are given to programs and activities that address Texas Health’s 2014-2016 identified community health needs: chronic disease prevention and management, and health awareness, literacy and navigation.
Volunteerism

Building stronger and healthier communities is our passion, which is why Texas Health encourages employees to contribute their time and expertise to help those who could use a lending hand.

From participating in community service projects, health education events, health fairs and screenings to delivering care support and other in-kind services, our employees have given 378,600 hours of their time to make a difference to our North Texas communities in the past three years.

Recognizing if each of our more than 21,100 employees would give just one day of service, Texas Health would be able provide an additional 168,800 hours of service a year – making an even more remarkable difference to the communities we serve. To encourage this level of involvement, our Community Time Off (CTO) program compensates every participating full and part-time employee for one regularly scheduled workday to provide community service.

Since 2006, participating CTO employees have volunteered more than 80,000 hours – a contribution valued at more than $2.65 million. In 2013 alone, they spent more than 7,500 hours completing nearly 500 community service projects.

Community Service Awards

Texas Health recognizes employees for their outstanding community service through annual Community Service Awards. Presented by our CEO, Doug Hawthorne, the award recognizes an individual, group or department for outstanding contributions. Winners also receive a $500 grant to donate to the nonprofit of their choice in our service area.

In 2013, Doug Hawthorne presented the award to an individual, group or department at all 14 of Texas Health’s wholly-owned hospitals. Some of the nonprofit beneficiaries included the American Cancer Society, American Red Cross, Open Arms Health Clinic and Hope’s Door.
Community Health Improvement and Community Benefit

Texas Health plays an integral role in helping our communities meet broader health and social needs. Not only is this central to our mission, but a requirement of our nonprofit status.

Community Benefit

Texas Health uses excess revenues made available via our tax-exempt status to support patients and the community in a variety of ways. Under Texas state law, we are required to allocate 5 percent of our net patient revenue to charity care and community benefit. Our “community benefit” support includes:

- Caring for and treating uninsured and underinsured patients. (Texas has the highest rate of uninsured people in the nation, at about 25 percent.25)
- Absorbing any medical costs that are not reimbursed from Medicare or Medicaid.
- Investing in community health initiatives through community benefit grants and sponsorships.
- Financing our internally-driven community health programs.
- Volunteering our employees’ time and resources to support worthy health-related causes.

Framework

To make effective use of our resources for community support, Texas Health established our community benefit framework based on national best practices from the Public Health Institute. The framework provides a quantitative approach to identifying key communities within our service area, aligning them with our hospitals and determining health needs.

In 2013, Texas Health provided nearly $685 million, or slightly less than $1.9 million a day, in charity care and community benefit, exceeding the nonprofit requirement by about 20 percent. We also exceeded our goal for each hospital to provide at least 1 percent of its net patient revenue in community benefit.26

While we provided $11 million more in community benefit over 2012, the total amount of charity care provided dropped by more than $100 million from 2012 to 2013 primarily due to a change in accounting principles, which removed patient bad-debt expense from the calculation of the cost to provide patient care. Under the previous calculation methodology, Texas Health would have reported nearly $828 million in charity care and community benefit.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
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<tbody>
<tr>
<td>Assessment/profile</td>
<td>Performance assessment of community health improvement at each hospital, including asset mapping of the community and secondary health data.</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Establish infrastructure with governance and operational standards for community health improvement at each hospital.</td>
</tr>
<tr>
<td>Community Health Advisory Councils</td>
<td>Appoint and engage internal and external stakeholders to help drive projects toward measurable and achievable outcomes.</td>
</tr>
<tr>
<td>Programmatic review</td>
<td>Assess projects and set priorities.</td>
</tr>
<tr>
<td>Strategy development</td>
<td>Develop three-year strategy at each hospital aligned with our Mission, Vision, Values and Promise and strategic plan.</td>
</tr>
</tbody>
</table>

25 2012 American Community Survey, U.S. Census Bureau
26 Per Texas state law, nonprofit hospitals are required to provide 5 percent of their net patient revenue in Total Charity Care and Community Benefit. Of that amount, 1 percent should support community benefit programs.
Programs

To identify and address unmet health needs, Texas Health’s Community Health Improvement team provides preventive wellness activities and services that promote good health, prevent disease, facilitate healthy lifestyle choices and treat illness early. We do this through the following programs:

- Child Automobile Safety Initiative
- Chronic disease self-management program
- Fall prevention
- Family violence prevention
- Gunnin scholarship
- Hand hygiene
- Health education
- Healthy Zone Schools

At the hospital level, Community Health Councils, comprising employees and local business and civic leaders, oversee these programs. Members analyze health data and existing programs to address risk areas, and establish improvement objectives and plans.
Community Health Needs Assessment

In response to federal health care reform, which required all nonprofit health care systems to evaluate the health status and needs of the communities they serve every three years, Texas Health completed a formal Community Health Needs Assessment (CHNA) in 2013.

For nearly a year, we collected, refined and analyzed vast amounts of quantitative and qualitative data from residents living in approximately 284 zip codes within 16 counties. The assessment enabled us to identify two key areas to address:

1. Chronic disease prevention and management.
2. Health awareness, literacy and navigation (i.e., having the knowledge and being able to understand your health; how to obtain, process and understand reliable health-related information; where to seek services; and how to navigate the health care system).

The assessment also helped us:

- Define gaps in community health so we may develop strategies to address them.
- Inform community members about health services and other resources that are available throughout the region.
- Develop partnerships and collaborations that will enhance the impact of select initiatives.
- Align sponsorship and charitable contributions more strategically.

Using CHNA findings, we developed strategies for each facility within our health care system to implement from 2014 to 2016. For example, we deployed Better Choices, Better Health®, an award-winning, evidenced-based chronic disease self-management program created by Stanford University’s School of Medicine. The six-week improves health statuses and teaches participants:

- Techniques to deal with problems such as frustration, fatigue, pain and isolation.
- Exercises for maintaining and improving strength, flexibility and endurance.
- Appropriate medication usage.
- Communication strategies with family, friends and health professionals.
- Sound nutrition.
- Decision-making tools.
- How to evaluate new treatments.

Each year, Texas Health hospitals will assess the health needs of their local communities to determine if changes are needed based on what the CHNA found. Moreover, our Community Health Councils will engage with external stakeholders to identify and prioritize actionable information in preparation for the next formal CHNA.
SNAPSHOT:
Fort Worth Becoming a Blue Zones® Community

To address societal well-being and community health from an innovative and holistic perspective, Texas Health partnered in 2013 with the city, Fort Worth Chamber of Commerce and Healthways, Inc., a Nashville-based provider of health-care solutions, to pursue Fort Worth's certification as a Blue Zones community.

Blue Zones areas are places where people live measurably longer, happier lives with lower rates of chronic diseases. The term comes from author Dan Buettner’s book, The Blue Zones: Lessons for Living Longer from People who live the Longest.

These communities are designed to make healthy choices easier through changes in environment, policy and social networks. Texas Health funded an initial $500,000 assessment to launch the initiative. Over the next five years, Texas Health will help create a healthier city that is more socially and physically engaged, saving Fort Worth an estimated $300 million in medical costs and $1 billion in lost productivity.

Power 9 Principles of a Blue Zone Community:
1. Move naturally (be active without having to think about it)
2. Know your purpose (know and be able to articulate your purpose in life)
3. Down shift (rest, take vacation)
4. 80% rule (stop eating when 80% full)
5. Plant slant (eat more veggies, less meat and fewer processed foods)
6. Wine@5 (one alcoholic beverage per day for those who have a healthy relationship with alcohol)
7. Right tribe (create a healthy social network)
8. Community (participate in a religious community of your choice)
9. Loved ones first (make family a priority)
Government Affairs & Advocacy

Texas Health Resources plays an active role in the public policy arena and advocates for enhanced health care delivery that strengthens our ability to improve the health of the people in the communities we serve.

Specifically, we strongly support efforts to increase the number of the insured, reward hospitals based on the value and quality of the care we provide, and focus on primary care, prevention and well-being. This helps us not only sustain our health care system, but individuals’ health as well.

Our advocacy efforts allow us to have a far greater impact on improving the health of the people in the communities we serve when we can maximize the impact of our programs, services and resources.

Advocacy also allows us to be more transparent and accountable to the communities we serve. It is more critical than ever that we demonstrate how we care for our patients. Our advocacy initiatives facilitate the removal of barriers and help us avoid setbacks, which can strengthen and advance our mission.

Engagement

As Texas Health engages our federal, state and local policymakers, we seek to:

- Identify issues and evaluate their impact on our organization.
- Develop our public policy priorities.
- Inform employees, physicians, trustees, volunteers, community partners and industry associations about important issues so they can help promote our public policy agenda.

- Organize grassroots advocacy with health system leadership and community organizations.
- Educate employees about the importance of civic engagement (e.g., voting).

Policies

Texas Health does not directly nor indirectly support or oppose any candidate for elective office, nor do we contribute to political campaigns or activities. Our Legislative Activities Policy mandates that all officers and employees adhere to all federal and state statutes, rules and regulations concerning legislative and lobbying activities. Our employees also cannot conduct personal political activities at work or on Texas Health property, nor can they be reimbursed for any political-related expenses.

Priorities

Every two years, Texas Health’s Government Affairs & Advocacy department develops the organization’s federal and state public policy priorities with input from board members, system and hospital leadership, industry trade associations and community stakeholders. Our public policy priorities for 2013-2014 focus on:

- Health care reform implementation
- Medicare and Medicaid
- Quality and patient safety
- Physician/hospital relations
- Workforce
- Insurance reform
- Accountability and transparency
- Trauma and emergency readiness
- Health information technology
- Medical liability and tort reform
- End-of-life care

2 The Texas legislature operates under the biennial system and convenes in odd-numbered years. The maximum duration of a regular session is 140 days, but the governor (under the state constitution) can convene the legislature for a “special session” if needed.
Memberships
Texas Health collaborates with trade associations, industry groups, our strategic nonprofit partners and other key stakeholders to maximize our effectiveness in the legislative and regulatory arenas. Our primary partners include:

- American Hospital Association
- Premier Inc.
- Healthcare Leadership Council
- Texas Hospital Association
- Texas Association of Voluntary Hospitals
- Dallas-Fort Worth Hospital Council
- Health Industry Council
- North Texas Commission
- Dallas Fort Worth Business Group on Health
- Area Chambers of Commerce (e.g., Arlington, Dallas and Fort Worth)

Existing Advocacy Challenges
Within an ever-changing and complex political, legislative, and regulatory landscape, Texas Health continued our efforts in 2013 to:

- Enhance communications and outreach with internal and external stakeholders.
- Strengthen industry and community networks, partnerships, coalitions and collaborations to address key public policy challenges.
- Implement advocacy strategies that advanced the organization’s Mission, Vision and Values.

Health Care Reform
Texas continues to have the highest number of uninsured individuals in the nation, including the highest rate of uninsured children, which puts a tremendous financial burden on hospitals that are federally mandated to provide emergency care regardless of a patient’s ability to pay. If fully implemented in Texas, the Affordable Care Act would have reduced the number of uninsured in the state by providing additional health care coverage through the state Medicaid program, as well as the new federally facilitated health insurance exchange.

In 2013, legislators opted to bypass federal funding that would have covered more of Texas’ working poor families through Medicaid. More than 1 million Texans who could qualify for Medicaid will remain uninsured because of the state’s decision not to expand the program. As the state’s uninsured seek health care services in hospitals’ emergency rooms, this population will continue to be a financial burden for hospitals, local taxpayers and the privately insured.

Additionally, the U.S. government established and began operating a federal health insurance exchange in Texas in 2014, but it is too early to determine the impact of this on hospitals. In the meantime, Texas Health will continue to:

- Urge lawmakers to reform the health care system to give citizens access to affordable health insurance.
- Shape the implementation of health care reform by advocating for the transformation of health care delivery across the continuum of care.
- Promote meaningful improvements in quality and cost containment models that do not compromise our ability to care for the vulnerable and underserved.

Quality and Care Coordination
Texas Health supports financial incentives that reward providers for implementing best practices that eliminate hospital-acquired infections and preventable readmissions. Additionally, we support the development of Accountable Care Organizations (ACOs), which better align provider compensation with efforts to improve care coordination, quality and reduce costs.
Our Communities

However, health systems such as ours need further regulatory relief at both the federal and state levels to achieve the goals of accountable care. For example, some of the legal hurdles at the federal level we currently face include:

- **Antitrust** – The ACA offers financial incentives to health providers to consolidate in an effort to reduce operational costs. However, reduced competition for health services can impede innovation, limit consumer choice and escalate costs.
- **Stark Law** – Under the law, physicians cannot refer Medicare and Medicaid patients to entities in which they have a financial relationship. This can interfere with Texas Health’s ability to help patients receive the care they need when and where they need it most.

In 2013, Texas Health joined a coalition of industry associations and other health systems in an effort to simplify and improve the Stark Law. We are seeking to reduce the penalty for hospitals that are compliant, but simply have an unwritten, unsigned or lapsed agreement. This would reduce legal expenses and focus the Centers for Medicare & Medicaid Services’ resources on addressing more severe violations.

Also during the year, Texas Health supported policies to improve care quality and patient safety through continuous investments and innovations. At the state level, for example, we supported legislation that redirected $5 million in funding to the Texas Health Services Authority. This funding will support statewide health information exchange activities to promote private, secure electronic systems.

Workforce Issues and Access to Care

Texas’ rapid population growth and propensity for chronic diseases like obesity, diabetes, heart disease and cancer increase the need for health care services. Unfortunately, these challenges are compounded as our state currently faces a critical shortage of physicians, nurses and allied health professionals.

In 2013, Texas Health advocated for increased higher education funding for graduate medical education (GME) for physicians. More residency slots and funding for GME are needed to keep Texas-trained physicians in the state, where they will be more likely to set up practice. Texas lawmakers responded by partially restoring public funding to help address the physician shortage. Two important bills were passed that will restore approximately $50 million in funding for GME, which will support and maintain current residency programs while generating up to 100 new first-year residency slots.

State lawmakers also appropriated $33.75 million to the Professional Nursing Shortage Reduction Fund for 2014-2015 (an increase of $3.75 million over 2012-2013). The fund was created to increase nursing school enrollment and improve graduation rates to produce more nurses and fill nurse faculty positions. Texas Health will continue to support funding efforts that help the state meet the projected demand for health care services.

The state of Texas faces a shortfall of qualified clinicians.
Texas Health continues to advocate for adequate and fair reimbursement to help us provide compassionate, quality and affordable care.

**Fiscal Sustainability**

More than ever, health care systems need stability in the Medicare and Medicaid programs. Texas hospitals are not adequately reimbursed for the costs of providing Medicaid inpatient care. Medicare pays slightly better, but Texas hospitals still lose a great deal on treating Medicare patients. Unfortunately, this downward trend is unsustainable for hospitals and shifts costs to the private market, as well as hinders patient access to vital health care services.

In 2013, the following legislatively mandated Medicare and Medicaid cost-containment initiatives created funding instability and reimbursement uncertainty for hospitals. These included:

- Cutting nearly $500 million in Medicaid payments from the state budget.
- Cutting between $16 million and $19 million from the 2014 Medicare Disproportionate Share Hospitals (DSH) budget, which supports hospitals that serve a large number of Medicare and uninsured individuals. Additional multi-million dollar cuts will begin in 2016 and extend to 2023.
- Trimming 2 percent in Medicare reimbursement rates (about $2.5 billion) from 2013 to 2023.
- Eliminating higher Medicare reimbursement for long-term care hospitals.

Policy objectives that seek to contain costs would be better achieved through a pay-for-performance approach instead of arbitrary payment reductions. Texas Health will continue to advocate for adequate and fair reimbursement to help us provide compassionate, quality and affordable care.

**SNAPSHOT: Trauma Care Funding Still Needed**

The state’s population is growing rapidly, increasing the demand for trauma care services for the communities we serve. Currently, there are only two sources of funding that help offset the costs of providing critical uncompensated trauma care services: the Driver Responsibility Program and red light cameras. These programs fine habitually bad drivers and individuals convicted of driving under the influence of drugs and alcohol.

However, this funding is inadequate. More than one-half of Texas Health’s wholly-owned hospitals are designated trauma facilities and for every $4 spent on trauma care services, only $1 is reimbursed. Unfortunately, most of the unpaid costs for the trauma care delivered in the state are passed on to local taxpayers and insured patients.
Fortunately, Texas lawmakers appropriated $138 million in state funding (trauma account) for the Medicaid Disproportionate Share Hospital (DSH) program in 2013 and appropriated another $300 million in general revenues for 2014-2015. This is the first time that state revenue has been dedicated to the Medicaid DSH program, which is significant because it helps provide stability for the next two years.

Also during the year, policymakers allocated $115 million to fund the Designated Trauma Facility and Emergency Medical Services Account for 2014-2015. This will help our trauma-designated hospitals recoup approximately 25 percent of costs associated with providing trauma care services. Without the trauma safety net, the state’s mortality rate would be significantly higher.

No matter what happens in Washington, D.C. and Austin, Texas, Texas Health is moving forward with the transformation strategy we began implementing years ago before the passage of health care reform. We built flexibility into our strategy to meet changing regulatory and legislative requirements, while keeping our focus on efforts that improve quality and patient safety across the continuum of care.

Texas Health will continue to inspire change in the way people think about their own health and well-being, and we will advocate for non-partisan, collaborative approaches that improve the health of the people in the communities we serve.

Texas Health Resources Foundation

Although Texas Health Resources is one of the largest health systems in the state, we need various sources of capital to help us meet an ever-growing demand for education, outreach, facility and technological enhancements to better serve our communities.

The Texas Health Resources Foundation strives to enhance the delivery of quality patient care by joining with committed donors to sustain the long-term fiscal viability of our organization. The Foundation raises funds that support clinical, educational and research programs across the system.

Together with generous supporters, the Foundation fulfills a critical role in continuing the mission of Texas Health to improve the health of the people in the communities we serve. Funds are raised through endowments, individual giving (including employees), corporations, foundations and community organizations. Some examples of programs supported solely through philanthropy include:

- Offering mammograms, colon cancer screenings, skin care screenings, prostate cancer screenings and educational resources for the underserved.
- Providing Vial of L.I.F.E.s to the community to give recipients a bottle to place urgently needed medical information in the hands of first responders and emergency department team members.
- Providing funding throughout Texas Health hospitals to advance continuing nursing education and enrichment.
Foundation Programs and Events

The Texas Health Resources Foundation leads two employee giving campaigns every year:

- The Community Employee Giving campaign is held each fall and gives employees an opportunity to financially support local nonprofit organizations – like United Way, American Heart Association and food drive beneficiaries – to provide life-saving resources and support to individuals.
- The Texas Health Associates campaign is held in the spring so that employees can financially support system programs and services they are passionate about.

Additionally, the Foundation holds eight special events throughout the year with proceeds supporting programs and services at our hospitals. These special events include black tie galas, an annual golf tournament, a fashion luncheon and a children’s holiday event. Our community supporters also have the opportunity to donate to Texas Health through various grateful patient programs like Grateful Hearts, which honors a hospital employee, or Texas Health HeroesSM, which honors a Texas Health physician by supporting his or her area of specialty.

Contributions

In support of Texas Health’s strategic plan to transform the delivery of health care across North Texas from 2011-2016, we asked donors to consider designating gifts in three key areas: population health management, education or capital improvement needs. In 2013, the Texas Health Resources Foundation received $17.1 million in gifts toward these areas. For more information, read the Foundation’s 2013 Donor Giving and Stewardship Report.

SNAPSHOT: Offering Access to Care, Medical Services

The Texas Health Resources Foundation provides philanthropic support to our hospitals to expand or renovate facilities, and to provide programs, services and technological advancements for our patients. Additionally, funds support community programs that increase access to care.

For example, our Wellness for Life Mobile Health Unit travels to community organizations, businesses and churches to provide no-cost mammography screening to underserved women. In Azle, our Healthy Living Clinic provides help to people struggling to manage chronic diseases like diabetes, hypertension or congestive heart failure. The clinic provides medical care, assessments, education and support, allowing patients to gain confidence in their ability to support their symptoms, manage their condition and enjoy a better quality of life.

Additionally, thanks to the generosity of many donors, including a lead gift from the W.W. Caruth, Jr. Foundation and Communities Foundation of Texas, sexual assault nurse examiner (SANE) programs were developed at several Texas Health hospitals. The SANE program at Texas Health Presbyterian Hospital Dallas received a commendation from the Dallas Police Department for its work collecting DNA evidence that led to the apprehension and conviction of a serial offender.
Our Environment of Care

Providing a healthy and healing environment supports our Mission to improve the health of the people in the communities we serve. Texas Health Resources conscientiously manages our environment of care to maintain business functions, keep employees and patients safe, and reduce negative environmental impacts. Progress we made in 2013 includes:

- Participated in the U.S. Environmental Protection Agency’s ENERGY STAR® program and achieved partner status at Texas Health Presbyterian Hospital Plano.
- Saved $18.8 million in numerous supply chain management initiatives.
- Transitioned most acute-care hospitals to nearly a paperless environment; an achievement reached by only 2.9 percent of U.S. organizations.
- Invested more than $2.5 million to make buildings more efficient.
- Shredded and recycled more than 3.1 million pounds of paper – enough to save 26,660 trees.
- Became the first health care system in North Texas to be "Clean Zone" certified.
Environment of Care

Texas Health proactively manages our Environment of Care (EOC) to keep facilities operating efficiently and safely as required by system standards and Joint Commission regulations, as well as Occupational Health and Safety Administration and National Fire Protection Association guidelines to protect employee and patient health, and the environment.

Our facility and environmental management teams implement programs, and maintain and inspect equipment and properties to keep them operational and in compliance. We also prepare for natural or man-made disasters so that we can continue delivering care during unexpected business interruptions.

We reduce EOC risks through routine monitoring and by conducting drills that help us identify where corrective actions are needed. When we find deficiencies, from policy violations to undocumented maintenance activities, we work to improve the deficiency through employee education and training, internal communication tools and corrective actions.

Over the last three years, system compliance with standards and regulations has consistently improved. Inspections by certified employees show Texas Health is a safe and well-maintained health system. Not only are we reducing deficiencies, we also are improving overall EOC scores. In 2014, we will establish a Physical Environment Workgroup comprised of system representatives who will meet monthly to discuss EOC issues and plans and share best practices.

SNAPSHOT: Facility and Environmental Management Teams

Three Texas Health departments are responsible for different facets of building management. They include:

- **Environmental Services** – Manages housekeeping, waste management and building controls.
- **System Engineering** – Formalizes and standardizes building and environmental management processes, sets annual program targets and oversees building infrastructure improvement projects.
- **Real Estate Engineering** – Provides maintenance services and construction oversight for all medical office buildings.

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28 Texas Health’s electronic systems have allowed us to significantly reduce paper use.
Environmental Management

Texas Health designed our environmental management systems to comply with regulations, reduce operating costs, and mitigate negative impacts on both human health and the environment. We do this by:

- Improving building efficiencies when constructing or renovating facilities, using tools and guidance from “best in class” energy efficiency protocols, such as the U.S. Environmental Protection Agency’s ENERGY STAR® program.
- Installing and upgrading existing controls and systems to monitor and reduce water waste, energy consumption and air emissions.
- Reducing or eliminating exposure to medical, toxic, pharmaceutical and hazardous wastes and chemicals.
- Using more efficient or sustainable materials or equipment.
- Reducing, recycling and responsibly disposing of waste.
- Training key personnel how to work safely and responsibly.

The following programs explain our investments in critical areas:

Energy

Since 2011, Texas Health has participated in ENERGY STAR to measure and reduce our energy use, and is working to achieve partner status by scoring 75 or higher on our buildings’ efficiency ratings. In 2013, Texas Health Presbyterian Hospital Plano became our first hospital to earn this status.

Each year, we invest about 10 percent of our infrastructure capital improvement budget in efficiency projects that offer the greatest return. Some of these include:

- Retrofitting and optimizing existing building and electrical systems, lighting, chiller and boiler operations using new technologically advanced equipment and systems.
- Procuring more efficient building materials and equipment when they need to be replaced.
- Putting all new buildings through a rigorous commissioning process to verify if systems perform to our high specifications for efficient energy use.
- Conducting detailed energy audits of existing buildings to determine opportunities that exist for energy savings.
- Purchasing renewable energy credits when feasible and cost-effective.

In 2013, we invested about $2.5 million in building system upgrades in an effort to reduce energy consumption systemwide by 4 percent. We completed more than 32 efficiency projects to help us meet this goal. While we saved more than $2 million on utility costs compared to 2012, overall energy use dropped just 0.72 percent due to new building construction and expansion.

In 2014, Texas Health plans to develop a systemwide sustainability plan that will include measuring our carbon footprint and reducing energy consumption by 5 percent.
Water

As the state of Texas faces ongoing risk of drought and low water supply, consumers must use water wisely to preserve this natural resource. Texas Health implements a number of initiatives to reduce water use, including:

- Installing water-efficient irrigation and sprinkler systems.
- Incorporating Xeriscape practices into landscape design.
- Installing low-flow toilets, waterless urinals and proximity sensors for hand-washing sinks.
- Identifying and repairing leaks.
- Using microfiber mops that reduce water and chemical use.
- Participating in the North Texas Health Care Laundry Cooperative, which helps reuse wastewater, reclaim heat and reduce chemicals needed to clean hospital linens.

In 2013, water consumption across our system was up slightly more than 2 percent due to new buildings beginning to operate and an unusually hot summer, which increased evaporation. However, we saved nearly 6 million gallons of water by shredding and recycling paper during the year.

In the coming year, we plan to assess the feasibility of digging water wells at our larger hospitals to provide backup non-potable water supplies in case of utility outages or extreme drought.

Waste Management

We manage waste streams to prevent unnecessary exposures, communicable diseases and other harmful agents – as well as to comply with related regulations, reduce what we send to landfills and control costs. Some of our primary waste streams include:

Medical and Hazardous Waste

The management of medical waste (e.g., used needles and pharmaceuticals) and hazardous waste (e.g., chemicals and disinfectants) is expensive, highly regulated and requires specialized training and disposal mechanisms. To reduce costs and clinician exposure risks, we contract with a full-service, nationally recognized waste disposal company that delivers waste handling training, and removes hazardous chemicals, pharmaceuticals and waste directly from our facilities.

Office Waste

Most every Texas Health facility has some kind of office waste recycling program, depending on the volume, storage and staff needed to make recycling practical and cost-effective. We encourage employees to recycle paper, boxes, plastic, aluminum and steel. We also keep considerable amounts of...
cardboard out of the waste stream thanks to having medical supplies delivered in reusable totes directly from our distributor to our patient care areas instead.

By 2013, a majority of our hospitals had transitioned toward an electronic environment – an achievement reached by only 2.9 percent of U.S. organizations. Our electronic health record, CareConnect, collects and transfers clinical information to and from employees, patients and clinical partners and significantly reduces paper waste.

Also during the year, we shredded and recycled more than 3.1 million pounds of paper – enough to save 26,660 trees. For Earth Day, we continued to hold a free community shredding event, which collected and recycled an additional 60,000 pounds of paper, saving 513 more trees.

Food Waste
When feasible, Texas Health sends unused food and food waste to be converted into compost. Rich in nutrients, the compost improves soil texture, saves water and reduces the need to use pesticides and fertilizers on crops.

Clothing Waste
Rather than dispose of used scrub tops, pants and jackets, our health system periodically collects and donates this clothing to community centers that provide services to homeless families and victims of domestic violence. Since 1999, we also have donated thousands of pairs of gently used athletic shoes to local nonprofits.

SNAPSHOT: Recognized for Recycling
Texas Health Plano received the gR3een Achievement Award from the North Texas Corporate Recycling Association and the Environmental Community Award from the City of Plano for its waste reduction efforts. Each year, the hospital's Go Green recycling program:
- Diverts hundreds of tons of single-stream recyclables and shredded paper from the landfill.
- Recycles thousands of pounds of paper waste, saving trees and thousands of gallons of water.
- Provides recycle containers around the hospital.
- Upcycles pens, Sharpies and highlighters through the TerraCycle® writing instrument program.
- Collects and recycles hundreds of printer cartridges and thousands of pounds of electronics.
- Reduces recycling costs through a bulb eater, which crushes compact fluorescent light bulbs.

Our Environment of Care

Over the past two years, Texas Health Arlington Memorial recycled 4.42 million pounds of medical, solid, hazardous, paper, plastic and electronic waste.
Building Design & Refurbishing
Texas Health designs, builds and retrofits hospitals and facilities to improve efficiency while reducing negative environmental impact, as required by local building codes. This effort includes:

- Retrofitting plumbing and implementing conservation measures.
- Installing low-flow devices in toilets, urinals and sinks in all new construction and many existing locations.
- Landscaping with drought-tolerant plants.
- Eliminating pests at their source by prohibiting entrance into the building. This reduces the amount of chemicals needed to control them.

In 2013, we:

- Installed better insulation on building roofs and painted them lighter to improve efficiency.
- Expanded energy management systems at several campuses.
- Completed parking lot/garage lighting retrofits, converting from fluorescent and metal halide fixtures to LED. This effort alone reduced energy consumption by 50 to 70 percent.
- Replaced several chillers and cooling towers with more efficient equipment, including adding variable frequency drives for greater efficiency.

Air Quality
Texas Health takes measures to improve the air quality not only within our health system, but in the communities where we operate. As a large health care system, we understand the impact our operations can have on carbon emissions and other compounds that can aggravate health conditions linked to poor air quality, like asthma and cardiovascular disease.

We implement regulated controls, monitor emissions and ship medical waste off-site for incineration. In 2013, we continued to comply with all local, state and federal air quality regulations.

Supply Chain Management
Supply costs are the second-largest expense after labor, making it critical that Texas Health conscientiously manage procurement processes to maintain competitiveness, financial viability and operational efficiency. We do this while also selecting the highest quality of materials and services to deliver outstanding patient care.

Similar to other organizations of our size and scope, we face the following risks to our supply chain:

- Extreme weather and/or other unforeseen events that may delay or interrupt supply delivery.
- Escalating costs for high-end or high-tech medical technologies, equipment and other related products and services.
- Sourcing from manufacturers that outsource production in countries that may have additional political, social, health or weather risks.
- Underperforming or unethical contractors.
Our business practices and performance management systems are designed to monitor and reduce these risks, as well as maintain compliance with federal and state laws and regulations. To effectively and responsibly procure materials, equipment and services, we deploy the following key strategies:

**Responsible Procurement**
We purchase products and services that are better for the environment when financially feasible. For example, through our office products supplier, we purchase recycled products at the same or cheaper cost than non-recycled supplies. In 2013, we advanced the supply chain presence in non-acute areas, which helped standardize many medical products across the care continuum. This enabled the system to reduce costs and provide higher-quality supplies.

**Buy Green and Buy Local**
Texas Health considers sustainability in our purchasing decisions, and will procure environmentally friendly and recycled materials, such as Greensense™ or EcoLogo™ benign cleaning products, when it is cost-effective. Additionally, we purchase some of our services and products locally, which helps create jobs and sustain local economic growth in the communities we serve.

In 2013, Texas Health became the first health care system in North Texas to become "Clean Zone" certified by JanPak, a national cleaning and equipment supplier. Clean Zone is a sustainability program designed to reduce the negative impact of harmful equipment and products on health and environment. Certification requires a commitment to use green cleaning products, equipment, processes and management practices.

**Harness Buying Power**
Texas Health is an owner in Premier, a national group purchasing organization that leverages members’ purchasing power to source quality products at a lower price. We participate in product and vendor selection for Premier’s national contracts, which mean targeted vendor selection and direct savings for our system.

Premier also helps us identify cost-reduction opportunities and supply chain management best practices, and offers a robust diversity supplier program that we actively utilize.
Test Quality Prior to Purchasing

We have rigorous quality standards at Texas Health. To assess whether manufacturers’ clinical innovations meet our high standards, they are evaluated and tested by our clinical teams for alignment, safety and satisfaction.

Whenever changes are made to a standard product, we conduct evaluations across the system to ensure there is a greater adoption and increased satisfaction among caregivers. Our vendors also can have the Texas Health Research & Education Institute evaluate their products’ quality and effectiveness for a fee.

Require Ethical Business Practices

Vendor business activities must be conducted in accordance with our Business Code of Conduct and Business Ethics and System Compliance Program, as well as all aspects of our written policies and procedures on the federal False Claims Act, whistle-blower provisions, and the detection and prevention of fraud.

Build Relationships

Periodically, we meet with approximately 20 of our key business partners to discuss local and industry challenges as well as opportunities for improvement. We review sales results, business trends, opportunities, special projects and a number of other pertinent business metrics.

Control Costs

We continuously engage suppliers to determine ways to improve cost controls within supply chain processes and programs, as well as how to standardize best practices related to the purchasing, storage and distribution of materials.

In 2013, we identified numerous initiatives that resulted in nearly $18.8 million in savings, exceeding our $11 million goal. For example, we:

- Reduced costs on general medical supply items as well as key products that physicians prefer using across the system.
- Cut waste management expenses by 29 percent by recycling more materials and establishing an integrated waste management program.
- Leveraged technology to speed and automate the supply replenishment process throughout the system.

In 2014, we aim to implement programs that will save an additional $15 million.

After creating a supply chain management program for Texas Health Physicians Group in 2012 that saved more than $2.1 million in medical supplies and equipment, we continued to reduce costs by automating the supply ordering and inventory process. This saved another $1.1 million in 2013, which exceeded our $750,000 goal.
Support Minority Businesses

Doing business with enterprises owned by women, minorities and veterans can provide cost-effective products and services to our organization. By contracting with these organizations, we help sustain their companies, which in turn, help strengthen the local economy. While we do not have specific targets for annual spending with minority suppliers, in 2013 we spent more than $30 million with these vendors.

Monitor Supplier Performance

Texas Health’s supplier contracts are designed to reduce costs and establish quality and performance expectations. We evaluate key vendors’ performance using a quantitative tool based on approximately 30 criteria, including cost, quality, responsiveness and assurance of supply on an annual basis. We also discuss what vendors are doing to reduce their own environmental and social impacts, as well as what they do with their diverse suppliers. We meet with underperforming suppliers to establish improvement plans if needed. If sufficient progress is not made and we see little change in resolving issues, a contract may be terminated.

Business Continuity

Texas Health’s ability to continuously maintain business functions is critical in protecting the health and well-being of our patients, managing business risks and preserving our reputation and long-term sustainability. We designed our business continuity planning process to minimize the impacts of unexpected events and execute a quick recovery in case of a natural or man-made disaster, delayed shipment of supplies, technology outages and/or other unforeseeable factors. We achieve this through the following programs:

Disaster Preparedness

Preparing for continued operation during a disaster is a key responsibility to our community.

The North Central Texas Trauma Regional Advisory Council coordinates preparedness activities as it is the state’s health care emergency management forum for communication and collaboration of resources during disaster events. We also leverage the robust National Incident Management System and the Hospital Incident Command System to maximize patient and staff safety when activated.

Each Texas Health hospital:

• Regularly reviews and updates its emergency operations plan to confirm disaster preparedness, response, recovery and mitigation are consistent and swift. We test the plan twice a year, with one drill that includes local and regional partners.
• Completes a hazard vulnerability analysis annually to proactively identify areas that could impact operations or nearby communities.
• Trains select staff on emergency response and communications, and conducts quarterly communication exercises.
• Conducts ongoing risk surveillance and reporting.

We leverage lessons learned through drills and review real-time emergencies to improve surge capacity, fire response, communication, decontamination, patient tracking, evacuation and business continuity processes and infrastructure.
In 2013, we completed a business impact analysis and a 24-hour drill for all critical System Services departments to help us prioritize functions and systems that need to be restored quickly in order to maintain the continued delivery of health care. This helped us identify and address gaps and align priorities. Also during the year, we deployed a mass casualty charting tool that enables entities to summarize care provided to multiple patients and quickly share it with other health care providers involved in their care.

In 2014, we plan to update our emergency response orientation program to disseminate consistent and current information about our response policies and practices to employees and physicians.

**Information Protection**

To combat the growing number of computer-based threats and vulnerabilities, Texas Health protects information and intellectual property using a combination of technology, processes and controls.

**Privacy**

We are committed to responsibly and proactively safeguarding our patients’ health information from inappropriate use or disclosure. Federal and state privacy laws and regulations also govern how we use, disclose and protect health information.

We have a privacy compliance program that provides for the management, oversight and coordination of our privacy policies. It also oversees training, auditing, monitoring, investigating and reporting unsecured information breaches. Our compliance with federal and state laws and regulations is governed by the Texas Health Resources Audit and Compliance Committee and Information Security Governance Council.

In 2013, Texas Health privacy officers investigated and resolved 547 privacy complaints, allegations and incidents from more than 1.4 million patients who were seen at our hospitals. Of the issues reported, 386 (2.7 percent) were substantiated or partially substantiated. In accordance with breach notification regulations and our privacy policies, we notified applicable regulatory agencies and potentially impacted individuals who were affected by a breach that involved their protected health care information.
Network Security and Backup

Clinicians, employees and patients must be able to access data and information through our comprehensive communication network. The network includes our electronic health records, robust Internet and intranet sites, department-specific portals, a web-based emergency notification system, and secure VPN connections and remote access through Citrix.

To protect, secure and maximize the reliability of information, we deploy proven technologies, monitor all alerts and address all possible breaches and potential threats in a coordinated and responsible manner. Some of our primary security measures include:

- 24/7 secured data centers that are accessed only from distribution-controlled key cards.
- Systematic firewalls, intrusion detection tools, email monitoring and filtering capabilities, and automatic security patches for servers, desktops and laptops.
- Data encryption of sensitive outbound information.
- Automated alert systems and active monitoring tools.

Additionally, we limit access to electronic health records and other patient information based on clinicians’ roles.

Building Security

To increase the safety of employees and patients, each Texas Health hospital has a multidisciplinary threat management team that annually assesses and identifies potentially hazardous conditions related to physical building security or workplace violence. We then implement security controls and train employees to reduce potential risks and injuries.

In 2013, we increased the number of security personnel in high-risk areas of our system who patrol buildings, parking lots and campuses to deter theft, assaults or auto accidents. We also deployed new software that will help us more accurately record security events systemwide so we can develop targeted management plans.
Our Commitment
Our Commitment

Texas Health Resources is committed to providing quality health care with respect for the individual, respect for medicine and technology, and respect for the healing power of faith.

While this is our second public report about our sustainability journey, we will continue to pioneer ways to improve health and well-being. This effort includes enhancing health care coordination across the continuum of care and improving community access to cutting-edge health services and programs.

We recognize that in order to achieve this, we must continue to hold ourselves accountable for driving innovation and improvement inside and outside of our walls. Additionally, we must carefully and responsibly steward of our human and natural resources to address the needs of our communities more effectively.

Through our shared vision, strong leadership, community engagement and strategic health initiatives, we are well positioned to fulfill our Mission to improve the health of the people in the communities we serve.

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We respect the dignity of all persons. We foster a corporate culture characterized by teamwork, diversity and empowerment.

We continuously improve the quality of our service through education, research, technology and the responsible stewardship of resources.

We are sensitive to the whole person, reflective of God’s compassion and love, with particular concern for the poor.
Global Reporting Initiative (GRI) Index

Texas Health Resources prepared its online 2013 Community Responsibility & Sustainability Report using the sustainability reporting G3.1 guidelines from the Global Reporting Initiative (GRI). The GRI provides a framework to transparently discuss economic, environmental, social, and governance performance.

At the time of this report, Texas Health was among the first faith-based, nonprofit health care systems in Texas and the U.S. to adopt this international reporting process. Our self-assessed report meets the GRI’s basic reporting standard, which also is known as Application Level C. Specific GRI disclosures and performance indicators can be found in the index below. Those that are partially reported are denoted by a □ and those fully reported against are marked by ■.

### Profile Disclosure

| 11 | Statement from the most senior decision-maker | □ | CEO letter, Pg. 3 |
| 2.1 | Name of the organization | ■ | Our Organization, Pg. 13 |
| 2.2 | Primary brands, products and/or services | ■ | Our Organization, Pg. 13-15 |
| 2.3 | Operational structure of the organization | ■ | Our Organization, Pg. 13-15 and Report Scope, Pg. 5 |
| 2.4 | Location of organization’s headquarters | ■ | Where We Operate, Pg. 16 |
| 2.5 | Number/name of country(s) where the organization operates | ■ | Where We Operate, Pg. 16 |
| 2.6 | Nature of ownership and legal form | ■ | Report Scope, Pg. 5 |
| 2.7 | Markets served | □ | Where We Operate, Pg. 16 |
| 2.8 | Scale of the reporting organization | □ | Our Organization, Pg. 14-15 and [www.TexasHealth.org/Facts](http://www.TexasHealth.org/Facts) |

| 2.9 | Significant changes regarding size, ownership and structure | ■ | None |
| 2.10 | Awards received in the reporting period | ■ | [www.TexasHealth.org/Honors-Awards](http://www.TexasHealth.org/Honors-Awards) |
| 3.1 | Reporting period for information provided | ■ | Calendar year 2013 |
| 3.2 | Date of most recent previous report | ■ | August 2013 |
| 3.3 | Reporting cycle | ■ | Annual |
| 3.4 | Contact point for questions regarding the report or its contents | ■ | Report Scope, Pg. 5 |
| 3.5 | Process for defining report content | □ | Report Scope, Pg. 5 |
| 3.6 | Boundary of the report | ■ | Report Scope, Pg. 5 |
| 3.7 | State any specific limitations on report scope or boundary | □ | Report Scope, Pg. 5 |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability | ■ | Corrected inaccurate 2012 employee injury data, Pg. 61 |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement | ■ | Added content on non-acute care to Our Patients, Pg. 29 and additional detail in Our Communities, Pg. 66 |
| 3.11 | Significant changes in report scope, boundary | □ | This index, Pg. 98 |

| 3.12 | Table identifying the location of the Standard Disclosures | ■ | |

### Governance

| 4.1 | Governance structure of the organization | ■ | Governance Structure, Pg. 19 |
| 4.2 | Indicate whether the chair of the highest governance body is also an executive officer | ■ | No, our Board of Trustees’ chairwoman serves voluntarily |
| 4.3 | Number and gender of members of the highest governance body that are independent and/or non-executive members | ■ | 16 voting board members; 15 are independent, non-executives. The chair and 16% of members are women |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations/direction to the highest governance body | □ | Employee Engagement, Pg. 57 |

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<td>EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant</td>
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<td>locations of operation</td>
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<td>EN6 Initiatives to provide energy-efficient products and services, and reductions in energy</td>
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<td>requirements as a result of these initiatives</td>
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<td>EN10 Percentage and total volume of water recycled and reused</td>
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<td>EN22 Total weight of waste by type and disposal method</td>
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<td>LA8 Education/training programs to assist employees and families regarding serious diseases</td>
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<td>Health and Wellness, Pg. 61-62</td>
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<td>SO1 Percentage of operations with implemented local community engagement, impact assessments</td>
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<td>SO5 Public policy positions; participation in policy development and lobbying</td>
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<td>None; not applicable</td>
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<td>PR5 Practices related to customer satisfaction</td>
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<td>Patient Experience, Pg. 31-32</td>
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