



IMPROVING
MANAGING
GROWING

2016 UHS System Annual Report





Matt Salanger, left, and Jerry Canny

GOALS TO LIVE BY

One of the most important decisions people make in their everyday lives is where to seek medical care. Which provider to choose? Which hospital, skilled nursing facility, home care agency or physician practice will best suit their needs?

Helping our community make those critical selections is an important part of what we do within the UHS healthcare system. And while it's key that we share the right information so that consumers can make informed choices, it's just as vital that we back it up with a sound infrastructure of facilities, equipment, programs, services, providers and caregivers.

We need to be, in reality, the very same organization we promise to be: a competent, helpful, patient-centered healthcare system, focusing on the patient's needs every time, with every interaction.

To be that kind of organization in today's rapidly changing environment, we, as the region's leading healthcare system, are adhering to our vision to demonstrate exceptional value in the delivery of coordinated, patient-centered care. And we are working to achieve three goals: *to improve our care, manage our costs and grow our market share.*

With everyone at UHS moving in the same direction, and with these goals front and center, we continue to be the region's premier healthcare resource and destination.

- We improve our care when we continuously achieve better clinical outcomes and patient satisfaction.
- We manage our costs by maintaining financial stability while at the same time transforming our business systems, data systems and analytic processes to more comprehensively coordinate entire episodes of care.
- And we grow our market share by serving a larger number of patients, anticipating their needs and creating outstanding care resources and experiences.

As a result of the various approaches to healthcare reform, the health field nationwide has been on a 10-year transition from a volume-driven, fee-for-service payment model to one based more on quality and outcomes. At the same time, demand for primary care, wellness and home care is increasing. But UHS, as an integrated delivery system, is poised to thrive during this era of transformation.

We made great strides in 2016 to improve care, manage costs and grow market share. The accomplishments of the year came in spite of political and economic uncertainties, the continuing decline in reimbursements from third-party payers and the increasing demands of an aging population in the Southern Tier.

Across the system, many strides were made in the advancement of our strategic goals, as outstanding individuals, teams, departments and system members worked hand in hand as a Team of Healers to produce outstanding results.

UHS was once again able to build on its strengths and on the synergy of system integration to practice good stewardship of resources, create a memorable patient experience and expand services in areas where the need is greatest.



Matthew J. Salanger, FACHE
President and CEO of UHS



Jerome J. Canny
Chairman of the Board of UHS

Employees across the system are frequently recognized for going the extra mile in offering compassionate care. Exceptional service leads to greater patient satisfaction.

Recognizing Service Excellence



Susan Boyko, Nursing Assistant,
UHS Wilson, South Tower 4

“Susan was sitting with a patient who was confused and severely agitated. (Leyna Cowell, RN, suggested that Susan sing to the patient.) Susan began singing and the patient instantly calmed down. It is a pleasure to work with her. Kudos, Susan!”

~ ‘Saying Thanks’ note from a colleague



IMPROVING OUR CARE

In 2016, UHS embarked on a mission to adopt “quadruple aim,” an approach to improving care by focusing on four key elements of quality care in any healthcare system: Improving people’s health and well-being, enhancing the experience of care, reducing the per-capita cost of care and improving the work lives of clinicians.

UHS took a number of specific actions to achieve these goals. During the year, we introduced new courses across the system that offer people with diabetes more knowledge to cope with their disease, assigned nurse navigators to help individuals with chronic diseases, placed social workers in offices to improve patient compliance with treatment plans and concentrated on ways to make entire groups of patients have better outcomes over time.

Clinicians in several areas, such as primary care, began taking an authentic team approach to their work. This traverses all channels of care and uses a collaborative medical team – including physicians, nurses, wellness and care coordinators, clinical staff and office personnel – to deliver a total care experience. The patient’s electronic medical record helps tie the team together.

UHS introduced new medical techniques to improve the patient experience.

The UHS Heart & Vascular Institute expanded to provide an ever-wider array of services to patients across the Southern Tier. Located at UHS Vestal and at Wilson Square on the campus of UHS Wilson, the institute combines the skills of more than 30 providers offering care in 14 medical and surgical specialties.

Specific services offered by the Institute include cardiology and interventional cardiology, sports medicine cardiology, pediatric cardiology, cardiac and vascular surgery, and cardiac electrophysiology. Five providers who were members of the former Cardiology Associates medical practice joined the Institute during the year.

State-of-the-art interventional cardiology rooms at UHS are giving patients and physicians more choices than ever in the type of heart procedures that can be performed simultaneously in the same



Providers and staff who listen carefully to the patient, show respect for the patient’s time and offer the person the most scientifically reliable solutions available enable UHS to offer exceptional care at every point of contact across the System.



As the heart leader in the Southern Tier, UHS provides exceptional cardiovascular care through its UHS Heart & Vascular Institute, and supports community-wide health awareness efforts like “Wear Red Day” during Heart Month.

room. UHS opened two new rooms: an electrophysiology lab and a cath lab specially equipped to perform these hybrid procedures.

HF10 spinal cord stimulation became available in the Southern Tier, thanks to UHS. Doctors began using a new electrical implant to treat chronic back and leg pain. HF stands for high-frequency and 10 stands for 10,000 hertz of current. Patients treated with the implant report better pain relief, improved function and higher satisfaction.

To help patients having a blood draw or an IV start, new technology called AccuVein uses an infrared light to illuminate the veins on the skin surface so that vein access is accurate and fast on the first attempt. Even in difficult cases, one stick is usually all it takes to access the vein, making the experience easier and less painful for the patient.

A new technique began helping patients who have an abnormal thickening of the heart muscle. Alcohol septal ablation is a minimally invasive procedure that reduces the amount of muscle tissue blocking blood flow.

UHS pioneered the latest forms of aortic valve replacement and related minimally invasive heart procedures in 2016. Specialists at the Structural Heart & Valve Center started using two types of transcatheter aortic valve replacements, or TAVR, to address life-threatening conditions.

Members of the UHS Board of Directors, who started rounding on units in 2016, expressed amazement at the challenges faced by the UHS team on a daily basis, and at the commitment of providers and staff to meet those challenges with quality care always uppermost in mind. As one

board member put it, “The diligence and compassion demonstrated by the team are enabling us to consistently produce a great healthcare experience, remain solvent as an organization and have a positive impact on our community.”

Supportive team

Whether we use high technology or a personal touch, we stake our reputation on our ability to provide the best care and achieve the best possible outcomes. Our team members are loyal and dependable, showing support for their patients and their co-workers, every day.

During 2016, UHS continued to reinvest in its capabilities to deliver excellence in all that we do. The continuation of cost reduction activities and streamlining of processes enacted in 2014, coupled with expansion of our oncology program and pharmacy offerings, led to strong revenue growth and earnings in 2015, allowing us to carry significant momentum forward into 2016.



Our people are committed to the healing virtues of listening, showing respect and giving hope with every interaction they have with patients, patients' family members and the community. This awesome dedication to care is what sets UHS apart from many other healthcare organizations around the country.

MANAGING OUR COSTS

The financial environment surrounding the development of the 2016 operating plan was increasingly stressed. The plan continued a strong resolve among UHS governance and leadership to optimize financial performance, including initiatives to minimize the overall cost structure, define costs across episodes of care, develop new business systems and integrate quality improvement processes.

These actions took many forms throughout the year, netting positive results.

Physicians are vital to our care delivery capabilities, and UHS made several key investments to fuel our growth in physician services. Most notably we added neurosurgery, pain management and cardiovascular providers to the UHS Medical Group. Recently UHS Hospitals reconfigured its hospitalist program under the leadership of Jeffrey Gray, MD, to focus on improving inpatient care delivery.

In October, UHS opened a \$30 million Orthopedic Center on the Vestal Parkway, improving access to patients seeking

orthopedic and musculoskeletal care in a modern, convenient, centrally located setting.

On the UHS Wilson Medical Center campus, we opened two state-of-the-art cardiology rooms; an electrophysiology lab and a cath lab specially equipped to accommodate hybrid procedures. In late 2016 we finalized plans for expanding our primary care footprint to Binghamton's East Side, with a Robinson Street project slated for construction in 2017.

An important step toward greater efficiency across the enterprise was the flawless relocation of computer servers from the former Data Center site at UHS Wilson to the new Data Center on the UHS Binghamton General campus. A total of 325 servers were successfully moved to the new site over a 10-week period.



Whether the service given is something high-tech, such as Neuro Interventional Radiology (pictured), or simply a tasty, nutritious meal in the cafeteria, a devotion to compassion, friendliness and professional skill is the hallmark of UHS providers, employees and volunteers.

The development of the new Data Center was part of the consolidation of Information Services functions, creating a more modern, efficient and self-contained work space for UHS' computer capabilities.

UHS also benefits as a healthcare leader by being a major participant in the Delivery System Reform Incentive (DSRIP) Program for our region. This is the main mechanism by which New York State is implementing the Medicaid Redesign Team Waiver Amendment. DSRIP's purpose is to fundamentally restructure the healthcare

delivery system by reinvesting in the Medicaid program, with the primary goal of reducing avoidable hospital use by 25 percent over five years.

UHS' progress in managing costs has been revealed in a unified planning strategy that embraces all system members to ensure the effective deployment of resources. We are committed to investing in the resources we need to enhance our facilities, advance with technology, find cost savings and plan effectively for tomorrow.

Defining attributes

Knowledge, skill, professionalism, commitment to quality and devotion to patient care are attributes that define the people of UHS.

GROWING OUR MARKET SHARE

Through our concerted efforts, 2016 was a remarkable year of integration and advancement. We experienced significant growth in cardiology, neurosurgery and pain management as we developed closer relationships with providers in those specialties. Similarly, much focus was

placed on the further development of the services offered in our oncology and neurosciences programs.

A capstone for the year was the opening of the UHS Orthopedic Center on the Vestal Parkway to support the complete array of providers in our musculoskeletal service area. Most importantly, our patients benefitted as their needs were positively addressed.

Through foresight, determination and collaboration across the System, we were able to experience growth in a number of key areas.

UHS Medical Oncology returned to its newly remodeled quarters in Suite 100 at Wilson Square in Johnson City. Located just across from UHS Wilson, and with physician services provided by Broome Oncology, the new suite was redesigned and re-equipped for outstanding care, comfort and convenience.

The medical group known as Comprehensive Pain Relief, at 200 Front St. in Vestal, joined UHS to become UHS Pain Management in 2016. Whatever type of acute or chronic spinal pain a patient may be dealing with, improving their quality of life is the goal of this group of specialists. The six providers use the latest pain management techniques, spinal injections, radiofrequency ablation and other treatments to reduce pain and improve mobility.

Telehealth is a way to enhance care in rural areas where people may have a difficult time getting to a doctor's office.



UHS employees show a commitment to excellence and an eye for detail, whether they're performing surgery, helping a patient with their medical bills or making the bed in a person's room. It's all part of the warm welcome UHS wants every patient, resident and family member to experience when they walk through the doorways of our facilities.



Opening in 2016, the \$30 million UHS Orthopedic Center, next to UHS Vestal, brought the latest in orthopedic, sports medicine and complete musculoskeletal care under one roof on the Vestal Parkway. Hundreds of Southern Tier residents visited the center for its grand opening in November. The evening open house was an opportunity for the public to tour the facility and meet providers and staff.

Telehealth involves speaking to a medical practitioner over a World Wide Web connection to receive care, information or education from a distance. A pilot program, developed in 2016 and projected to debut in 2017, will allow e-visits between patients and physicians, as well as physician-to-physician consults.

Achieving market share in the current economic and political environment

means healthcare systems must plan and act carefully to find the right balance of services. It's vitally important to ensure that all patients who need access to care, wherever they live, have that access. A focus on primary care, process redesign and physician alignment is essential. In 2016 UHS demonstrated its commitment to these actions.

Our calling

Healthcare isn't a job, it's a calling.

Throughout 2016, we experienced a number of moments of awe across the system as our providers, employees and volunteers created, again and again, a transcendent patient experience.

MEMBER HIGHLIGHTS

UHS Hospitals

Gold achievement

UHS Hospitals received a 2016 “Get with the Guidelines-Heart Failure Gold-Plus Quality Achievement Award” for its exceptional care of patients experiencing heart failure. UHS Hospitals demonstrated that it has in place specific quality improvement measures developed by the American Heart Association and the American College of Cardiology Foundation – measures that save lives and improve the quality of life.

UHS Chenango Memorial Hospital

Learning more

The hospital in Norwich began a concerted effort to encourage nurses to pursue bachelor’s degrees and certificates in their areas of nursing specialization. Nurses who completed the incentive program were able to advance their core competencies and make their skills more marketable within the institution. Moreover, higher education and specialized training enable nurses to share their knowledge with others on their units, enhancing the overall patient experience.



To raise consumer awareness of the many programs offered by UHS throughout its multi-county service area, UHS regularly markets specific clinical services to target audiences.

UHS Delaware Valley Hospital

Distance diagnoses

In a pilot program conducted in association with Binghamton University, UHS Delaware Valley developed plans for a telemedicine project for primary care in Walton and Roscoe, as well as psychiatric care at the hospital. Starting in 2017, patients in Delaware County will be able to be evaluated by specialists at UHS in Broome County via the latest in telemedicine technology.

UHS Senior Living at Ideal

Recognizing grads

People seeking to become certified nursing assistants can train on the job at Ideal and take the test to become CNAs. In 2016, six classes and a total of 39 individuals graduated from the program. An important goal of the program is to have a high retention rate for these CNAs on the Ideal campus.

UHS Home Care

Elite once more

UHS Home Care was named a “HomeCare Elite® Top 25%” agency. This recognizes the top-performing Medicare-certified home health agencies in the United States. Quality of care, quality improvement, the patient experience, process measure implementation and financial performance are all analyzed. UHS Home Care has earned the designation for nine of the 11 years since the national recognition program was launched.

UHS Medical Group

Primary teamwork

With the UHS Medical Group now at 350 provider-members strong, the group made much progress during 2016, especially in primary and walk-in care. Three practice locations – Greene, Endicott and Candor – were transformed into team-based sites and will serve as models for other clinics. Walk-in use increased by 20 percent over budget, and plans were announced to expand walk-in hours to 7:30 a.m. to 9:30 p.m.

STEWARDSHIP FOR SUCCESS

Through astute planning and cost-reduction strategies, UHS saw improvements in 2016 in revenue, cash flow and fiscal performance, as well as improved clinical operations. Despite challenges from many directions, including political uncertainties related to health coverage nationally, the organization held fast to its strategic goals.

We improved our operating margin in 2016, which helped offset the costs related to the closure of the Picciano Building on the UHS Wilson campus.

The strong cash flow in 2015 and 2016 enabled UHS to thoughtfully adopt a risk-appropriate investment strategy in 2016, enabling us to secure significant gains from a buoyant market. UHS also initiated an analysis of our clinical information systems and how we can transform and reinvent the system environment important to our clinical team in the delivery of quality, efficient care. We will make decisions in 2017 on potential long-term investments in that area.

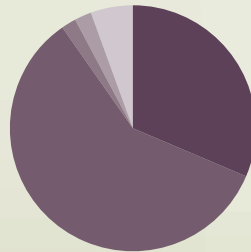
UHS ended the 2016 fiscal year with an estimated net surplus of \$16 million on revenues of \$760 million. While good stewardship and management measures contributed to our ability to considerably reduce bad debt, we still provided nearly \$26 million in uncompensated and charity care.

Overall, UHS continues to improve its financial strength as measured by cash reserves, profitability, capital structure and favorable bond covenant metrics. That strength enables us to continue along the path of reinvesting in our people, our service offerings, our technology and our facilities to remain the region's leading healthcare system.

Financial Profile

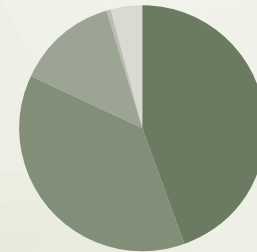
UHS System Revenue and Expenses (Thousands)*

Total Revenue	\$760,422
Total Expenses	\$744,365
Net Surplus	\$16,057
Net Uncompensated and Charity Care	\$25,540**



2016 Revenues (Thousands)

\$239,989	Inpatient services
\$447,183	Outpatient services
\$16,192	Long-term care (ECF)
\$16,779	Home health care
\$40,280	Other operating revenue and non-operating revenue
\$760,422	Total



2016 Expenses (Thousands)

\$332,558	Salaries
\$277,956	Supplies and services
\$99,542	Employee benefits
\$4,044	Interest
\$30,265	Depreciation and Amortization
\$744,365	Total

*The information here is a preliminary financial draft for the year 2016. Final numbers are not expected to change substantially.

** This line includes Financial Assistance + Bad Debts Expense. Bad Debt decreased due to reclassification to contractual allowance.



Based on a suggestion from Roy Gill, MD, UHS board members in 2016 began rounding on units across the UHS System, learning about our facilities and talking with frontline employees about their work.



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Chairpersons of the Boards of Directors of the UHS healthcare system for 2016:

- Jerome J. Canny, UHS and UHS Hospitals
- Eric Larsen, UHS Chenango Memorial Hospital
- Helen Johnston, RN, UHS Delaware Valley Hospital
- Sharon Yaple, UHS Senior Living at Ideal
- Linda Best, UHS Home Care
- Leonard Anderson, MD, UHS Medical Group
- Jon Sarra, UHS Foundation

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