Year One. Together.

An anniversary report for our internal and external stakeholders
Our Values

The word “verity” refers to the state of being true. For all of us associated with Verity Health System, that means we will be authentic in our interactions with our patients, their family members and with each other. We choose to align ourselves with the following values, aspiring to live into these values each day so that they may guide our actions.

Respect
We demonstrate that we value others and ourselves through our words and actions.

Caring
We provide our patients and their families with compassionate, quality care, treating them and each other with kindness.

Integrity
We act with honesty and transparency and do the right thing.

Passion
We are dedicated to making a difference in the health of our communities and in the lives of those we serve.

Stewardship
We are committed to being wise stewards of our resources, creative in our approach to challenges and opportunities, and accountable for the results we want to achieve as a charitable organization.
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Happy Anniversary!

We are pleased to share our initial Anniversary Report with our staff, physicians and friends to report the exciting progress at Verity Health System.

Just one year ago, we celebrated the creation of Verity Health System. Over these last 12 months we have seen an explosion of activity focused on one goal: the revitalization of our hospitals to ensure the doors are open to serve our communities for generations to come. Much has been accomplished in the recruitment of experienced hospital leadership, physician engagement, acquisition of new technology and exciting enhancement in our clinical programs to improve our patient care.

Recently, we expanded our Verity Health System Board of Directors, adding four dynamic new leaders to the original five-member board. These individuals are contributing tremendous expertise and enthusiasm to our activities across the System.

The Verity Health System Board of Directors is committed to the future success of our hospitals and the new Verity Physician Network. We look forward to continued progress as we join with our System leadership, staff, physicians and community friends in continuing the work we began one year ago.

Thank you for joining us on the journey.

Jack Krouskup
Chairman
Verity Health System Board of Directors
Dear Friends,

I am proud of the many signs of progress across Verity Health System as we continue our ambitious efforts to revitalize our hospitals and restore the health of our entire System. I want to recognize the contributions of our staff, physicians, hospital Board members, Foundation trustees, the Verity Health System Board of Directors as well as our other community friends who are making this progress happen.

Over the last year, we recruited highly experienced health care leaders to our System Senior Leadership Team and to our hospital leadership teams, and also at the Verity Physician Network and Verity Medical Foundation.

Efforts to enhance patient care and grow our business accelerated throughout the year. We moved quickly in re-engaging our physicians and in recruiting new physicians. We are forging strategic partnerships, restoring our facilities, enhancing service to our patients and their families and much more. We saw great strides in the areas of business development, marketing, information technology and financial management, among other areas described in this report.

We acquired new clinical equipment to enhance patient care and educational technology to improve training for our staff. Most importantly, we are focused on quality and patient safety as our highest priorities.

Our staff and physicians are working together in new ways with increased effectiveness and efficiency. We are enjoying renewed relationships with long-time supporters in the community and new relationships with individuals who have been eager to join with us.

We are delighted to celebrate the accomplishments of this first year, and we remain mindful of the privilege to serve others. Thank you for being a vital part of the Verity Health team.

Andrei Soran
Chief Executive Officer
Verity Health System
Verity Health System enjoys the dedication of several thousand employees, physicians and other members of our medical staffs. Our System Board of Directors, community Board members and supporters are proud to carry on a long history of serving diverse communities as a regional health system in California.

Composed of four hospitals in Northern California and two in Southern California and Verity’s physician network and Verity Medical Foundation, our health system partners with our community physicians to provide quality, compassionate care to our patients and their family members. Together we are Verity Health.

Our Beginning

In a transaction approved by California Attorney General Kamala Harris and completed in December 2015, BlueMountain Capital Management, LLC, a private investment firm, committed to facilitating the investment of more than $250 million of capital into the management and operation of Verity’s hospitals and medical foundation, thus providing the communities served by the hospitals an opportunity to continue to pursue their missions.

The Verity Health System team is committed to the goal of revitalizing the hospitals. Already, System and hospital leaders are collaborating to cultivate new and enhanced relationships with physicians, build new clinical programs, implement business development and marketing strategies, negotiate new managed care contracts, make strategic capital investments, and undertake facilities improvements.

Progress is Evident

Improvement in all financial operations—including labor management, revenue cycle management and purchasing practices—is well under way to ensure wise stewardship of available resources.

Across Verity Health System in our first 12 months, we note the many indicators of success:

- Net patient revenue increased 7 percent
- Patient admissions increased 1.3 percent
- Inpatient surgeries increased 6.9 percent
- FTEs per occupied bed decreased 8.5 percent.
Our ultimate goals are to position the Verity hospitals to serve their communities for generations to come, to engage their workforces in meaningful ways and to align professional staff in those efforts. Verity recognizes that transformational change like this does not come easily or quickly. It requires strong, sustained effort over time.

We continue the significant work of implementing sound business practices while providing compassionate care, building new clinical programs with our physician partners and engaging community supporters.

Governance and Support

Verity Health System is governed by the independent Verity Health System Board of Directors. It is a nonprofit, non-religious health care system with 1,650 inpatient beds, six active emergency rooms and a host of medical specialties. The System’s hospitals remain committed to providing community benefit through a variety of community-based outreach programs and wellness activities. Each hospital is governed by a local Board of Directors, with important input provided by the Local Governing Board and the Verity Health System Board of Directors.

The Verity hospitals benefit from a range of philanthropic gifts generously given to each hospital’s foundation in support of their caring mission. The philanthropic foundations are led by community leaders serving on each foundation’s Board of Trustees.

Success Indicators: First Year of Our Turnaround

<table>
<thead>
<tr>
<th></th>
<th>Calendar 2015</th>
<th>Calendar 2016</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Patient Revenue Less Provision for Doubtful Accounts (in 000s)</td>
<td>1,171,139</td>
<td>1,257,239</td>
<td>7%</td>
</tr>
<tr>
<td>Admissions</td>
<td>48,422</td>
<td>49,070</td>
<td>1.3%</td>
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<tr>
<td>Inpatient Surgeries</td>
<td>9,226</td>
<td>9,863</td>
<td>6.9%</td>
</tr>
<tr>
<td>FTEs per Adjusted Occupied Bed</td>
<td>4.41</td>
<td>4.04</td>
<td>-8.5%</td>
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Business Development

- Reached out to 530 physicians in communities across the System to cultivate new relationships or to re-engage them in the work of our hospitals, partnering in new or expanded clinical programs.
- Completed the credentialing process for 227 new physicians at our hospitals across the System.
- Initiated strategic partnership discussions with other providers, including physician groups, Independent Practice Associations (IPAs), community hospitals, large health systems, academic medical centers and surgical centers in our service areas to strengthen our hospitals’ position in the market.
- Embarked upon new business development strategies to enhance clinical partnerships, engage our physicians and grow specific service lines.
- Developed a fully integrated System-wide strategy, with a foundation for physician-hospital alignment that will drive improved clinical programs, customer service efficiency and an enhanced culture.
- Expanded our Business Development team across the System to recruit and credential more physicians to engage in clinical practice at our hospitals.

Managed Care Contracting and Payor Relations

- Held meetings between Verity Health System leadership and key payors and medical groups to strengthen the System’s relationships in the marketplace.
- Completed contracts with Anthem Blue Cross Medi-Cal, Aetna PPO (for Verity Medical Foundation), Brand New Day, Central Health Plan, AHMC Healthcare, Heritage Provider Network, Angeles IPA, Valley Health Plan and Seoul IPA.
- Progressed in negotiations with: Aetna, Anthem Blue Cross, Blue Shield, CIGNA, Health Net, Kaiser and United Healthcare.
- Recruited new staff to add expertise in physician contracting, risk programs and analytics/decision support.

Marketing and Communications

- Created and implemented strategic communications and marketing programs to introduce the new Verity Health System to employees, physicians, volunteers, patients and friends.
- Restructured Marketing and Communications staff assigned to each hospital to create a centralized corporate team with increased synergy.
• Completed eight months of market research and creative development to launch a new System brand identity, including an updated graphic identity and tagline “Together in Health.”
• Launched fall marketing campaigns to drive consumer awareness and increased business for each hospital, focusing on brand identity and priority service lines.
• Launched eight new websites for Verity Health, six hospital facilities, Verity’s physician network and Verity Medical Foundation.”
• Implemented a new “Find a Doctor” online search function using “big data” to assist patients and promote referrals.
• Launched digital response marketing campaigns to promote the growth of five hospital Emergency Departments.
• Made significant progress in the production of new patient guides for all hospitals.
• Began production of collateral series to support marketing of key service lines and clinical programs.
• Produced First 100+ Days Report and Anniversary Report for internal and external stakeholders.
• Began exploration of call center optimization to ensure prompt patient service and efficient physician referrals 24/7.

Employee Engagement and Productivity

• Approved System-wide pay raises for staff, the first wage increases awarded in several years.
• Held several employee forums at each hospital to introduce staff and to System leadership and to provide updates on System progress and revitalization.
• Facilitated the adoption of System-wide values by inviting employee feedback on proposed Verity values and securing alignment from key stakeholders; Values were adopted by the Verity Health System Board of Directors and promoted during Hospital Week.
• Restructured hospital management teams and implemented process improvements in hospital operations to reduce labor costs that were outpacing patient revenue across the health system, bringing our costs in line with our peers in the healthcare industry. This activity yielded $30 million in annual savings.
• Implemented a new, affordable and more competitive retirement benefits plan for unrepresented staff, including management.
• Successfully negotiated an innovative single three-year contract covering all Service Employees International Union represented employees, including pay increases, a defined

Among important capital investments across the System, St. Francis Medical Center installed two new state-of-the-art 64-slice CT scanners. The scanners provide increased imaging capability and reduced radiation exposure.
contribution plan for retirement, precedent-setting job security protections and a groundbreaking opportunity to obtain fulltime work for most employees.

- Successfully negotiated a new contract for the National Union of Healthcare Workers represented employees at Seton Medical Center, including a transition to the new Verity Plan for medical benefits (similar to previous benefits at no cost), wage increases, and market adjustments to aid recruitment for competitive positions that have been difficult to fill.

- Successfully negotiated a new contract with the California Nurses Association with wage increases, a new pension, 12-hour shifts and a new health plan.

- Implemented a cost-saving and improved online process for employees to enroll in an enhanced menu of benefits for themselves and their eligible dependents for 2017.

Information Technology

- Completed System-wide security and network assessment and implemented steps to improve network security.

- Launched security awareness and social engineering campaigns to raise staff awareness of cyber security threats.

- Finalized a multi-year IT strategy and investment budget expected to exceed $50 million over three years.

- Engaged physicians in planning and evaluation related to acquisition strategy of new Electronic Health Record.

- Conducted a comprehensive assessment of the Information Technology team across the System, focusing on people, process and technology within the organization.

- Worked with Finance to identify new tools to create enhanced efficiencies in reporting and a real-time dashboard for senior management.

- Saved more than $4 million per year by transitioning to new Clinical Engineering services vendor.

- Began transition to new, state-of-the-art data centers that will provide redundant application services.
• Collaborated with Marketing and Communications in the design, creation and launch of eight new websites for the hospitals and other System units.

• Completed several critical system implementations including MD-Staff, Kronos, security firewalls, and network connectivity enhancements.

• Made significant progress toward completion of Computerized Physician Order Entry (CPOE) at Seton Medical Center and St. Louise Regional Hospital.

• Implemented standardized and centralized IT Operational process improvements.

• Began planning for integration and consolidation of the Verity Medical Foundation systems with Verity Health System Enterprise IT.

Operations

• Created a new Internal Audit program to evaluate and continually improve governance, risk management and internal control processes across the System in achievement of strategic objectives.

• Established a System-wide Hospital CEO Council and COO/CNO Council, both meeting monthly to accelerate operational plans for each hospital and discuss key initiatives and best practices for quality, service and cost reduction.

• Implemented new dashboard reporting systems for tracking labor, productivity, supply utilization and more.

• Introduced a new Quality program for improving quality System-wide, standardizing practices and ensuring compliance with regulatory requirements.

• Created an Internal Consulting office to provide a team of experienced project managers to move strategic projects to conclusion at an accelerated, efficient pace.

• Made significant investment in HealthStream® to enhance training for nurses and other clinical staff across the System.

• Secured agreement with GE Healthcare to provide significant upgrades to basic and high-dollar equipment at all hospitals, including diagnostic equipment to perform CTs, MRIs and ultrasound studies.

“Together in Health is a reminder of the importance of what we achieve-together. We have the privilege of helping people with births, medical emergencies, and long-term illnesses. The support I provide for the Chief Nursing Executive and all the nursing staff, helps them do their jobs—caring for patients.”

—Debbie Torrey, Project Manager, Nursing Administration, O’Connor Hospital
Demonstrating commitment to the community, St. Louise Regional Hospital has invested in 3-D mammography using tomosynthesis, the latest in diagnostic imagining technology. This type of imaging provides physicians a more detailed understanding of patient treatment needs. This will be the first such system in the area, from Morgan Hill to Monterrey. St. Louise plans to offer this service at the DePaul Campus in Morgan Hill in the Spring and at the Breast Care Center at the hospital by Summer.

Facilities

- Made significant investment in reducing deferred maintenance across all facilities. Began beautification projects at each hospital with completion expected by Spring 2017.
- Initiated seismic retrofit work at St. Vincent Medical Center, O’Connor Hospital and Seton Medical Center to meet the California Attorney General’s conditions. All projects are on schedule for completion by 2020.
- Began an elevator modernization project at St. Vincent Medical Center and secured approval from the Office of Statewide Health Planning and Development (OSHPD) via an expedited review. Requested expedited OSHPD reviews for elevator projects at O’Connor Hospital and St. Francis Medical Center, for work to begin in 2017.
- Contracted with Colliers International, an international real estate and property management company, to increase occupancy of the System’s medical office buildings.
- Began a System-wide assessment of the security needs and services at all hospitals to provide enhanced safety and security in the most effective and efficient manner.
- Embarked on initiatives to reduce energy consumption across the System, including assessing equipment operations and identifying fast payback retrofits such as LED lighting. Initial assessments of utility cost benchmarks suggest opportunities for expense reductions.
- As part of the overall real estate strategy, launched an assessment of the portfolio to understand opportunities for new development, sale of non-core assets and hospital growth.
- In conjunction with the branding initiative, began the process of assessing signage and way-finding needs for patients and visitors on hospital campuses.

Finance

- Implemented a six-month operating budget for the second half FY16 -- the first System-wide budget created in two years – and developed a comprehensive operating budget for FY17.
- Began a series of regular Monthly Operating Review meetings to monitor revenue generation and expenses at each hospital as well as expenses incurred by the System’s administrative departments.
• Created a multi-disciplinary team to make an immediate impact on reducing claims denials, with standardization of policies and procedures across the System.

• Renegotiated several vendor/supplier contracts with more favorable pricing.

• Approved $42 million in capital investment projects across the System in our first 12 months.

• Partnered with Adventist West Health to leverage our combined purchasing volume for discounted pricing. Estimated savings for Verity hospitals is more than $7 million annualized.

• Rebuilt the System’s accounting and finance infrastructure to improve operations.

• Entered into an extended supply support agreement with Premier Healthcare Solutions to redesign the supply chain infrastructure and operations over a three-year period for improved resource utilization and anticipated significant savings.

• Engaged Conifer Health Solutions as a single-source revenue cycle management (RCM) provider with a multi-year agreement to optimize revenue cycle operations for the System’s six hospital facilities, enhance operating efficiency and reduce administrative expenses.

• Provided $7,605,470 in charity care across the System and $5,019,494 in community benefit across the System from December 2015 through June 2016.

• Developed comprehensive monthly dashboards to monitor performance of all hospitals on key indicators specific to Labor, Supply Chain, Quality, Surgical Volumes and Statistics.

• Automated financial and operating reporting requirements across all hospitals and the Verity Medical Foundation.

• Initiated performance improvement initiatives at the Medical Foundation, which are expected to generate new revenue streams and enhance operational efficiency.

• Created a Management Incentive Program for eligible managers who contribute to achievement of quality, safety and financial goals for FY17.

“I have a special fondness for Seton Medical Center. During the last stages of her life, my grandmother received the highest quality of care here. I am honored to now be a part of that team—a team, both at a local and a System level, that offers boundless opportunities to make positive changes. It has been and continues to be an exciting journey for me, despite the challenges, as with each challenge overcome brings an incomparable sense of fulfillment.”

— Abigail Robles, Director, Materials Management, Seton Medical Center
Compliance

- Completed Centers for Medicare & Medicaid Services mandatory compliance training.
- Purchased new interactive electronic training module.
- Acquired new interactive policy module for streamlined development, implementation, management and standardization of policies across the System.
- Rolled out promotional and educational activities to enhance staff awareness of compliance issues and designated a hotline number for staff to call to report concerns.

Legal Services

- Created a corporate Office of the General Counsel, with significant in-house capacity to service System needs, including each hospital, their affiliates and Verity Medical Foundation.
- Filed the initial Annual Report attesting to the California Attorney General that Verity Health System met all Attorney General conditions.
- Provided support for negotiations with several unions and resolved multiple grievances and employment issues.
- Created Verity Holdings as a real estate holding company to facilitate additional liquidity for the System.
- Established a friendly PC (Professional Corporation) model and provided support to create the new Verity Physician Network.
- Provided ongoing support for negotiation of payor contracts with System payors.
- Addressed insurance program renewals and coverage levels, and conducted initial review of Marillac Insurance Company, Ltd. operations and finances.
- Supported financing initiatives with vendors and contractors.
- Provided ongoing support and counsel to the Verity Health System Board of Directors, including support for monthly meetings and related business.

“Every week for the past five years, I have come to St. Louise for infusion treatments. I know all the nurses by name—and they know me. I have beaten the odds for my condition and I know it’s a combination of good treatment and good genes. My mother lived to be 101 years old and St. Louise staff took care of her, too. This hospital is like a second home.”

–Bill Regentz, Hollister
Philanthropy and Community Relations

- Restructured and streamlined hospital-based foundations under the leadership of one Executive Director with a centralized fund-raising staff.
- Raised more than $5.7 million in philanthropic grants and gifts across the System to support community outreach programs and critical hospital needs.
- Increased Trustee appointments by more than 50 percent across five hospital foundations, adding deep community relationships, extensive leadership skills and enthusiasm for the mission and goals of each hospital.
- Conducted 15 Board meetings across the foundations.
- Hosted five foundation reception events for Trustees, donors and friends, providing guests the opportunity to meet new hospital leadership and hear updates on hospital revitalization.
- Hosted “Star of Wonder” holiday tree lighting fundraiser event for communities served by St. Louise Regional Hospital.
- Partnered with community-based organizations at St. Francis, O’Connor and St. Louise to stage toy drives to benefit disadvantaged children in communities served by our hospitals.
- Launched the Leadership Phase of our first Chairman’s Circle Annual Appeal with 100 percent participation to date. The appeal will continue through March 2017. Gifts raised from senior leadership, staff, community members and other friends will support excellence in patient care, expanded training for medical staff, and upgrades to medical equipment and facilities.
- Integrated donor databases across the System for improvements in tracking and stewarding donations.

New nursing school graduates build confidence and competency through O’Connor Hospital’s new preceptorship program. Experienced O’Connor nurses work side-by-side with an initial cohort of 20 new RNs to oversee procedures and offer encouragement.
“Optimism and energy have been the hallmarks of our first year as part of Verity Health, sparked by our healthcare team’s passion for providing the highest quality care and best patient experience. As we grow vital, life-saving programs and enhance essential services, we reaffirm our commitment to caring for our community.”

- Jerry Kozai, PharmD, President and CEO
St. Francis Medical Center

Finance and Operations

- Achieved a 10 percent increase in admissions and an 18 percent increase in patient volume.

- Achieved significant gains in Emergency Department throughput following implementation of a Team Care program in March and additional throughput initiatives, resulting in improved efficiency. Patients leaving without being seen decreased from 2.7 percent to 0 percent; door-to-provider time was reduced from 40 minutes to 4.9 minutes; diversion time of ambulances decreased from 20 hours to two hours per week; door-to-discharge time was cut 25 percent; and door-to-admit time declined 20 percent.

- Established the South LA Trauma Recovery Center (TRC) through a $766,484 grant from the California Victim Compensation Board, secured by the St. Francis Medical Center Foundation in collaboration with Southern California Crossroads. The TRC coordinates a range of free services provided by local partners for victims of violent crime and families of homicide victims. Also secured a $500,000 grant from the California Community Foundation to provide trauma recovery support.

Capital Budget

- Approved $7.4 million in capital investments to support clinical product lines, patient care and facility infrastructure, including two 64-slice CT scanners, digital portable X-ray units, fetal heart monitors, infant security system, Mac Lab upgrade, Neoprobe® Gamma Detection System, safety beds, ICU patient recliners, patient-controlled analgesic smart pumps, surgical equipment and devices, HVAC and air handler upgrade, and elevator modernization.

Recruitment

- Recruited 48 physicians to support specialties and Centers of Excellence, including a new cardiovascular thoracic surgeon, a neurologist specializing in spine care, an orthopedic surgeon, a colorectal surgeon, an ophthalmologist, an obstetrician, a gastroenterologist, two podiatrists, two plastic surgeons, and a pain medicine physician. Also added eight new members to the psychiatry team.

- Implemented new online MD App to expedite verification and credentialing of physicians.

- Recruited accomplished executive leadership to fill key positions: Chief Operating Officer, Chief Medical Officer, Chief Nursing Officer, and Chief Financial Officer.
• Launched “Walk-in Wednesdays” Nurse Recruitment Program to fast track well-qualified RNs into high demand nursing positions. Since September, 40 highly-skilled RNs have been recommended for hire.

• Provided career advancement opportunities for 23 experienced RNs and 39 recent RN graduates through the “New Grad RN” and “Specialty RN” programs to train and place select nurses in medical/surgical units and specialty care areas including Labor and Delivery, Emergency and Critical Care.

Community Support

• Provided $2,209,510 in total community benefit programs and services. Such programs included: health screenings, immunizations and fitness classes; hospital and home visits for maternity patients and babies; programs for youth and young adults to prevent trauma and injury; and health benefit enrollment assistance and linkages to health and social services.

• Between December 2015 and June 2016, provided more than $5,999,138 in charity care.

Special Recognitions

• Received recertification for Disease-Specific Care as an Advanced Primary Stroke Center by The Joint Commission, and received the American Heart Association/American Stroke Association’s (AHA/ASA) Get With The Guidelines® Stroke Gold Plus Quality Achievement Award with Target: StrokeSM Honor Roll.

• Achieved 100 percent in all Joint Commission stroke core measures and AHA/ASA Get With the Guidelines® quality measures data for the month of October 2016 and near 100 percent compliance for Administration of tPA in less than one hour for the last seven consecutive months.

• Recognized by the Collaborative Alliance for Nursing Outcomes (CALNOC) in the category of Best Performance in Preventing Hospital Acquired Infections — C. difficile Total Facility. The award acknowledges hospitals for exemplary work in reducing hospital acquired conditions. Achieved a total Hospital Acquired C. difficile reduction rate of 46.3 percent over the last 24 months. Sustained rates below the national benchmark for 10 consecutive quarters.

Some 62 well-qualified nurses were trained and placed into high-skill positions at St. Francis Medical Center. The “New Grad RN” and “Specialty RN” programs give internal employees advancement opportunities and draw large applicant pools, ensuring placement of the best and brightest RNs at St. Francis.
“Thanks to the hard work and dedication of the staff, physicians and leadership team, St. Vincent Medical Center is moving faster than ever in a positive direction. We continue to enhance our quality and service, expand our clinical programs and, most importantly, strengthen our model of patient centered care.”

- Frank J. Cracolici, President and CEO
St. Vincent Medical Center

Finance and Operations

• Experienced a growth rate of 13 percent in Emergency Department patient visits fiscal year-to-date 2017 compared to 2016 fiscal year-to-date performance. Nurtured strategic EMS relationships and community partnerships for service area needs of local communities.

• Realized a 25 percent increase in inpatient volume growth from an average daily census of 140 to an average daily census of 176.

• Increased transplant surgical volume by 13 percent. Expanded Multi-Organ Transplant community presence and service area reach with a satellite transplant clinic at St. Francis Medical Center. Scheduled to open in early 2017.

• Reopened 15 acute care beds to accommodate inpatient volume growth.

• Revitalized relationship with House Clinic for treatment of ear and hearing disorders. Partnered with the Acoustic Neuroma Association to educate patients and promote expertise.

• Expanded Orthopedic service line to include the navigation-assisted joint replacement technique or hips and knees.

Capital Budget

• Approved approximately $10 million in capital investments to support service line growth and facility improvements including: sterile processing upgrade to support expanded surgical volumes; increased telemetry monitoring capacity; clinical laboratory equipment upgrades; seismic improvements; surgical equipment instrumentation and devices; lobby transformation to include creation of a welcoming lobby café; and an elevator modernization project underway (in review with Office of Statewide Health Planning and Development). Construction set to begin in early 2017.

Recruitment

• Credentialed 97 new primary care and specialty physicians to the St. Vincent Medical Center staff.

• Recruited physician specialists in primary care, general orthopedics, joint replacement surgery, cardiovascular disease, interventional cardiology, cardiothoracic vascular surgery, spine, neurosurgery, podiatry, surgical oncology, gastroenterology, and nephrology to provide expanded services.

• Recruited accomplished executive leadership to fill key positions: Chief Nurse Executive/Chief Operating Officer and Vice President for Business Development.
Community Support

• Provided $650,244 in community benefit programs and services for FY16, including: screenings for hepatitis B and C, transportation for patients to clinical appointments, and discounted fees for patient families staying at St. Vincent’s Seton Guest Center.

• Between December 2015 and June 2016, provided $371,669 in charity care.

Special Recognition

• Recognized by Medicare.gov for having the shortest emergency room wait times – approximately 15 minutes – in comparison to other hospitals in the area.

• Received 4 out of 5 stars in the Medicare Hospital Ratings from the Centers for Medicare & Medicaid Services (CMS). The 4-star rating means St. Vincent ranks in the top 25 percent of hospitals in the country for the quality measures tracked by CMS.

• Received grant renewal from QueensCare a healthcare public benefit charity, to support inpatient care for the underserved population. The grant is for $1 million.

• Successfully completed College of American Pathologists regulatory review of the Clinical Laboratory.

• Recognized by The Joint Commission for ranking in Top 5 percent of U.S. hospitals for quality.

A pioneer in joint replacement surgery, William Long, MD, joined the team at St. Vincent’s Joint Replacement Institute in 2016. Dr. Long performed a double hip replacement surgery on Christopher Lewis, a 29-year veteran of the Los Angeles Fire Department, at St. Vincent Medical Center on Nov. 22, 2016. The photo was taken at a post-operative appointment three weeks after surgery.
Finance and Operations

- With philanthropic support from the St. Louise Regional Hospital Foundation, initiated Emergency Department renovation to create a more spacious, patient-friendly environment.
- Finalized plans for implementation of 3-D digital mammography using tomosynthesis, expected to be in place at the Morgan Hill health center and at the Breast Care Center at St. Louise in 2017.
- Began purchasing pharmaceuticals under Section 340B of the Public Health Service Act, (“Drug Discount Program”) significantly reducing our costs.
- Engaged physicians to initiate an on-call physician panel to ensure cardiology expertise in the emergency department 24/7.
- Expanded hospitalist program to cover more than 50 percent of all inpatient cases.

Capital Budget

- Approved $3.3 million in capital investments for projects including: hematology analyzer, scope reprocessor and new scopes, roof replacement and parking lot repairs.

Recruitment

- Rebuilt leadership team with recruitment of:
  - Jordan Herget, President and Chief Executive Officer, and John Hennelly, Chief Administrative Officer.
  - Appointed two Medical Directors for key services: Polyxene Kokinos, MD, for Wound Care and Peter Binkley, MD, for Emergency Department.
- Expanded Orthopedics service with addition of three physicians: Kerisimasi Reynolds, MD; Charissa Farris, MD; Christian Fogler, MD.
- Recruited accomplished executive leadership to fill key positions: Chief Financial Officer and Vice President for Business Development.
Community Support

- Provided $381,833 in community benefit programs including: health screenings and education in the community, bereavement support group, breastfeeding support group, childbirth preparation classes, first aid booths at several community events and bus tokens and taxi vouchers for transportation to clinical visits.
- Between December 2015 and June 2016, provided more than $337,916 in charity care.

Special Recognition

- Stroke program received exemplary Gold Plus rating from the American Heart Association.
- Accredited by The Joint Commission as a Primary Stroke Center with our Emergency Department providing expert care 24/7.
- Completed successful Laboratory Services accreditation by The Joint Commission, which upholds the highest level of patient care.
- Contributed 350 hours to community outreach, including health fairs, flu shot clinics and community events in Gilroy and Morgan Hill.
- In October, hosted 350 community friends, staff and physicians for a barbecue event on the front lawn to thank the first responders who fought the Loma Fire. We received numerous donations from community leaders and friends of St. Louise to make this event possible.

Staff members at St. Louise Regional Hospital donated more than 350 hours to community outreach in 2016, providing first aid booths, flu shot clinics, and health fairs. These efforts included welcoming community members to the hospital for a barbeque, celebrating local first responders who battled the Loma fire.

Photo courtesy of Gilroy Life
O’Connor Hospital

“I have admired both O’Connor and St. Louise Regional hospitals for several years. I am thrilled to be part of this team, to experience the momentum that has been building and to know that I will be part of the next phase of growth.”

- Jordan Herget, President and CEO
O’Connor Hospital

Finance and Operations

- Re-engineered Emergency Department throughput, achieving increased efficiency and patient satisfaction. Piloted marketing campaign promoting a guarantee for patients to be seen by a healthcare provider within five minutes of arrival.
- Began purchasing pharmaceuticals under Section 340B of the Public Health Service Act (“Drug Discount Program”), significantly reducing our costs.
- Awarded service contracts to anesthesia and interventional radiology groups in response to physician-led request for proposal (RFP) for these services.
- Signed agreement to become the teaching site for foreign medical students through Genesis Medical beginning in January 2017.

Capital Budget

- Approved $8.5 million in capital investments including anesthesia machines, laparoscopy towers, Post-anesthesia Care Unit monitors, scope washers and seismic improvements.

Recruitment

- Rebuilt leadership team with recruitment of new President and Chief Executive Officer Jordan Herget.
- Recruited accomplished executive leadership to fill key positions: Chief Operating Officer, Chief Financial Officer and Regional Vice President for Business Development.
- Appointed James Lilja, MD, as medical director for surgical oncology, bringing O’Connor patients access to the latest in cancer care and research.
- Appointed Mehrdad Rezaee, MD, as Medical Director of the Cardiac Cath Lab.
- Appointed Omid Javadi, MD, as Medical Director of Cardiovascular Surgery
- Appointed Michael Cluck, MD, as Medical Director of Spine Program.
- Appointed Polyxene Kokinos, MD, as Medical Director of Wound Care.
- Implemented new nursing graduate preceptorship program to provide enhanced training and promote retention of recent nursing school graduates. Twenty nurses completed the class, with 17 retained for employment.
In the Fall of 2016, O’Connor Hospital became the official healthcare sponsor of San Jose State University Athletics, aligning two San Jose area icons in a special new relationship. O’Connor Hospital is receiving promotional opportunities at athletic events — including signage in the campus football stadium — and in other arenas. At the same time, O’Connor Hospital is prepared to care for student athletes as well as other students, faculty and staff who require clinical services.

Community Support

• Provided $1,715,467 in community benefit programs and services for FY16, including: diabetes and ICD support groups, lactation consultation, “Living Well” community education classes, bus tokens for patient transportation to appointments, and medical services to support the San Jose Rock and Roll Half Marathon.

• Between December 2015 and June 2016, provided $441,871 in charity care.

Special Recognition

• Completed successful Joint Commission accreditations for clinical programs in stroke, joint replacement (hip and knee), and wound care.

• Achieved three-year accreditation for cancer care program from Commission on Cancer® of the American College of Surgeons.

• Received the U.S. Health Resources and Services Administration (HRSA) Gold Award for promoting organ and tissue donation awareness and registry information.

• Received American Heart Association/American Stroke Association’s Get with the Guidelines Stroke Gold Plus Quality Achievement Award.

• Secured partnership with San Jose State University to partner in appropriate referrals for student athletes as well as other students and faculty who need care and launched a variety of marketing opportunities on campus.
“This is a time of tremendous transformation, potential and growth at Seton. As we implement new initiatives and service lines, we are building on our legacy of community service with innovative programs to meet the current and future needs of the communities we serve.”

- John Ferrelli, President and CEO

Seton Medical Center and Seton Coastside

Finance and Operations

- Launched a robotics-assisted knee replacement surgery system, the NAVIO® Surgical System, which allows precise and less invasive knee surgery. Seton is the first hospital in the San Francisco Bay Area to offer robotics-assisted total knee replacement.
- Expanded a partnership with University of California, San Francisco, in cardiac electrophysiology designed to treat heart arrhythmia. Seton is among a few hospitals in the Bay Area to offer this treatment.
- Added new treatment rooms in the Seton Center for Advanced Wound Care and recruited four additional surgeons to the Center. Seton offers the most established and experienced Wound Care program in the region.
- Opened a new, comprehensive Outpatient Infusion Center with private rooms and amenities designed for the comfort of our patients.
- Achieved significant progress in development of initiatives in the areas of gero-psych services, skilled nursing services, and other post-acute services.
- Embarked on a partnership with Health Plan of San Mateo to assist in meeting their health care needs.
- Received an allocation of $15 million over three years from the San Mateo County Board of Supervisors for a vital seismic upgrade project. The work is planned to be completed by Dec. 31, 2019.
- Initiated hourly comfort rounds to proactively anticipate and meet patient needs and help ensure patient safety and comfort. The program is proven to prevent falls, reduce the use of call lights and improve patient satisfaction.
- Introduced Code Sepsis, an important patient safety initiative providing rapid response for patients who screen positive for two or more sepsis criteria. The program is expected to significantly improve patient outcomes and reduce sepsis-related mortality.
- Instituted daily huddles in every department house-wide to monitor and measure our progress in safety, patient service, patient satisfaction and quality.
- Experienced inpatient volume growth at Seton Coastside, from an average daily census in the low 90s to an average daily census of 110.

Capital Budget

- Approved $11.8 million in capital investments, including: robotics device for joint replacement; Gero-psych Unit construction; ophthalmology scope; telemetry monitors; nurse call system; and GI scopes.
Recruitment

• Recruited accomplished executive leadership to fill key positions: Chief Operating Officer and Chief Nurse Executive, Chief Financial Officer, and Chief Medical Officer.
• Credentialed 77 new physicians to the Seton Medical Center staff.
• Welcomed new physician specialists in the areas of infectious disease, joint replacement surgery, orthopedic spine surgery, neurosurgery and primary care.
• Pursued relationships with new and existing physicians and groups within the region, including primary care and infectious disease physicians.
• Renegotiated the contract for Emergency Department physicians and recruited a new anesthesia group. Finalized a new hospitalist/intensivist contract.
• Launched an aggressive campaign to recruit new employees and former employees for priority positions through job fairs, interview days, recruiting active/passive candidates, employee referral programs, and sign on bonuses for key positions.

Community Support

• Provided $213,945 in total community benefit programs and services including: blood pressure screenings at community events, a Health Benefit Resource Center, donation of gift shop for training developmentally ill and intellectually disabled individuals, and health information events.
• Between December 2015 and June 2016, provided $337,916 in charity care.

Special Recognition

• Received the American Heart Association/American Stroke Association Get With the Guidelines Stroke Gold Plus Award for stroke care delivered from March 2015 to March 2016. Also received the American Heart Association/American Stroke Association Get With the Guidelines® – Stroke/Target Stroke℠ Honor Roll recognition for success with our time to treat acute ischemic stroke patients with IV tPA.
• Introduced Telestroke in partnership with the neurology department at California Pacific Medical Center. Telestroke, an important new element of our stroke program, allows a neurologist to provide remote treatment for stroke victims via teleconferencing.

Seton Medical Center is the first hospital in the San Francisco Bay Area to provide robotics-assisted total knee replacement with the newly-acquired NAVIO® system. This technology allows orthopedic surgeons to perform joint replacement procedures in a precise and less invasive manner, tailoring the procedure to each patient’s unique anatomy.
“As we expand our relationships with physicians across California, Verity Health System recognizes the importance of tailoring different practice models to the needs and opportunities of individual physician groups.”

- Eric Marton, President and CEO
Verity Physician Network

Innovative Health Care Network

Verity Health System supports a variety of physician collaboration models, which collectively make up our “Physician Network.” We partner with physicians and their clinical teams to help them do what they do best: provide excellent primary and specialty health care to their patients. The Verity Physician Network offers a variety of creative partnership models.

Verity Medical Foundation

Verity Medical Foundation is a full-service health care organization that aligns physicians with Verity’s six hospitals. The Foundation provides all business services, consolidates information technology and negotiates contracts to streamline operations and reduce costs for patients served by our affiliated physicians and physician groups. Affiliated groups include:

- Verity Medical Group: Los Angeles Division, Santa Clara Division, San Mateo Division
- San Jose Medical Group
- Morgan Hill Primary Care
- All Care Medical Group
- CFL - Pediatrics

Verity Affiliated IPAs

[Independent practice associations]

Together, Verity and its affiliated IPAs organize the delivery of care and jointly negotiate contracts with health insurers, while offering coordinated, high quality care to more patients across broad geographic regions.

Private Practice Physicians

Currently, 2,000 private practice physicians call our Verity hospitals home. Verity works to ensure that its hospitals provide a high quality, efficient and welcoming environment for all physicians and their patients. We actively seek out private physicians to work with us on quality initiatives, program development and community outreach. Our physicians are the stewards of care for our health system.

Ambulatory Surgery Centers

Verity recognizes the important role that ambulatory surgery centers (ASCs) play in the health care continuum. With talented ASC-based physicians and surgeons, we deliver value and excellent service to our patients while enhancing our offerings to health insurers.

Urgent Care Centers

Verity offers a full spectrum of medical services to our communities. The extended hours and immediate availability of care at Urgent Care centers provide convenience for patients with appropriate, non-life threatening cases. Verity physicians, physician assistants, and nurse practitioners continue to elevate the quality and capability of the “walk-in clinic” to include treatment of a full range of non-emergency illnesses and injuries.

Hospital-based Physician Clinics

Verity hospitals often work with leading physician specialists to establish clinics on their campuses. These clinics provide integrated access to sophisticated outpatient services while being fully integrated with comprehensive “in hospital” programs. Examples include: orthopedics, cardiology, oncology, and gastroenterology among others.
Accomplishments

Operations and Engagement
• Deployed numerous alignment strategies to partner with interested physicians in a variety of practice models. Together they comprise the Verity Physician Network.
• Established new divisions/branches in Santa Clara, San Mateo and Los Angeles to facilitate physician recruitment in support of all Verity hospital campuses.
• Met with hundreds of physicians throughout California to share the vision for the new Verity Physician Network.
• Expanded health plan and Independent Physician Association (IPA) relationships throughout California and secured new contracts.
• Developed relationships with Independent Physician Associations (IPAs) in Northern and Southern California.
• Streamlined and expanded our management services organization (MSO) to support Medical Foundation/Physician Network growth.
• Leveraged relationships in Silicon Valley to launch technology innovation initiatives for our physicians and patients.
• Expanded hospitalist program to support hospital need and value-based care initiatives.
• Collaborated with Verity hospitals to develop and expand clinical service lines.
• Became the largest provider for CareMore (a division of Anthem) in Northern California.
• Developed a master space plan to create more efficient medical clinics in existing medical office buildings as well as to design and build new spaces that will serve as a template for the future – providing a consistent look, feel, flow, and brand image.
• Successfully concluded negotiation of a new contract with Service Employees International Union and engaged all staff members in a revitalization of the team, its culture and its spirit of collaboration.
• Initiated health education and expedited access programs for employers in Verity communities.
• Expanded Call Center operations by 20 percent.

Capital Budget
• Approved approximately $2 million for capital investments and improvements related to imaging and practice asset acquisitions, among other activities.
• Invested $200,000 in new IT system implementation and upgrades to existing systems for physicians and staff.
• Approved capital requests for upgrading clinical workstations, firewalls, and electronic charge capture for hospitalists program with a spend of more than $450,000 planned for calendar year 2017.

Recruitment
• On-boarded more than 200 physicians throughout California, in various practice models, to the Verity Physician Network.
• Built the Verity Medical Foundation to more than 400 MDs and allied health professionals.
• Recruited Verity Physician Network CEO Eric Marton and Verity Medical Foundation Chief Administrative Officer.

Special Recognition
• Received 4-star rating from the State of California Office of the Patient Advocate on their Medical Group Medicare Report Card ratings for Medicare Advantage Members.
• Improved the 2016 California Patient Assessment Survey results compared to 2015 with overall rating of health care and composite ratings either Good or Excellent. Patient-Doctor Interactions were rated as excellent, while improvement also was reported in Patient Access and Helpful Office Staff.
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St. Francis Medical Center hosted Verity Health System’s first Board of Directors meeting in a series of meetings at our hospital locations. Verity Board members posed with hospital board members, foundation trustees and System leaders.
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*Deceased Jan. 2, 2017
Seton Medical Center and Seton Coastside
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Caring, Healing, Inspiring, Together.

As the hospitals of Verity Health, we’re here to serve our patients with expert, compassionate care to create healthier communities. Together we expect great things.

Together is a promise.
It’s our bond and unwavering commitment to our patients.

Together is a way of life.
Side-by-side, hand-in-hand, providing care, comfort, healing and hope.

Together means strength.
Health requires encouragement, inspiration and dedication. We’re delighted to provide the you-can-do-it support our patients need.

Together creates compassion.
It’s the kind of care that makes you feel cared-for, that takes time and is always present from the moment our patients walk through our doors.

We expect great things. Together in health.
It’s our calling and our joy to be here for our communities’ health. We’re proud to provide quality care that is second to none. It’s an exciting time for us, and we’re honored to move forward, together.

Verity Health

St. Francis Medical Center  |  St. Vincent Medical Center  |  St. Louise Regional Hospital  |  O’Connor Hospital  |  Seton Medical Center