

One

ONE SYSTEM

ONE TEAM

ONE BELIEF

ONE MISSION



Carolinas HealthCare System

2012 ANNUAL REPORT



BUILT FOR EVERYONE
FROM THE KNOWLEDGE OF MANY
TO BRING HEALTH TO ALL



Dear Friends,

The year 2012 brought a significant milestone in the long and proud history of our organization, the adoption of a new vision statement.

Carolinas HealthCare System will be recognized nationally as a leader in the transformation of healthcare delivery and chosen for the quality and value of services we provide.

This statement conveys, very succinctly, our most important aspirations moving forward.

One of those is our intent to lead in the transformation of healthcare delivery, rather than simply watch it unfold from the sidelines. Another is expanding our role as a national thought leader. And a third is being the provider of choice in an environment that sees consumer choices multiply, seemingly, by the day.

Propelled by this new vision, we continue to seek new and more effective ways to tell our story. Even in the best of times, it is a challenge for an organization as complex and diverse as ours to maintain a consistent image. In a period of rapid and unpredictable change, it is all the more important to communicate clearly the distinguishing characteristics that make us worthy of trust.

Accordingly, one of our key goals is articulating the full range of benefits that flow from being a single unified enterprise. The pages that follow include a comprehensive overview of those benefits, all organized under the rubric of "One" ... one system, one team, one belief, one mission.

As you read these stories, I think you will be impressed by the extraordinary achievements of our team, which is now comprised of some 60,000 employees working in more than 900 care locations throughout the Carolinas. Through a unique combination of talent, dedication and resourcefulness, they are ensuring our continued success in the brave new world of healthcare.

sincerely

Michael C. Tarwater
MICHAEL C. TARWATER

CHIEF EXECUTIVE OFFICER



CAROLINAS HEALTHCARE SYSTEM AT A GLANCE

Carolinas HealthCare System is one of the leading healthcare organizations in the Southeast and one of the largest public, not-for-profit systems in the nation.

The System operates more than three dozen hospitals and serves patients at more than 900 care locations including physician practices, freestanding emergency departments, outpatient surgery centers, pharmacies, laboratories, imaging centers and other facilities. Also included are a large number of nursing homes and other home care, medical equipment and hospice services.

Altogether, System operations comprise more than 7,400 licensed beds, employ approximately 60,000 people, and account for more than 10 million patient encounters annually.

One characteristic common to all Carolinas HealthCare System components is a shared mission that includes a strong commitment to public service and extensive outreach to all segments of the population. Carolinas HealthCare System, with its extraordinary staff and comprehensive range of high quality services, research and educational initiatives, ensures that all patients receive the benefits that stem from being a single, unified and fully integrated enterprise.

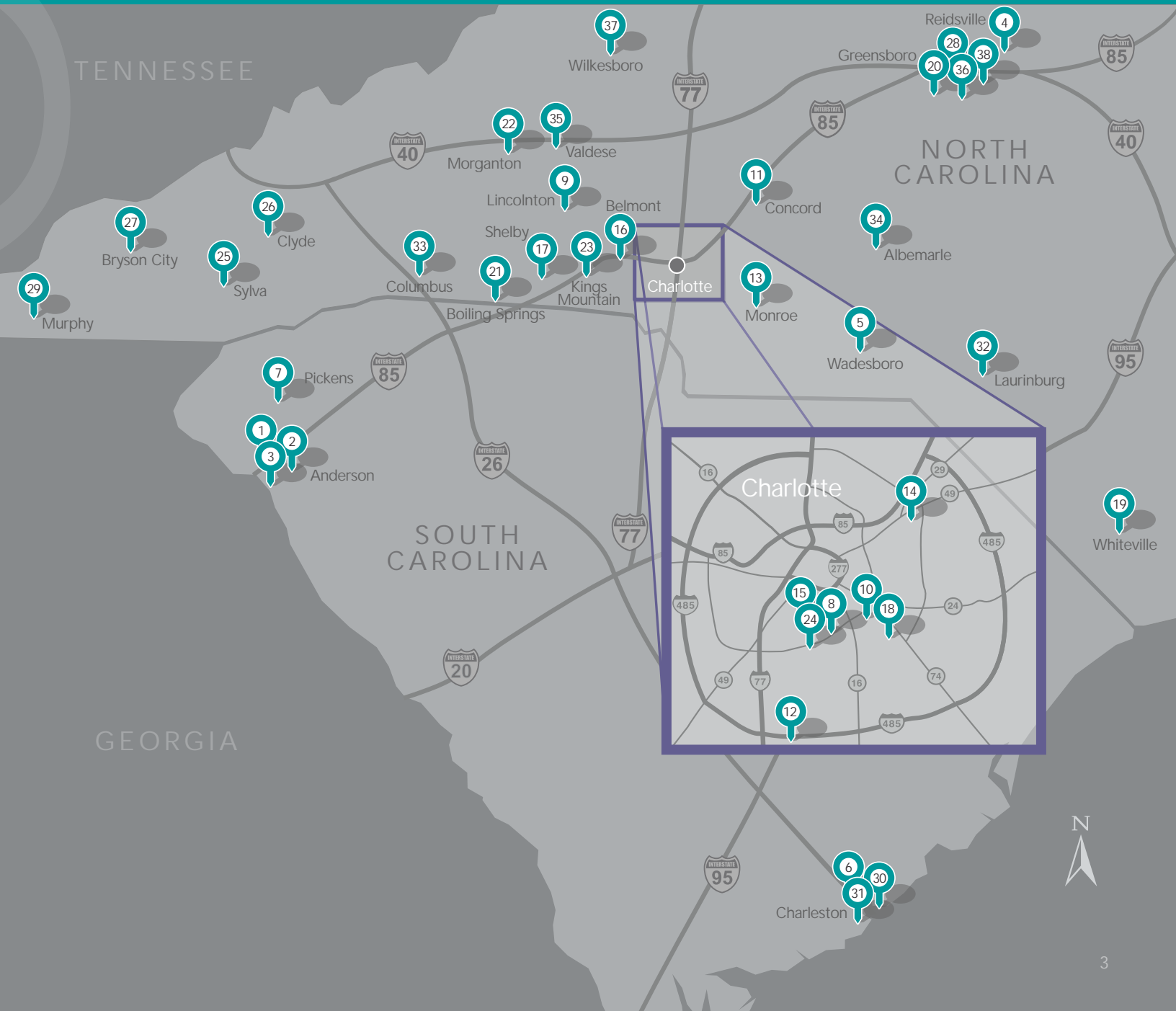
60,000 PEOPLE

900 CARE LOCATIONS

10 MILLION PATIENT ENCOUNTERS

CAROLINAS HEALTHCARE SYSTEM HOSPITALS

1. AnMed Health Medical Center
2. AnMed Health Rehabilitation Hospital
3. AnMed Health Women's and Children's Hospital
4. Annie Penn Hospital
5. Anson Community Hospital
6. Bon Secours/St. Francis Hospital
7. Cannon Memorial Hospital
8. Carolinas Medical Center
9. Carolinas Medical Center-Lincoln
10. Carolinas Medical Center-Mercy
11. Carolinas Medical Center-NorthEast
12. Carolinas Medical Center-Pineville
13. Carolinas Medical Center-Union
14. Carolinas Medical Center-University
15. Carolinas Rehabilitation
16. Carolinas Rehabilitation-Mount Holly
17. Cleveland Regional Medical Center
18. CMC-Randolph
19. Columbus Regional Healthcare System
20. Cone Health Behavioral Health Hospital
21. Crawley Memorial Hospital
22. Grace Hospital
23. Kings Mountain Hospital
24. Levine Children's Hospital
25. MedWest-Harris
26. MedWest-Haywood
27. MedWest-Swain
28. Moses H. Cone Memorial Hospital
29. Murphy Medical Center
30. Roper Hospital
31. Roper St. Francis - Mount Pleasant Hospital
32. Scotland Memorial Hospital
33. St. Luke's Hospital
34. Stanly Regional Medical Center
35. Valdese Hospital
36. Wesley Long Hospital
37. Wilkes Regional Medical Center
38. Women's Hospital



One SYSTEM

Carolinas HealthCare System is breaking down silos to deliver the best healthcare to all. Having a well-integrated system means that patients benefit from a more seamless experience, greater connectivity, and enhanced access to enterprise-wide staff expertise. It also means greater access to services throughout the Carolinas, many of which were new or expanded during 2012.

For example, access to urgent care and emergency services grew substantially with the opening of new emergency facilities in Kannapolis and Huntersville, as well as new urgent cares in Salisbury and Blakeney. Early success at all of these facilities validated the importance of localized access.

In order to meet similar needs in other parts of the Charlotte metro area, construction began on two additional freestanding emergency departments and outpatient service centers. These will be located in Charlotte's Morrocroft neighborhood and in the suburban community of Harrisburg.

Shovels also broke ground for two additional rehabilitation facilities, at Carolinas Medical Center-Pineville and Carolinas Medical Center-NorthEast, as part of an effort to move inpatient rehabilitation beds out from the urban core. The new Carolinas Rehabilitation sites will allow for seamless transitions from acute care settings to ambulatory care, and vice versa, keeping patients in their communities and closer to home.

GIANT LEAP FORWARD IN BEHAVIORAL HEALTH

In response to a continuing statewide reduction in behavioral health services, Carolinas HealthCare System instituted a number of measures to better serve patients. Accessibility was enhanced by providing virtual psychiatric consultations to patients who presented at any of seven Charlotte-area emergency departments for treatment. The new procedure was pioneered by staff counselors and psychiatrists based at CMC-Randolph.

Access to services was also enhanced during 2012 by the completion of plans for a new \$36 million behavioral health hospital in Davidson, NC. This single-story, 67,000-square-foot hospital will serve a broad range of patients experiencing chronic mental health disorders or acute, episodic needs. It will comprise 66 inpatient beds and also offer outpatient services, with a strong emphasis on preventive care.





REDUCING BARRIERS TO CANCER CARE

The year 2012 concluded with the grand opening of Levine Cancer Institute's research and administrative headquarters. The Institute's new building, which occupies more than 170,000 square feet, now serves as a hub for communication, research, administration and patient care.

To support the survivorship journey for patients being treated in Charlotte, the new facility includes a rooftop healing garden, gift shop, patient image boutique and family resource center. Nonetheless, the true mission of the Institute is to leverage expertise and resources available throughout the system to deliver care closer to where patients live.

This decentralized approach to cancer care removes the barriers that separate patients from access to breakthrough research and treatments. The Institute has expanded to the point where, after only two years, it is serving more than 11,000 new cancer patients annually.

In the fall, the Institute announced its list of charter members:

- AnMed Health – Anderson, SC
- Batte Cancer Center at Carolinas Medical Center-NorthEast – Concord, NC
- Blue Ridge HealthCare Grace Hospital – Morganton, NC
- Blue Ridge HealthCare Valdese Hospital – Valdese, NC
- Carolinas Medical Center – Charlotte, NC
- Carolinas Medical Center-Lincoln – Lincolnton, NC
- Carolinas Medical Center-Mercy – Charlotte, NC
- Carolinas Medical Center-Pineville – Charlotte, NC
- Carolinas Medical Center-University – Charlotte, NC
- Cleveland Regional Medical Center – Shelby, NC
- Edwards Cancer Center at Carolinas Medical Center-Union – Monroe, NC
- Roper St. Francis Healthcare (which includes Roper, Bon Secours St. Francis and Mount Pleasant Hospitals) – Charleston, SC
- Stanly Regional Medical Center – Albemarle, NC

Also, the Institute received state approval to create a new 16-bed hematology/oncology unit that can accommodate adult bone marrow transplant patients. The new unit, expected to be fully operational by early 2014, will provide enhanced access to highly specialized procedures not currently available at Carolinas HealthCare System facilities. Plans call for the new adult bone marrow transplant program to be able to handle up to 100 patients per year.



SERVING MORE THAN

11,000 NEW CANCER PATIENTS ANNUALLY

MORE THAN **10** MILLION
TRANSACTIONS DAILY

One SYSTEM

NATIONAL LEADERSHIP IN INFORMATION TECHNOLOGY

In addition to being a pioneer in transforming the delivery of cancer care, Carolinas HealthCare System has been an early adopter and leader in health information technology. Accordingly, the year 2012 yielded more connectivity through technology than ever before.

Nearly 15,000 clinicians in hospitals and physician practices now use Canopy, the electronic medical record (EMR) system. More than 7 million patient records are securely stored in the *Canopy* system, and each day nearly 10 million transactions are performed. These transactions include accessing patient charts; placing medication, laboratory and other orders; adopting evidenced-based medicine standards; and documenting all patient care activities.

Patient benefits include the following:

- Providing a secure, single EMR to clinicians, with immediate access across all points of care, including physician practices, urgent care locations, emergency departments and hospitals.
- Increasing safety via real-time clinical decision support to clinicians at the point of care.
- Improving quality and outcomes by facilitating integrated systems of care; coordinating advanced care plans for patients; and providing a system-wide health information exchange called CareConnect Carolinas.

Canopy hospitals achieved an important national certification in 2012 called "Health Information Management Systems Society Level 6 EMR Adoption." This represents a standing in the top 10 percent of all U.S. hospitals and health systems. In addition, *Hospitals & Health Networks* magazine included the System in their "Most Wired" list for the ninth consecutive year.

SHARING BEST PRACTICES IN CRITICAL CARE

Coordination of care includes sharing best practices and protocols in critical areas such as heart attack treatment. *Becker's Hospital Review* highlighted the exceptional degree of collaboration with other independent hospitals to reduce door-to-treatment times. Clinicians also took a strong leadership role in promoting the Regional Approach to Cardiovascular Emergencies (RACE) project, a statewide initiative to treat heart attack patients quickly.

The nine-hospital Chest Pain Network succeeded in reducing the average door-to-treatment time from 109.5 minutes to 88 minutes. This surpassed the national average. Project leaders cited teamwork, communication and standard protocols as key elements to success, and spotlighted the current goal of treating patients within an average 60 minutes of arrival.

In October, Cone Health, a network of hospitals and other care locations headquartered in Greensboro, became an affiliate of Carolinas HealthCare System.

By expanding its footprint and programs during 2012 to include additional healthcare facilities that serve a common mission, Carolinas HealthCare System is benefiting a greater number of patients through integration, coordination and shared clinical excellence. Maintaining this momentum as a single unified enterprise ensures that patients have ongoing access to high quality, value-driven care.



One

TEAM

Clinical care professionals at Carolinas HealthCare System comprise one team, dedicated to pursuing clinical excellence on a national level. They fulfill this goal by consistently improving the quality of care for each patient, while seeking new approaches to treatment and disease management.

Clinical accomplishments made national news throughout 2012, based on significant strides in a broad variety of specialties. Levine Children's Hospital (LCH), for example, was the focal point for one of the most talked about medical stories of the year involving a sports figure, Carolina Panther Greg Olsen.

Olsen's wife, Kara, gave birth to twins in October; and, although daughter Talbot was born in good health, son T.J. was born with hypoplastic left heart syndrome. The condition required surgery immediately following birth. Benjamin Peeler, MD, guided the surgical staff through a high risk operation known as the "Norwood Procedure." Their success was reported by media outlets across the country, highlighting an ongoing series of achievements by the pediatric congenital heart program at Sanger Heart & Vascular Institute (SHVI).

Another program that gained national visibility in 2012 was the Charlotte Fetal Care Center (CFCC), which is the only center of its type in the Southeast. The director of the center, Courtney Stephenson, MD, is one of just 40 fetal surgeons in the world and is thought to be the sole female surgeon in this highly specialized field.

She and David Iannitti, MD, performed a first-of-its-kind surgery, an ultrasound-guided procedure that makes it possible for a viable fetus to survive an often-fatal condition known as "twin-to-twin transfusion syndrome." CFCC is one of the few facilities in the world pioneering this type of surgery, and to date it has some of the best recorded outcomes.

GROWING REPUTATION FOR RESEARCH

A national reputation for research continued to grow during 2012. For example, the federal government's "Innovation Center" (a division of the Centers for Medicare and Medicaid Services) chose Carolinas HealthCare System as one of only five healthcare systems in the country to participate in the Hospital Engagement Network or HEN. Hospitals nationwide will follow in the footsteps of HEN partners as they develop their own best practices to improve patient safety, quality and cost reduction.

The Department of Oral Medicine received a unique \$8 million grant, the largest of its type ever awarded to Carolinas HealthCare System. The grant will support a comprehensive study of outcomes by patients who have undergone radiation therapy. Head and neck cancer patients often have serious side effects from radiation therapy, and it is hoped that data from the study will lead to better outcomes for cancer patients.

Oral medicine research staff members will be collaborating with colleagues at several prestigious institutions, including Harvard University, the University of Pennsylvania and New York University.



RESEARCHERS EXPLORE REGENERATIVE MEDICINE

A number of clinical trials performed during 2012 also elevated a growing national reputation for advanced research. SHVI is one of just 50 centers nationwide selected to enroll in a key national trial. The trial is investigating the efficacy of stem cells for the treatment of chronic myocardial ischemia. It is one of the few studies exploring regenerative medicine for the advancement of cardiac care.

Levine Children's Hospital participated in a key clinical trial for the drug omegaven during 2012. The trial is part of an investigative effort to improve historically low survival rates for infants who sustain liver damage from long-term intravenous nutrition. Ricardo Caicedo, MD, a principal investigator in the study, was able to send home a healthy baby in August, after the infant responded positively to the usage of omegaven.



Mount Pleasant Hospital near Charleston participated in the "Birth Outcomes Initiative" during 2012. Sponsored by the South Carolina Department of Health and Human Services, this nationwide initiative focuses on reducing the number of babies born through induced labor prior to 39 weeks of maturation. The purpose of this initiative is to ensure that fetuses have sufficient time to develop healthy lungs, brain, liver and birth weight.

Mount Pleasant also made substantial progress in securing "Baby-Friendly Hospital" designation. This recognizes birthing centers that offer an optimal level of support for infant feeding and maternal bonding.

Several other programs achieved noteworthy recognition during 2012.

SHVI's coronary artery bypass graft program received its third consecutive three-star rating from the Society of Thoracic Surgeons.

THE DEPARTMENT OF
ORAL MEDICINE RECEIVED A UNIQUE
\$8 MILLION GRANT

NUMBER **1** IN THE NATION FOR
DISEASE-SPECIFIC
CARE CERTIFICATIONS

One

TEAM

SURVIVAL RATES AMONG THE BEST

Under the leadership of Andrew Gilman, MD, the blood and marrow transplant program at Levine Children's Hospital continued to operate as one of the most successful of its kind. This program actually had the highest one-year survival rate for both related and unrelated donor transplants during a three-year reporting period from 2008 to 2010. These ratings included each of the 134 U.S. transplant centers that performed more than 20 transplants during this period.

Physicians at Carolinas Medical Center-University began using robotic technology to pinpoint cancerous tumors on kidneys and extract them without having to remove the kidney. This process is also being used to pinpoint inflammation and relieve pelvic pain in female patients. Robotic surgery was also used for an expanding range of gynecologic surgeries during the year, including hysterectomy (removal of the uterus) and myomectomy (removal of uterine fibroids).

Carolinas HealthCare System is now number one in the nation for "Disease-Specific Care Certifications," in comparison with other large national healthcare systems. With 24 accredited provider organizations, the System now has a total of 54 such certifications from The Joint Commission.



U.S. News & World Report recognized six adult specialties as "high-performing," including cancer, nephrology, pulmonology, gynecology, orthopedics and urology. In addition, six pediatric specialties – including cancer, cardiology & heart surgery, gastroenterology, neonatology, nephrology and orthopedics – were ranked among the top 50 programs in the nation by *U.S. News & World Report*.

Other notable recognitions in 2012 included medals for organ donation from the U.S. Health Resources and Services Administration to Carolinas Medical Center and Carolinas Medical Center-NorthEast.

These and other accomplishments reflect an ongoing commitment to extraordinary clinical quality and cutting edge research, while delivering the best possible customer care experience to every patient and family.

6 ADULT SPECIALTIES
RECOGNIZED AS
HIGH-PERFORMING



One

BELIEF

Carolinas HealthCare System believes that patients are partners throughout their entire healthcare journey. This belief empowers patients to be active participants in maintaining good personal health, aided by the encouragement of caring and compassionate professionals.

To ensure that every patient has an optimal outcome, a new initiative was launched in 2012 to promote the use of evidence-based procedures and innovative techniques. This effort is being led by Chief Patient Experience Officer Connie Bonebrake, whose goal is to achieve top tier customer satisfaction levels, while building relationships that fully engage patients in their own care.

A number of other transformational initiatives were undertaken in 2012 to adapt the delivery of primary care to changing times. For example, when patients leave a hospital setting, they are now able to remain connected to caregivers through a biometric monitoring program that expanded substantially throughout the year.

DEVICES ENABLE CAREGIVERS
TO MONITOR VITAL SIGNS

24/7

TELEMONITORS HELP REDUCE RE-ADMISSIONS

Under the auspices of the Healthy@Home division, nearly 400 home telemonitors were deployed to patients with serious medical conditions. These devices enable caregivers to monitor vital signs 24/7. Healthy@Home programs resulted in exceptional outcomes throughout the year. For example, hospital re-admission rates of heart failure patients with a home monitor were consistently lower than rates of heart failure patients without telemonitored care.

Another new home-based program, Call Us First, encourages patients to call a home health agency with questions or concerns regarding non-life threatening issues. This program decreases the number of unnecessary hospital re-admissions as well as unnecessary visits to emergency departments. In short, it helps patients to further engage in their own care by addressing health issues before those issues require urgent attention.

INPATIENT EDUCATIONAL EFFORTS BOOSTED

Patients hospitalized at Carolinas Medical Center and Levine Children's Hospital now have new interactive tools to enhance treatment and recovery, as a result of the "interactive patient care initiative." For example, most inpatient rooms now contain TV monitors that can be utilized for the following purposes:

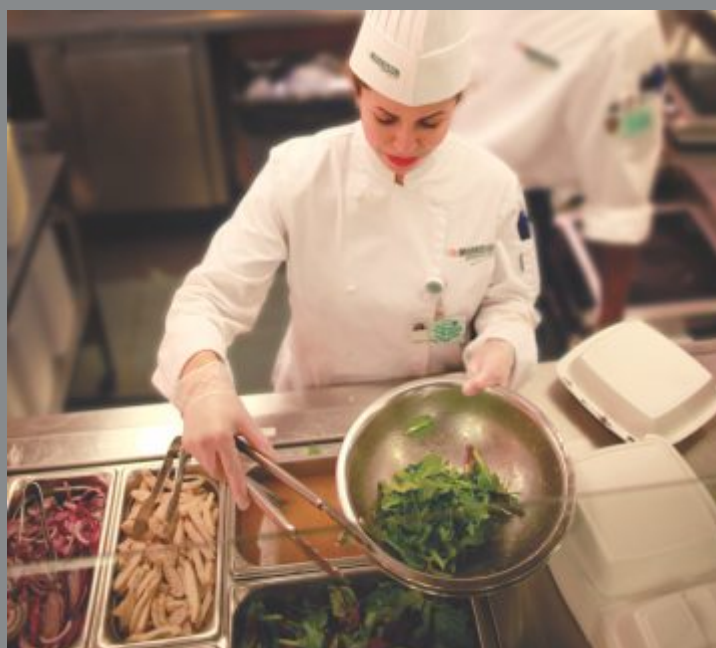
- Patient education
- Pain management
- Discharge instructions
- Medication guidance
- Prevention of trips and falls

This innovative resource will enable patients to take a more active personal role in their own follow-up care, so as to reduce the need for additional medical appointments or re-admissions.



The new program also encompasses individualized health information and instructions that patients can review at their own convenience. The process includes question-and-answer exchanges designed to enhance comprehension of individual care plans, including medication requirements. In sum, it delivers messaging in a culturally sensitive way – at a pace, reading level and language appropriate for each patient.

Blue Ridge HealthCare also launched re-admission improvement programs in 2012. After standardizing patient education materials, Blue Ridge staff members took steps to improve every aspect of transition including patient discharge, home healthcare and long-term care. As a result, the disease-specific readmission rate at those hospitals declined from a baseline near 20 percent (2006-2009) to an average of 13 percent at the end of 2012.



Stanly Regional Medical Center in Albemarle, NC, began distributing manuals to discharged stroke patients, in an effort to reduce readmissions from recurring attacks.

EXTERNAL PROGRAMS ENCOURAGE HEALTHY CHOICES

Enhanced patient education was simply one means to encourage greater personal involvement in maintaining good health. Throughout 2012, clinical teams in multiple settings sponsored events to promote wellness and healthier choices.

For example, Carolinas Medical Center-Union and Carolinas Medical Center-Waxhaw offered a “Dinner with the Doctor” series. Carolinas Medical Center-NorthEast hosted heart healthy cooking classes. Additionally, Carolinas Medical Center-Pineville and Carolinas Medical Center-Mercy hosted monthly community seminars on such topics as preventing heart disease and caring for elderly loved ones.

The Neurosciences Institute collaborated with corporate wellness specialists, Carolinas Rehabilitation and the YMCA to create RENEW (Research and Education in Neuro-Wellness). RENEW is a community-based program for Parkinson’s disease patients, which promotes more active lifestyles and increases independence and safety-consciousness.

It is believed to be the first program of its kind in the nation. “Our hope is to transform care from simply supporting patients to actually empowering them,” said Sanjay Iyer, MD, Co-Medical Director of Neurosciences.

One

BELIEF

EMPLOYERS PROMOTE HEALTHIER LIFESTYLES

Substantial progress was made during 2012 to cultivate new corporate partnerships throughout the region. Corporate Health & Wellness provides on-site clinics at company locations, as well as biometric analytics, health screenings, occupational medicine, wellness coaching and other services.

Major new Corporate Health & Wellness clients in South Carolina included the City of Rock Hill and Red Ventures, a fast-growing marketing technology company with more than 1,400 employees. Corporate Health & Wellness also entered into an agreement with Nashville-based Applied Health Analytics to license the company's software platform, which helps employers to promote wellness and manage healthcare costs.

ON-SITE HEALTH CLINICS SUCCESSFUL

At Carolinas HealthCare System, concern for patient convenience and preventive medicine extends to teammates as well as Corporate Health & Wellness clients. Accordingly, the first employee health clinic completed its initial year of operation in 2012. Located at Airport Center, the clinic accommodated more than 1,600 patient visits, significantly reducing the amount of time needed for routine appointments during working hours.

A second on-site clinic at Carolinas Medical Center handled nearly 3,700 patient visits in 2012, while plans were completed to open additional clinics at Carolinas Medical Center-Pineville and Carolinas Medical Center-NorthEast in 2013.

Carolinas HealthCare System strongly encourages its employees to pursue healthy lifestyles and has long been a leader in demonstrating the effectiveness of employer-based wellness programs. Its own enterprise-wide LiveWELL initiative, for example, completed its sixth year in 2012.

LiveWELL offers wellness challenges, incentive programs, screening events, fitness classes, walking trails and health coaching, among other services. These programs continue to attract widespread participation and have been a proven way to assist employees in adopting healthier behaviors.

This success was validated by the receipt of three major national recognitions in 2012. These included:

- American Heart Association - *Fit-Friendly Company* platinum achievement
- National Business Group on Health - *Best Employers for Healthy Lifestyles* platinum award
- American Cancer Society - *Achievement in Tobacco Control*

These examples demonstrate an extraordinary commitment to the belief that patients are partners in the delivery of healthcare services. By delivering innovative, personalized care and encouraging wellness at all of its many care locations, for employees and patients alike, Carolinas HealthCare System is becoming a national model in the field of preventive medicine.



One

MISSION

Carolinas HealthCare System provided care through more than 10 million patient encounters in 2012. It achieved this milestone in ways that would have been impossible just a few years ago, by transforming the delivery of healthcare through technology, innovation and forward-looking leadership.

One compelling example of innovation during 2012 was introduction of the “Primary Care Redesign Project” by the Physician Services Group. This initiative identified numerous pilots, one of which is already underway: the delivery of primary care via group sessions instead of individual appointments. With a group that might include 8-to-12 patients who share common health issues, a single physician can lead a discussion, answer questions and provide guidance for multiple patients in a single sitting.



PATIENTS LEARN FROM ONE ANOTHER

One noteworthy benefit is that patients can learn from each other as well as from their doctors, resolving personal issues more quickly and emerging as better-informed healthcare consumers.

Clinical staff at Elizabeth Family Medicine in Charlotte further developed a new management practice known as the “daily huddle.” The purpose is to share information about best approaches to treating patients who share similar diagnoses, and to discuss progress toward goals.

Cabarrus Family Medicine in Concord continued to provide patients with easier access to social workers and behavioral health specialists. This ensures that all relevant issues affecting individual health are properly addressed, not simply those variables impacting immediate physical well-being.

NEW MODEL OF CARE IN ANSON COUNTY

Plans were completed during 2012 to introduce an entirely new type of rural care delivery in Anson County more closely aligned with current community needs. The new approach calls for increased emphasis on primary care, aggressive management of chronic diseases, and grassroots patient education efforts involving churches and schools.

Using an intense “lean” design program, physicians, nurses and other clinicians worked closely with an architectural team at the front end of the design process. This effort included the creation of a giant cardboard scale model of the new hospital.

By walking through the model space, and placing replicated technology, clinical equipment and walls, the group discovered that it needed less space than originally anticipated. Construction plans were updated accordingly, and timelines were established that will allow a new facility to open in 2014.



VIRTUAL TECHNOLOGY IN ALL ITS FORMS

Virtual technology is taking new forms also, based on a number of infrastructure enhancements that were put into place during 2012:

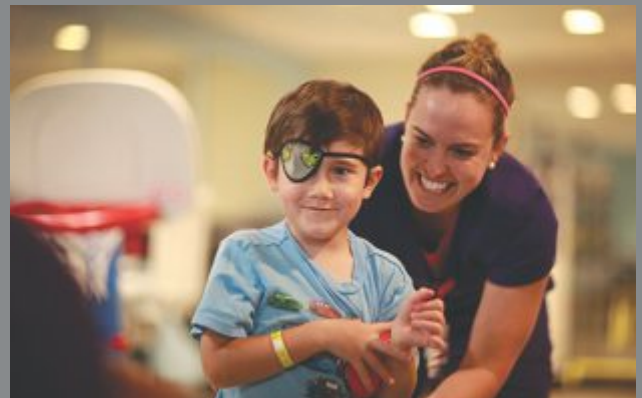
- Physicians from Sanger Heart & Vascular Institute acquired the technology needed to round on intensive care patients in Charlotte, even while traveling in other parts of the country.
- Patients in Cleveland, Rutherford, Burke and Lincoln Counties were given access to genetic counseling from specialists at Levine Cancer Institute in Charlotte, eliminating the need to travel long distance for services.
- Behavioral health patients who presented for assistance at any of the seven emergency departments in greater Charlotte had ready access to virtual psychiatric consultations. These services are provided by physicians and psychiatrists at CMC-Randolph. Between 200 and 300 patients per month are now being assisted through these virtual visits, with plans to expand the network to additional hospitals.
- Pediatricians at Jeff Gordon Children's Hospital in Concord began consulting on a more regular basis with counterparts at Levine Children's Hospital in Charlotte. This facilitates rapid, convenient information-sharing among physicians who have different areas of specialization.
- High-risk obstetrics patients outside Charlotte were able to avoid unnecessary travel by consulting with obstetrical specialists at Carolinas Medical Center, using virtual technology.
- Finally, arrangements were made in 2012 that will allow nurses in Lincoln County to provide better follow-up care for heart patients. The nurses can now utilize technology during home visits that allows heart patients to be monitored by cardiologists from Sanger Heart & Vascular Institute.

REMOTE MONITORING FOR CRITICALLY ILL PATIENTS

In addition to these achievements, Carolinas HealthCare System made substantial progress on a new "virtual critical care center" in Mint Hill, NC. The center will provide expert clinical oversight for critical care patients in hospitals across the enterprise.

For example, highly trained physicians and nurses in Mint Hill will have direct video and audio links to patients in intensive care units throughout the network. In this manner, they can augment local monitoring of the most fragile patients, providing additional expertise and immediate response to urgent or emergent situations.

The new center will have the capacity to monitor more than 500 critical care beds in nearly 30 hospitals, making it the largest endeavor of its kind in the nation. Also, it has the potential to service both regional affiliates and hospitals not associated with Carolinas HealthCare System.



One

MISSION

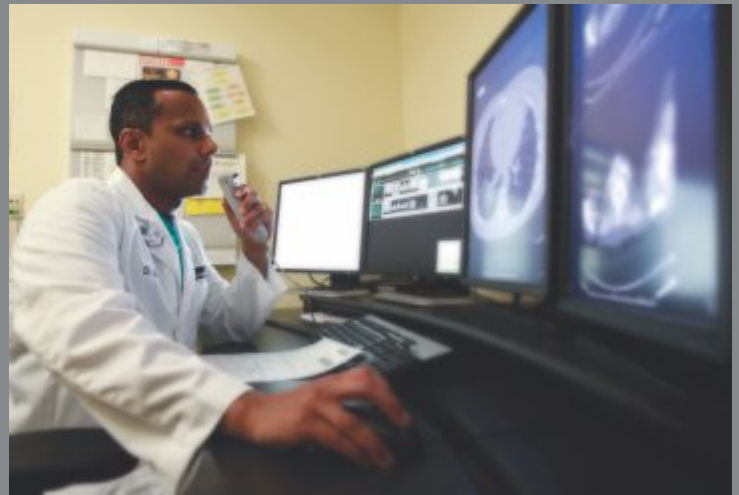
AN ONLINE COMMUNITY OF INVENTORS

In early 2012, Carolinas HealthCare System teamed up with Edison Nation to form an online community of inventors called Edison Nation Medical. The motivation was to encourage medical innovations and streamlined procedures that could enhance the patient experience and/or reduce costs.

Ideas submitted online are evaluated by a team of experts on an ongoing basis. In the first year, more than 1,400 people signed up to participate and more than 700 ideas were submitted for evaluation.

In an effort to stay ahead of the data and analytics curve during 2012, an innovative group called DA² was formed. DA² personnel integrate clinical, financial and other data to enhance performance and predict outcomes.

For example, DA² researchers found that elderly patients most often require re-admission because of a lack of adherence to oral medication regimens. When one home health agency was found to be doing a better job of patient education, its process was adopted at other care locations. The result was a measurable drop in patient re-admissions.

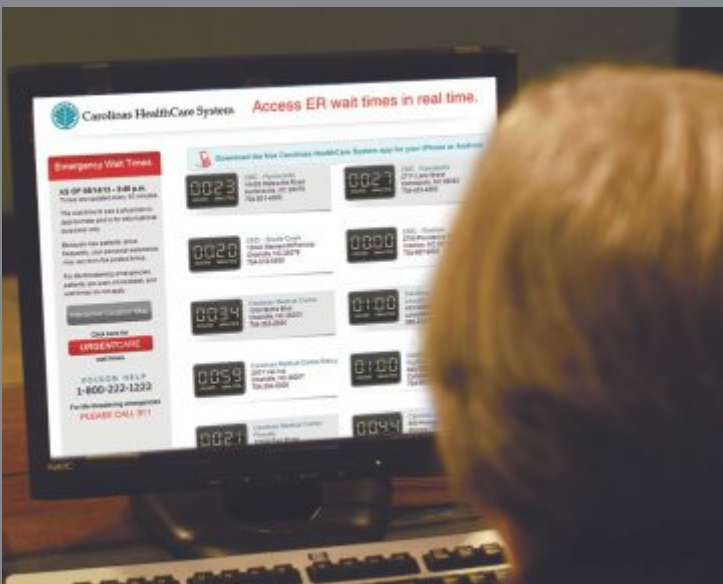


MORE THAN **700** IDEAS
SUBMITTED FOR
EVALUATION



Another important DA² study in 2012 focused on reducing wait times at various emergency departments. Researchers reviewed such factors as patient severity, diagnosis, time-of-day, day-of-week and other factors. Aided by a new predictive algorithm, wait times can now be calculated more accurately for 14 emergency departments and 21 urgent care centers in the Charlotte region. Related information is shared online and via smart phone applications.

These examples illustrate a shared commitment to achieving a single vital mission: responding rapidly and effectively to patient needs that are constantly evolving, through purposeful innovation and transformational change.



WAIT TIMES CAN NOW BE CALCULATED MORE ACCURATELY FOR

14 EMERGENCY DEPARTMENTS
AND 21 URGENT CARE CENTERS IN THE CHARLOTTE REGION

One

COMMUNITY BENEFIT

During 2012, Carolinas HealthCare System invested more than \$1.25 billion in community benefit initiatives that enhanced not only the quality of medical care but the quality of life in communities served by its facilities and personnel.

“Community benefit” is an industry term that refers to the total cost of providing financial assistance to uninsured and underinsured patients; subsidizing Medicare and Medicaid reimbursements; and financing other services that address vital needs but do not pay for themselves. These include such things as research, education, community health improvements, community building initiatives, behavioral health and community health clinics. The impact of these public service activities in 2012 was extraordinary.

CLOSING THE GAP ON HEALTH DISPARITIES

For example, to address persistent disparities in healthcare, Carolinas HealthCare System sponsored North Carolina Mission of Mercy in 2012, a free dental care clinic that benefited 2,000 low income adults. Carolinas MED-1, a one-of-a-kind “hospital on wheels” that serves as a venue for medical outreach projects, was utilized to facilitate dental care and health screenings. Several corporate departments were also represented with on-site educational booths.

Faith Community Health Ministry promotes health and wellness through education and spiritual support. To meet a rising demand for related services in 2012, the program expanded the number of participating churches by 50 percent. It now includes a highly diversified group of 108 churches in six counties.

In partnership with 100 Black Men and Friendship Missionary Baptist Church, a health symposium was held in November that provided more than 200 men with health education materials and screenings for prostate cancer, cholesterol, glucose, blood pressure and HIV.

Juneteenth Festival is held in Mecklenburg and Gaston Counties every year to commemorate the end of slavery. Because diabetes and hypertension disproportionately impact minority communities, Carolinas HealthCare System provided free screenings and health information for more than 700 participants.

In addition, more than 600 physicians and other clinicians provided volunteer support for Heart of a Champion events in Mecklenburg, Union, Lincoln and York Counties. These annual medical exams for high school athletes screen for previously unknown heart conditions that might lead to sudden cardiac death. The program has grown steadily, with approximately 2,000 students screened in 2012, including more than 100 who required follow-up care.

Roper St. Francis Healthcare, based in Charleston, developed the Highway to Hope mental health mobile unit. Inspired by a motto that highlights “hope, healing and recovery,” the medical professionals who staff this mobile facility provide rotating outpatient care throughout the Low Country.

In Cabarrus County, Carolinas Medical Center-NorthEast offers a variety of free or low-cost programs that help diabetes patients manage their conditions; educate elderly patients to avoid falls; and provide mild exercise for arthritis patients.

Healthy Kids Club celebrated its fourth year in the Charlotte-Mecklenburg Schools at Bruns Academy. Employees promote healthy lifestyles among fourth and fifth grade pupils via



personal mentoring and group education. Based on success at Bruns Academy, Healthy Kids Club was expanded to include Sugar Creek Elementary School in York County, SC.

EMPLOYEES GIVING BACK

The 2012 giving campaign total was the highest ever. The figures below show results in areas served by Primary Enterprise facilities, except the United Way subtotal, which includes both Primary and Regional Enterprise.

Arts and culture organizations in Mecklenburg Cabarrus, Gaston, Lincoln, Union and York Counties	\$699,879
Children's Miracle Network	\$1,472,555
United Way (including regional affiliates).....	\$2,513,521
Total Giving.....	\$4,685,955

Employees also dedicated 55,000 volunteer service hours to support local community service projects, including a Habitat for Humanity house built by the Men's Diversity Leadership Group.

Donations to Second Harvest included more than 53,000 pounds of healthy snacks and food items, resulting in 33,000 meals served to residents of Mecklenburg, Cabarrus, Gaston, Iredell, Lincoln, Rowan, Union and York Counties. Additionally, newly hired employees assembled 2,000 backpacks, stuffed with food for low income children, during new employee orientation sessions.

Staff donated more than 99,000 school supplies to benefit low income children in Mecklenburg, Cabarrus, Union, Lincoln, Anson, Gaston, Cleveland and York Counties. During the holiday season, more than 600 employees volunteered to serve meals, organize parties and distribute gifts to children,

seniors and the homeless. Holiday Cheer benefited more than 3,000 individuals and families in Mecklenburg and surrounding counties.

CREATING A HEALTHIER TOMORROW

In cooperation with Trees Charlotte, employees assisted in planting 300 new trees at Southside Community and Marie G. Davis Academy. This new partnership supports a healthier urban environment and enhances the city's celebrated tree canopy.

The year 2012 marked the tenth anniversary of leadership in building playgrounds for under-resourced schools, working in partnership with area businesses. Paw Creek Elementary was the beneficiary school. Also, more than 100 employees volunteered for clean-up efforts along a three-mile stretch of walking trail on Sugar Creek Greenway.



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COMMUNITY BENEFIT

Cleveland County HealthCare System and Cleveland HealthCare Foundation served 18 elementary schools through a 12-week program called Kid Tips. Working in conjunction with Safe Kids Cleveland County, staff members taught safety classes to 1,350 kindergarteners and fitted all with free bicycle helmets.

Efforts to encourage personal responsibility for health intensified in greater Charlotte and at other venues throughout the Carolinas. For example, employees at St. Luke's Hospital in Columbus, NC, and Murphy Medical Center in Murphy, NC, increased their number of health screenings, educational workshops and other outreach activities related to diet and exercise. Particular attention was given to patients with high blood pressure, cancer, stroke and heart disease.

CHARITABLE GIVING

Carolinas HealthCare System donated more than \$1.2 million in medical supplies and equipment to non-profit organizations. Refurbished cellular telephones were donated to domestic violence victims, while generous contributions were made to the Salvation Army and Loaves & Fishes.

Cone Health held a day of celebration in Greensboro called People of Excellence. Participating employees received gift bags, including 12 that contained a "golden ticket." Each ticket entitled its recipient to donate \$1,000 to a charity of personal choice.

Clinical staff at Murphy Medical Center followed up on a new suggestion in 2012, to help young patients feel more comfortable in a hospital setting. Each pediatric patient received a copy of "Franklin Goes to the Hospital," a popular children's book about a turtle whose shell was cracked during a soccer game. Pediatric nurses signed each book, leaving each child with a memento, as well as an aid to faster recovery.

DEMOCRATIC NATIONAL CONVENTION

Carolinas HealthCare System played a key role in providing healthcare services and information during the Democratic National Convention in September. Throughout the convention, a corporate incident command center was staffed 24/7 at Carolinas Medical Center-Pineville to respond to any major medical issues that might have arisen.

Outside Time Warner Cable Arena, which was the principal convention venue, Carolinas HealthCare System's unique mobile hospital (Carolinas MED-1) cared for delegates, visitors and law enforcement officials. At the same time, other healthcare teams provided on-site assistance inside the arena. At the CarolinaFest street celebration, pocket maps were distributed showing the locations of Carolinas HealthCare System facilities in all of the center city and outlying neighborhoods where delegates were being housed. Staff members also distributed other materials with general health and safety tips.



INTERNATIONAL SPOTLIGHT

The International Medical Outreach (IMO) program, which works in partnership with the Heineman Foundation of Charlotte, facilitated the first open heart surgeries in Belize. The surgeries, which occurred in July, were one piece of a continuing effort by IMO to develop a sustainable, multi-faceted cardiology program in Belize.

IMO also donated a second cardiac catheterization laboratory to the National Cardiology Center in Managua, Nicaragua. This lab will address growing regional needs by doubling the number of cardiac procedures that can be performed at that particular medical center.

In a non-medical project, IMO assisted in opening a computer laboratory in a public school in Chimaltenango, Guatemala. To date, IMO has donated more than 6,000 computers to Technology to Educate, a project that seeks to equip Guatemala's public schools with computers. In addition, IMO

hosted 22 international visitors and trainees during the year, who traveled to Charlotte from such countries as Tanzania, Guatemala and Belize.

These and other initiatives reflect not only the profound impact but the truly global scope of Carolinas HealthCare System's public service endeavors.



COMMUNITY BENEFIT

Costs of financial assistance to uninsured patients	\$228 million
Costs of discounts extended to uninsured patients	\$56 million
Bad debt costs by patients who do not pay for services	\$188 million
Losses incurred by serving Medicare patients	\$445 million
Losses incurred by serving Medicaid patients	\$144 million
Costs of community-building activities and other services that meet a strong community need but do not pay for themselves and would normally be cut based on financial considerations alone	\$58 million
Costs of professional medical education, research, and cash and in-kind contributions to local nonprofits and charities	\$130 million
The total value of uncompensated care and other community benefits during 2012 was \$1.25 billion.	

This chart reflects the major categories of community benefit recognized by the North Carolina Hospital Association. Figures are based on actual costs, not charges. The \$1.25 billion figure represents the collective value of benefits attributable to the Total Enterprise during 2012, including Carolinas Medical Center, 11 other Primary Enterprise hospitals, and 20 other NC and SC medical centers and hospitals affiliated with Carolinas HealthCare System. In order to maintain accurate year-to-year comparisons, Cone Health facilities are not included in this total.

PERFORMANCE EXCELLENCE

TOTAL ENTERPRISE
NET REVENUE AND EXPENSESFor the year ended Dec. 31, 2012
(dollars in thousands)

NET REVENUE ^C	Primary Enterprise and The Carolinas HealthCare Foundation ^A		Regional Enterprise ^B		Total Enterprise	
	DOLLAR TOTAL	PERCENTAGE OF TOTAL	DOLLAR TOTAL	PERCENTAGE OF TOTAL	DOLLAR TOTAL	PERCENTAGE OF TOTAL
Tertiary & Acute Care Services	\$2,791,758	64%	\$1,920,563	77%	\$4,712,321	68%
Post Acute Care Services	87,066	2%	147,200	6%	234,266	3%
Specialty Services	110,123	2%	-	0%	110,123	2%
Physician's Services	1,002,863	23%	284,829	11%	1,287,692	19%
Other Services	189,748	4%	40,267	2%	230,015	3%
Non-Operating Activities ^D	235,035	5%	96,714	4%	331,749	5%
Totals	\$4,416,593	100%	\$2,489,573	100%	\$6,906,166	100%

NET EXPENSES	Primary Enterprise and The Carolinas HealthCare Foundation ^A		Regional Enterprise ^B		Total Enterprise	
	DOLLAR TOTAL	PERCENTAGE OF TOTAL	DOLLAR TOTAL	PERCENTAGE OF TOTAL	DOLLAR TOTAL	PERCENTAGE OF TOTAL
Wages, Salaries & Benefits	2,522,919	56%	\$1,283,783	52%	\$3,806,702	55%
Materials, Supplies & Other	1,220,457	28%	898,462	36%	2,118,919	31%
Depreciation & Amortization	208,256	5%	155,567	6%	363,823	5%
Financing Costs	80,155	2%	35,390	1%	115,545	2%
Funding for Facilities, Equipment & Programs	384,806	9%	116,371	5%	501,177	7%
Totals	\$4,416,593	100%	\$2,489,573	100%	\$6,906,166	100%

^A Only the Primary Enterprise and The Carolinas HealthCare Foundation, collectively known as the Obligated Group, have a direct obligation to pay amounts due with respect to CHS bonds.

^B Regional Enterprise includes all other component units and CHS managed facilities.

^C Net revenue is net of provision for uncollectible accounts.

^D Consists primarily of investment results including realized and unrealized gains and losses.

BOARD OF COMMISSIONERS AND ADVISORS

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William C. Cannon, Jr., Vice Chair*
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Elizabeth G. Reigel**
Michael D. Rucker**
Felix S. Sabates, Jr.
Angelique R. Vincent-Hamacher**
Donaldson G. Williams
Richard T. Williams**
Ronald H. Wrenn

* Executive Committee

** Board of Advisors

NOTE: This list includes the names of board members who were in office at the conclusion of calendar year 2012.

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CORPORATE STAFF

Michael C. Tarwater, MHA, FACHE
Chief Executive Officer

Joseph G. Piemont
President & Chief Operating Officer

EXECUTIVE VICE PRESIDENTS

Paul S. Franz, MHA, FACHE
Executive Vice President, Physician Services Group

Greg A. Gombar, CPA
Executive Vice President & Chief Financial Officer

Russell C. Guerin, MS, FACHE
Executive Vice President, Business Development

Laurence C. Hinsdale, MHA, FACHE
Executive Vice President, Regional Group

John J. Knox III, MHA
Executive Vice President & Chief Administrative Officer

Carol A. Lovin, MSN, MHSA
Executive Vice President, Planning and Communications
President, Carolinas HealthCare System Management
Company

Dennis J. Phillips, MHA
Executive Vice President, Metro Group

Debra Plousha Moore, MS
Executive Vice President & Chief Human Resources Officer

Roger A. Ray, MD
Executive Vice President & Chief Medical Officer

OTHER OFFICERS

Connie C. Bonebrake, MSW
Senior Vice President & Chief Patient Experience Officer

Sara J. Herron, RN, MPH, CHC
Senior Vice President & Chief Compliance and Privacy Officer

James T. McDeavitt, MD
Senior Vice President & Chief Academic Officer

Craig D. Richardville, MBA, FHIMSS
Senior Vice President & Chief Information Officer

Keith A. Smith, JD
Senior Vice President & General Counsel

Robert H. Wiggins Jr., CPA
Senior Vice President, Financial Services

Phyllis Wingate, MHA, FACHE
Division President, Northern Group
President, Carolinas Medical Center-NorthEast

Zachary J. Zapack, M. Arch
Senior Vice President, Facilities Management Group

NOTE: The titles used in this listing are those which were in effect when this report was published in 2013.

PRIMARY ENTERPRISE FACILITIES

Anson Community Hospital

- Lillie Bennett Nursing Center
Frederick G. Thompson, PhD
President

Behavioral Health Services

- CMC-Randolph
Laura J. Thomas, MHA, FACHE
President

Cabarrus College of Health Sciences

Dianne Snyder, DHA
Chancellor

Carolinas College of Health Sciences

V. Ellen Sheppard, BS, MEd, EdD
President

Carolinas Medical Center

W. Spencer Lilly, MHA
President

Carolinas Medical Center-Lincoln

Peter W. Acker, MHA, FACHE
President

Carolinas Medical Center-Mercy*

D. Channing Roush, MHA
President

Carolinas Medical Center-NorthEast

Phyllis Wingate, MHA, FACHE
Division President, Northern Group

Carolinas Medical Center-Pineville

Christopher R. Hummer, MHA
President

Carolinas Medical Center-Union

- Jesse Helms Nursing Center
Michael J. Lutes, MHA
President

Carolinas Medical Center-University

William H. Leonard, MHA
President

Carolinas Rehabilitation

- Carolinas Rehabilitation
- Carolinas Rehabilitation-Mercy
- Carolinas Rehabilitation-Mount Holly
Robert G. Larrison Jr., MBA, FACHE
President

Huntersville Oaks*

Tyrone J. Lewis, MPA, NHA
Executive Director

James G. Cannon Research Center

John W. Baker, MD
Vice President, Research

Levine Children's Hospital

Martha J. Whitecotton, RN, MSN, FACHE
President

Sardis Oaks

Colin C. Clode, NHA
Executive Director

* As of January 1, 2013, Scott Jones was serving as Vice President/
Facility Executive for Carolinas Medical Center-Mercy and Heidi Goss
was serving as Interim Executive Director for Huntersville Oaks.

REGIONAL ENTERPRISE FACILITIES

AnMed Health

- AnMed Health Medical Center
- AnMed Health Rehabilitation Hospital
- AnMed Health Women's and Children's Hospital
John A. Miller Jr., FACHE
Chief Executive Officer

Blue Ridge HealthCare

- Grace Hospital
- Valdese Hospital
- College Pines Health & Rehabilitation Center
- Grace Heights Health & Rehabilitation Center
- Grace Ridge Retirement Community
Kathy C. Bailey, FACHE
President & Chief Executive Officer

Cannon Memorial Hospital

Norman G. Rentz, MHA
President & Chief Executive Officer

Cleveland County HealthCare System

- Cleveland Regional Medical Center
- Crawley Memorial Hospital
- Kings Mountain Hospital
- Cleveland Pines Nursing Center
Brian D. Gwyn, MBA
President & Chief Executive Officer

Columbus Regional Healthcare System

Henry C. Hawthorne III, MHA, FACHE
President & Chief Executive Officer

Cone Health

- Annie Penn Hospital
- Behavioral Health Hospital
- Moses H. Cone Memorial Hospital
- Wesley Long Hospital
- Women's Hospital
- Penn Nursing Center
R. Timothy Rice, MHA, FACHE
President & Chief Executive Officer

MedWest Health

- MedWest-Harris
- MedWest-Swain
Stephen L. Heatherly, MBA, MHA
President & Chief Executive Officer
- MedWest-Haywood
Janie M. Sinacore-Jaberg, MBA, MHA, FACHE
President & Chief Executive Officer

Murphy Medical Center

- Murphy Medical Center Nursing Home
J. Michael Stevenson, CPA
President & Chief Executive Officer

Roper St. Francis Healthcare

- Bon Secours-St. Francis Hospital
- Mount Pleasant Hospital
- Roper Hospital
- Roper Berkeley Day Hospital
- Roper St. Francis Rehabilitation Hospital
David L. Dunlap, FACHE
President & Chief Executive Officer

Scotland Health Care System

- Scotland Memorial Hospital
- Edwin Morgan Center
Gregory C. Wood, FACHE
President & Chief Executive Officer

Stanly Health Services

- Stanly Regional Medical Center
- Stanly Manor
Alfred P. Taylor, MHA, FACHE
President & Chief Executive Officer

St. Luke's Hospital

Kenneth A. Shull, FACHE
Chief Executive Officer

Wilkes Regional Medical Center

J. Gene Faile, FACHE
President & Chief Executive Officer



Built for everyone
From the knowledge of many
To bring health to all

One system
Connecting and transforming
Breaking down the walls of access
Focused on delivering the latest, the most effective, and the best

One team
Driven to make a difference
Bringing together hundreds of locations
and thousands of minds
To care for millions of people

One belief
That patients are partners
That communities can collaborate
To prevent and educate, to eradicate and cure

One mission
To move possible, forward
To advance the cause
and change the face of medicine
Together as one

CarolinasHealthCare.org

BUILT FOR EVERYONE
FROM THE KNOWLEDGE OF MANY
TO BRING HEALTH TO ALL



Carolinus HealthCare System

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704-355-2000

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