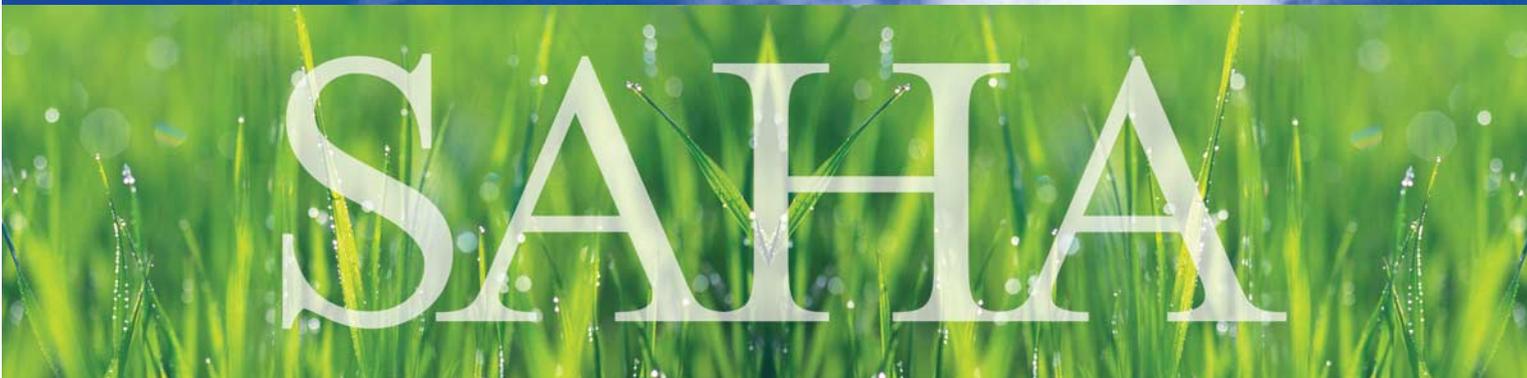


SOUTHERN ATLANTIC HEALTHCARE ALLIANCE



SAHHA



FISCAL YEAR 2006 TO 2007 ANNUAL REPORT

growing stronger for a brighter healthcare future



Southern Atlantic Healthcare Alliance



2006-2007 MEMBERSHIP
SOUTHERN ATLANTIC HEALTHCARE ALLIANCE



Beaufort County Hospital

Washington, NC

BEAUFORT COUNTY

CEO: Bill Bedsole

(252) 975-4100

www.beaufortcountyhospital.org



Central Carolina Hospital

Sanford, NC

LEE COUNTY

CEO: Doug Doris

(919) 774-2100

www.centralcarolinahosp.com



High Point Regional Health System

High Point, NC

GUILFORD COUNTY

President: Jeffrey S. Miller

(336) 878-6000

www.highpointregional.com



Betsy Johnson Regional Hospital

Dunn, NC

HARNETT COUNTY

CEO: Kenneth E. Bryan

(910) 892-7161

www.bjrh.org



Franklin Regional Medical Center

Louisburg, NC

FRANKLIN COUNTY

CEO: Brian Gwyn

(919) 496-5131

www.franklinregionalmedicalctr.com



Johnston Memorial Hospital

Smithfield, NC

JOHNSTON COUNTY

President & CEO: Kevin Rogols

(919) 934-8171

www.johnstonmemorial.org



Carteret County General Hospital

Morehead City, NC

CARTERET COUNTY

President: Frederick A. Odell, III

(252) 808-6000

www.ccggh.org



Halifax Regional Medical Center

Roanoke Rapids, NC

HALIFAX COUNTY

President: Will Mahone

(252) 535-8011

www.halifaxmedicalcenter.org



Lenoir Memorial Hospital

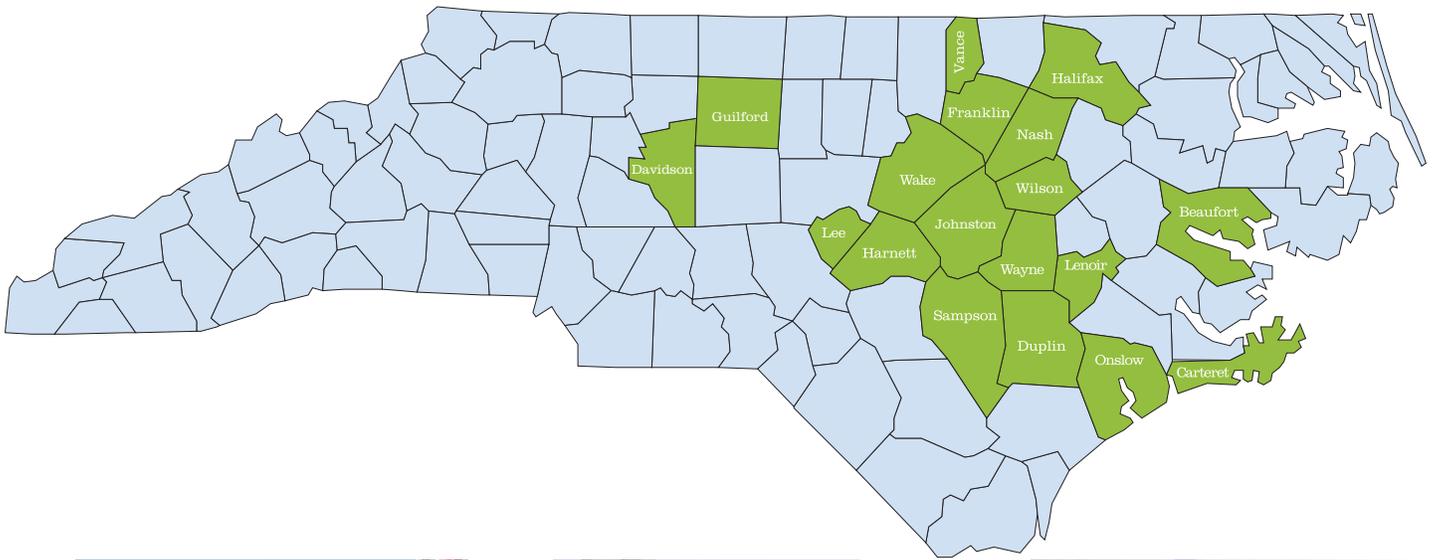
Kinston, NC

LENOIR COUNTY

President & CEO: Gary Black

(252) 522-7000

www.lenoirmemorial.org



Lexington Memorial Hospital

Lexington, NC
 DAVIDSON COUNTY
 CEO: John A. Cashion
 (336) 248-5161
www.lexingtonmemorial.com



Nash Health Care Systems

Rocky Mount, NC
 NASH COUNTY
 CEO: Richard K. Toomey, DHA
 (252) 443-8000
www.nhcs.org



WakeMed Health & Hospitals

Raleigh, NC
 WAKE COUNTY
 President & CEO: William K. Atkinson, PhD
 (919) 350-8000
www.wakemed.org



Maria Parham Medical Center

Henderson, NC
 VANCE COUNTY
 President & CEO: Robert Singletary
 (252) 438-4143
www.mphosp.org



Onslow Memorial Hospital

Jacksonville, NC
 ONSLOW COUNTY
 President & CEO: Ed Piper, PhD
 (910) 577-2345
www.onslowmemorial.org



Wayne Memorial Hospital

Goldsboro, NC
 WAYNE COUNTY
 President & CEO: J. William Paugh
 (919) 736-1110
www.waynehealth.org



Moses Cone Health System

Greensboro, NC
 GUILFORD COUNTY
 President & CEO: Tim Rice
 (336) 832-7000
www.mosescone.com



Sampson Regional Medical Center

Clinton, NC
 SAMPSON COUNTY
 CEO: Larry Chewning
 (910) 592-8511
www.sampsonrmc.org



Wilson Medical Center

Wilson, NC
 WILSON COUNTY
 President & CEO: Richard Hudson
 (252) 399-8040
www.wilmed.org



BOARD OF DIRECTORS EXECUTIVE COMMITTEE

Gary Black, Lenoir Memorial Hospital, Chair
Ed Piper, PhD, Onslow Memorial Hospital, Vice Chair
Bill Bedsole, Beaufort County Hospital, Treasurer
Will Mahone, Halifax Regional Medical Center, Secretary
Fred Odell, Carteret County General Hospital, Member At-Large

SAHA STAFF

William L. Shepley, Chief Executive Officer
Sarah Hoffman, Vice President of Operations
Swati Bhardwaj, Project Manager
Cindy Pittman, Project Manager
Cindy Nobling, Executive Assistant

SAHA TEAMS

We would like to thank all of the members of these teams for their hard work and dedication to SAHA. It is through their efforts that we have continued to experience such excellent outcomes and growth.

BioMed & Facilities
Business Office
Case Management
Chief Financial Officers/Finance Committee
Chief Information Officers
Chief Nursing Officers
Compliance/JCAHO
Emergency Department
Food Service Directors
Health Information Management
Home Care
Human Resources
Lab Directors
Materials Management
Medical Staff Coordinators/Credentialing
Operating Room
Pharmacy Directors
Radiology
Volunteer Services



growing stronger for a brighter healthcare future

We are nearing the end of our third year of operations in the Southern Atlantic Healthcare Alliance. This has been our most successful year so far. We have grown from 14 to 18 hospitals with the addition of High Point Regional Healthcare System, Johnston Memorial Hospital, Lexington Memorial Hospital and Moses Cone Health System. Alliance hospitals now employ over 28,000 people and service half of the counties of North Carolina.

Our collaborative savings efforts have paid off. This year we broke our previous record by saving over \$5.00 for every \$1.00 spent funding the Alliance. Our 19 teams worked hard to achieve these savings and they should be recognized for their outstanding achievement. Next year we hope to increase the return on investment for our members.

SAHA College has expanded rapidly. This year we held over 25 educational programs with approximately 500 attendees from 16 SAHA hospitals. We plan to continue to expand SAHA College to meet the ever-changing training needs of our member hospitals. In addition, the new Chief Medical Officers Team should help us to develop educational programs for physicians throughout the region.

Our clinical benchmarking efforts have continued to pay off. We have seen a dramatic increase in scores for Heart Failure, Acute Myocardial Infarction and Pneumonia. These improvements were made due to members' willingness to share outcomes with one another and to work collaboratively to improve healthcare throughout the region.

In the months and years to come our goal is to provide ever-increasing value to our members through the sharing of resources, cost savings initiatives, clinical collaboratives, educational programs and legislative advocacy.

This is just the beginning. We are still a relatively young organization. We have just completed two and a half years of full operations. We are very excited about the opportunities and challenges that lie ahead. Together we can create a new standard of healthcare for our region built on collaboration and commitment to the common good of the entire membership.



WILLIAM (BILL) SHEPLEY, CEO

Southern Atlantic Healthcare Alliance

tending to the garden

“Maria Parham Medical Center, like many small community hospitals, faces tremendous challenges in today’s healthcare environment. Without SAHA we would not have as strong an arsenal of expense reduction expertise or quality improvement assistance at the ready. Our hospital has received great value and a multi-fold return on our investment by participating in SAHA initiatives and we intend on maintaining a high level of involvement.”

ROBERT SINGLETARY, PRESIDENT & CEO, MARIA PARHAM HOSPITAL

It takes seeds, good soil, water and sunlight to grow a bountiful garden, along with commitment and patience. The same can be said about growing a successful alliance. While only in its third fiscal year, SAHA has grown, making sure that it has tended to the needs of its participants and cultivated programs that are valuable to its members. The results: 2007 has been the most successful year to date with 18 hospitals committed to the alliance. Over the past year, SAHA members have collaborated, taking what seemed to be simple suggestions and turned them into full-blown initiatives that have resulted in improved cost savings, quality educational programs, strong clinical collaborations, instructive compliance sessions, and beneficial knowledge sharing.

In the 2006-2007 fiscal year, members dedicated themselves to saving more than \$3.2 million through group purchasing contracts for SAHA member hospitals. A significant portion of the year was spent investigating group purchasing organizations. Ultimately each member will realize substantial savings as a result of the contracts that came from this initiative.

Other purchasing initiatives have resulted in medical, surgical and information technology savings, discounts for coding audits, medical reference materials, registration software, sharps disposal, and training program packages. These agreements, which were researched, developed and implemented by SAHA teams are providing additional avenues for revenue and decreasing operating costs at member hospitals.

Thanks to the foresight and planning of the Human Resources team and Board of Directors, SAHA has grown its educational component with the launch of the SAHA College. A Nursing Leadership Academy, customized for SAHA nursing participants was developed through the Advisory Board, providing leadership training to nurses who otherwise would not have had access to this type of advanced training.

To continue supporting member hospitals with compliance, SAHA offered Mock Tracer Survey Teams to visit and review Joint Commission standards at each facility. This project has resulted in helping hospitals better prepare for Joint

Commission's new unannounced survey visits, along with other Federal and state compliance surveys.

SAHA's clinical teams strengthened CMS (Centers for Medicare and Medicaid Services) benchmarking by actively sharing and tracking congestive heart failure (CHF), community acquired pneumonia (CAP) and acute myocardial infarction (AMI) metrics. By sharing this benchmarking data, clinical teams can review best practices to raise each hospital's CMS "Appropriateness of Care" (ACM) scores. Thanks to participating hospital teams sharing their knowledge and providing guidance to other SAHA members, most hospitals raised their ACM scores. In addition, a new CMS benchmarking project was deployed that tracks surgical metrics.

SAHA members further committed to the health of everyone who comes to their facilities by instituting a campus-wide tobacco ban at nine member hospitals with many others planning tobacco free campuses in the near future. Nearly all SAHA teams have been engaged in benchmarking projects, tracking everything from operational statistics, to clinical indicators, to financial metrics. By sharing this data, best practices will continue to be identified that will result in cost savings and improved quality care to patients.

The alliance repeated its annual member satisfaction survey in July, which reports achievement in financial savings, education, knowledge sharing, clinical and compliance components. These scores reflect how well SAHA is performing as an alliance and provide guidance in areas where improvement is needed. Members were eager to respond to this year's survey, with over 80 percent of SAHA participants providing feedback through the survey. From the responses received, 91.8 percent noted that they are very satisfied with the activities and initiatives of SAHA.

SAHA's active members worked collaboratively to produce the most abundant year ever... one that was full of financial savings, educational enrichment, and networking opportunities to all who participate. New members brought added buying power and impressive team members who imparted their wisdom and skills, making for stronger, more successful alliance teams.



EACH SEED IS CRITICAL TO THE GARDEN'S SUCCESS

cost savings

Every hospital struggles with rising costs due to inflation, increased energy costs, and new technologies. Administrators are constantly looking for ways to keep costs down, while delivering high quality care. Keeping health care affordable is one of SAHA's main goals. SAHA teams were determined to make this the most successful year to date and their efforts provided unprecedented savings to members. Through collaborative purchasing agreements, SAHA teams have found real savings through contracting for products that grew revenues and resulted in multi-year savings. Gerald Brandon, director of Materials Management at Onslow Memorial Hospital noted, "These goals are difficult to achieve, but SAHA is actually accomplishing these goals – financial savings, education, capital expense equipment discounts and other coordinated programs."

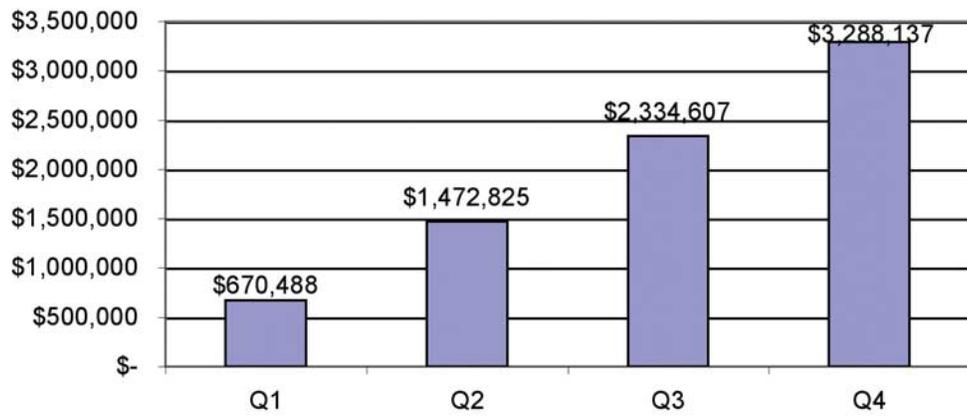
SAHA teams cultivated new initiatives with the following vendors that led to substantial cost savings:

- **MD Buyline** – online resource for reviewing capital medical surgical and information technology purchases, offering a 30% discount. *\$97,600 in savings*
- **Coding Audit Vendor** – a common vendor selected by the Health Information Management team to provide coding audits. *\$30,000 in savings, with another \$35,000 in coding educational programs provided by the vendor.*

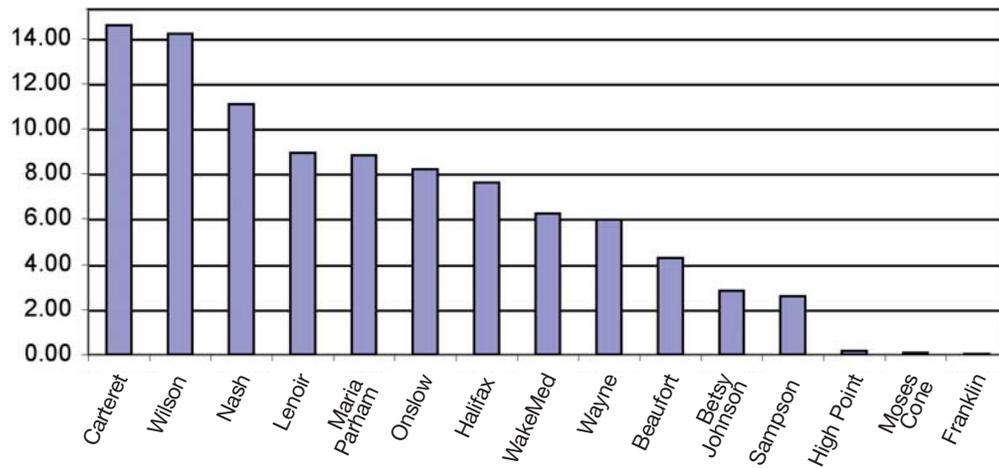
- **Ingenix Reference Materials** – 50% discount on the purchase of coding and medical terminology reference materials from a common vendor as negotiated by the Health Information Management team. *\$32,800 in savings*
- **Registration Software** – two preferred vendors were selected by the Business Office Managers to provide software options for registration offices. *30% savings in software purchasing and 50% savings in installation fees*
- **Sharps Disposal** – a vendor was hired to provide and remove reusable sharps containers for a discounted monthly fee. *Savings based on a rebate program*
- **Interqual Criteria** – a 15% discount was negotiated by the Case Management team to save money for clinical indicators software. *\$5,000 savings for participating hospitals*
- **Lab Distribution** – the Materials Management and Lab Directors Teams collaborated to choose Fisher Healthcare for lab distribution in a new cost plus arrangement. *\$170,000 in savings*

Over the next year, SAHA will further tap into collective resources and develop new vendor contracts to find more cost savings initiatives for members. Projects underway include a CIO group purchase of equipment, natural gas collective negotiations, and a common vendor for folders and stickers for medical records, and radiology capital purchasing.

QUANTIFIABLE SAVINGS BY QUARTER FY 06 – 07



QUANTIFIABLE SAVINGS ROI FY 06 – 07





EACH SEED IS CRITICAL TO THE GARDEN'S SUCCESS

clinical

In 2006-2007, SAHA continued to tool its clinical programs for members to promote further growth. Alliance teams expanded their commitment to excellence through knowledge sharing and goal sharing so that quality measures improve at facilities throughout the alliance.

Halifax Regional has noted benefits to their hospital and patients from collaborating through SAHA. Lisa Gupton, director of Case Management, was moving forward with a new Outpatient Heart Failure program, and wanted to see what other hospitals were doing to accomplish their goals of improving patient care. She attended a SAHA education session led by Marian Uy, RN, coordinator of WakeMed's Heart Failure Program, who shared some best practices for care. Gupton was invited to visit WakeMed to learn more. She said, "I left with a lot of respect for what they are doing, and it gave me the satisfaction of knowing that we are on the right track with a program that will fit the needs

of our patients at Halifax. SAHA has opened the door to learn from other case managers, giving me access to a network of other knowledgeable health care professionals who are there when I want to bounce an idea off of someone else."

Alliance teams continued to focus on clinical benchmarking of CMS Core Measures, including congestive heart failure, pneumonia and acute myocardial infarction, but also added surgical data metrics to improve the care to those patients. The benchmarking initiative has created a culture of sharing among members. This data is posted so that hospitals understand their performance as it relates to hospitals in the alliance, the state, the nation, and to best practices. The information obtained from this project continues to provide significant breakthroughs at facilities, along with endless avenues for knowledge sharing among members.



SAHA CLINICAL BENCHMARKING METRICS - JANUARY - MARCH 2006

All Hospital Data

Indicator	All Hospital Data													
	Beaufort	Betsy Johnson	Carteret	Central Carolina	Halifax	Lenoir	Maria Parham	Nash	Onslow	Sampson	WM Cary	WM Raleigh	Waync	Wilson
Heart Failure														
D/C instructions	65.8%	15.4%	86.0%	69.0%	70.3%	20.2%	61.0%	33.3%	97.9%	66.7%	44.7%	69.2%	51.8%	62.3%
LVEF assessment	79.5%	64.9%	92.0%	88.0%	96.6%	76.1%	90.0%	97.2%	94.7%	73.3%	87.3%	96.4%	89.0%	90.4%
ACFI and/or ARB for LVSD	70.0%	95.2%	90.0%	79.0%	84.8%	59.3%	100.0%	71.9%	92.6%	72.0%	100.0%	92.9%	89.1%	77.4%
Smoking Cessation advice	100.0%	94.4%	100.0%	60.0%	100.0%	46.7%	100.0%	75.9%	100.0%	100.0%	100.0%	96.8%	100.0%	100.0%
ACM from CMS	33.6%	20.0%	85.1%	82.9%	70.8%	24.1%	53.9%	38.9%	82.1%	49.6%	36.5%	57.4%	62.6%	51.7%
Pneumonia														
O2 assessment	100.0%	96.2%	100.0%	100.0%	98.5%	100.0%	100.0%	100.0%	98.7%	100.0%	100.0%	100.0%	100.0%	96.6%
PNE vaccine	75.0%	0.0%	82.0%	59.0%	48.6%	51.4%	13.0%	69.0%	29.4%	75.5%	69.2%	85.7%	82.2%	59.3%
Blood cultures	83.3%	90.9%	85.0%	97.0%	84.6%	93.4%	83.0%	78.9%	83.3%	61.7%	100.0%	77.8%	98.1%	78.5%
Smoking Cessation advice	75.0%	100.0%	100.0%	100.0%	100.0%	45.5%	#DIV/0!	68.3%	78.9%	100.0%	100.0%	97.7%	100.0%	90.0%
Antibiotic w/in 4 hrs	68.2%	75.6%	84.0%	84.0%	67.3%	94.9%	#DIV/0!	70.2%	58.3%	81.9%	56.0%	41.2%	68.6%	67.8%
Antibiotic w/in 8 hrs	86.4%	86.7%	#DIV/0!	#DIV/0!	96.2%	73.7%	#DIV/0!	90.1%	80.0%	97.2%	89.3%	81.5%	#DIV/0!	#DIV/0!
ABX selection for ICU patients	33.3%	75.0%	#DIV/0!	100.0%	71.4%	100.0%	#DIV/0!	0.0%	40.0%	100.0%	66.7%	16.7%	50.0%	#DIV/0!
ABX selection for non-ICU patients	78.9%	65.4%	#DIV/0!	91.0%	82.8%	81.4%	#DIV/0!	91.5%	84.8%	92.2%	94.2%	82.4%	78.0%	84.0%
Flu Vaccine (Sept - Mar only)	76.5%	0.0%	#DIV/0!	75.0%	68.6%	57.4%	#DIV/0!	#DIV/0!	37.5%	51.2%	67.7%	85.7%	84.1%	74.4%
ACM from CMS	33.6%	15.9%	51.6%	60.4%	44.1%	37.3%	16.8%	39.9%	29.5%	38.4%	38.2%	34.6%	55.5%	42.1%
AMI														
Indicator	Beaufort	Betsy Johnson	Carteret	Central Carolina	Halifax	Lenoir	Maria Parham	Nash	Onslow	Sampson	WM Cary	WM Raleigh	Waync	Wilson
Aspirin at arrival	100.0%	100.0%	92.0%	100.0%	90.9%	91.1%	90.0%	92.3%	92.9%	75.0%	100.0%	98.2%	100.0%	65.0%
Aspirin Prescribed at discharge	100.0%	100.0%	100.0%	83.0%	92.3%	93.1%	100.0%	90.9%	100.0%	100.0%	100.0%	99.3%	100.0%	90.0%
ACFI or ARB for LVSD	100.0%	#DIV/0!	100.0%	100.0%	100.0%	50.0%	50.0%	77.8%	#DIV/0!	#DIV/0!	100.0%	94.3%	100.0%	100.0%
Smoking Cessation advice	100.0%	#DIV/0!	#DIV/0!	100.0%	#DIV/0!	83.3%	50.0%	85.7%	#DIV/0!	#VALUE!	100.0%	98.3%	100.0%	100.0%
Beta Blocker prescribed at discharge	100.0%	66.7%	100.0%	80.0%	84.6%	79.3%	83.0%	81.0%	100.0%	100.0%	87.5%	99.4%	85.7%	92.9%
Beta Blocker at arrival	100.0%	100.0%	100.0%	100.0%	95.0%	84.6%	75.0%	81.1%	91.7%	50.0%	100.0%	100.0%	85.7%	66.7%
Thrombolytic w/in 30 min. of arrival	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	100.0%	#VALUE!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
ACM from CMS	73.1%	72.2%	68.8%	95.0%	82.6%	72.1%	78.8%	65.9%	91.9%	50.0%	91.3%	88.9%	87.0%	73.6%

SAHA CLINICAL BENCHMARKING METRICS - JANUARY - MARCH 2007

All Hospital Data

Indicator	All Hospital Data															
	Beaufort	Betsy Johnson	Carteret	Central Carolina	Halifax	Johnston	Lenoir	Maria Parham	Moses Conc	Nash	Onslow	Sampson	WM Cary	WM Raleigh	Waync	Wilson
Heart Failure																
D/C instructions	92.6%	77.4%	90.5%	74.5%	74.1%	88.7%	38.3%	34.1%	36.6%	70.5%	94.7%	80.8%	64.0%	82.0%	89.2%	87.1%
LVEF assessment	96.4%	83.1%	100.0%	100.0%	97.9%	93.3%	76.0%	42.0%	93.7%	99.3%	93.6%	87.5%	93.0%	94.0%	97.1%	87.5%
ACFI and/or ARB for LVSD	100.0%	91.7%	91.7%	100.0%	81.3%	57.1%	77.3%	90.9%	73.0%	63.2%	88.5%	78.9%	90.0%	97.0%	77.1%	85.2%
Smoking Cessation advice	100.0%	84.6%	100.0%	100.0%	100.0%	100.0%	74.2%	100.0%	84.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Pneumonia																
O2 assessment	100.0%	100.0%	98.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	98.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
PNE vaccine	91.3%	37.5%	89.7%	84.2%	74.4%	70.0%	70.0%	63.2%	83.0%	92.0%	27.9%	92.9%	90.0%	72.0%	75.8%	73.0%
Blood cultures	81.3%	73.1%	98.6%	94.3%	82.6%	83.3%	79.1%	47.8%	82.4%	83.8%	80.9%	91.9%	94.0%	94.0%	98.2%	77.1%
Smoking Cessation advice	87.5%	90.0%	95.5%	100.0%	86.4%	100.0%	70.0%	100.0%	58.8%	93.1%	96.0%	100.0%	100.0%	100.0%	100.0%	
Antibiotic w/in 4 hrs	90.0%	68.8%	86.7%	92.7%	72.0%	72.4%	70.7%	#DIV/0!	69.6%	70.7%	75.8%	95.0%	74.0%	58.0%	76.6%	73.1%
Antibiotic w/in 8 hrs	95.0%	93.8%	100.0%	96.4%	86.0%	89.7%	91.4%	#DIV/0!	89.1%	94.0%	91.9%	97.5%	#DIV/0!	#DIV/0!	96.9%	#DIV/0!
ABX selection for ICU patients	25.0%	50.0%	60.0%	80.0%	40.0%	75.0%	100.0%	#DIV/0!	100.0%	33.3%	66.7%	100.0%	#DIV/0!	#DIV/0!	66.7%	100.0%
ABX selection for non-ICU patients	88.2%	93.1%	94.9%	97.9%	96.4%	78.9%	83.8%	#DIV/0!	91.4%	93.3%	87.9%	87.0%	#DIV/0!	#DIV/0!	97.2%	97.6%
Flu Vaccine (Sept - Mar only)	100.0%	41.0%	97.6%	90.0%	75.8%	78.8%	64.8%	#DIV/0!	87.5%	92.4%	24.0%	68.6%	#DIV/0!	#DIV/0!	77.6%	78.7%
AMI																
Indicator	Beaufort	Betsy Johnson	Carteret	Central Carolina	Halifax	Johnston	Lenoir	Maria Parham	Moses Conc	Nash	Onslow	Sampson	WM Cary	WM Raleigh	Waync	Wilson
Aspirin at arrival	100.0%	100.0%	87.5%	100.0%	91.7%	93.9%	87.5%	100.0%	97.9%	84.4%	95.7%	80.0%	94.0%	97.0%	100.0%	93.3%
Aspirin Prescribed at discharge	100.0%	85.7%	100.0%	100.0%	75.0%	90.9%	71.4%	87.5%	100.0%	81.8%	91.7%	100.0%	78.0%	97.0%	71.4%	88.9%
ACFI or ARB for LVSD	100.0%	#DIV/0!	100.0%	100.0%	66.7%	100.0%	#DIV/0!	75.0%	78.6%	33.3%	50.0%	#DIV/0!	100.0%	86.0%	100.0%	0.0%
Smoking Cessation advice	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	100.0%	100.0%	50.0%	100.0%	94.7%	100.0%	100.0%	100.0%	100.0%	99.0%	100.0%	#DIV/0!
Beta Blocker prescribed at discharge	75.0%	85.7%	50.0%	100.0%	100.0%	92.9%	75.0%	62.5%	97.3%	81.8%	90.9%	100.0%	100.0%	97.0%	88.9%	100.0%
Beta Blocker at arrival	100.0%	88.9%	85.7%	100.0%	88.9%	96.4%	92.3%	60.0%	88.9%	87.1%	95.5%	0.0%	100.0%	96.0%	#DIV/0!	100.0%



EACH SEED IS CRITICAL TO THE GARDEN'S SUCCESS

education

Ongoing education programs are critical to the success of our members. Education is a key benefit of SAHA membership, and this past year witnessed the introduction of SAHA College. This innovative college, developed through the joint efforts of the Human Resources team and the SAHA Board of Directors, provides training that is of common interest to members. It began this year with a focus on training new clinical managers. Often clinical staff members, with little or no management experience, are promoted into supervisory positions within their organization. Training for these new managers is a priority for all SAHA members. SAHA partnered with a variety of educational program providers, both locally and nationally, to provide sessions. Attendance was high with nearly 500 members from 16 hospitals attending the programs offered.

Several SAHA members noted how helpful these training sessions were to them on the job. Mary Mackowski, applications manager at Maria Parham Hospital, was able to directly apply accounting procedures that she learned in a SAHA College finance class to improve her budgeting process this year. And the “Peer Today, Boss Tomorrow” session, helped her “evaluate my current management skills and determine areas I needed to improve. I have a great mentor so many of the topics reinforced the skills I have been working to develop. For example, when I am meeting with my staff I make sure I am attentive to them, and watch my body language. Some of these skills have easily become my style of management.”

Pam Parrish, director of Application Services at WakeMed, agreed the finance class was extremely helpful as she was going through the budgeting process. Parrish also noted

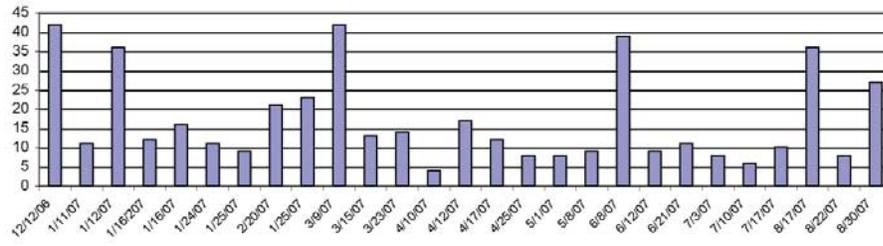
that members are so helpful in sharing tips for success. “During the session, we were able to talk with each other, and the instructor solicited information from other hospitals to share additional information on a specific topic. SAHA allows us to reach out to colleagues in other organizations and discuss lessons learned.”

Along with SAHA College, the Chief Nursing Officers partnered with the Advisory Board and introduced the new Nursing Leadership Academy. More than 50 participants from 13 hospitals have enrolled in this innovative program that prepares high potential nurses for leadership roles. While this program normally costs \$60,000 per hospital, SAHA was able to negotiate the total cost of the program to \$49,000 at an individual cost of ~\$500 a participant. The training includes 360 degree feedback for participants, specialized training programs and on-line modules, a mentoring component and three on-site sessions to allow participants to network and learn additional skills.

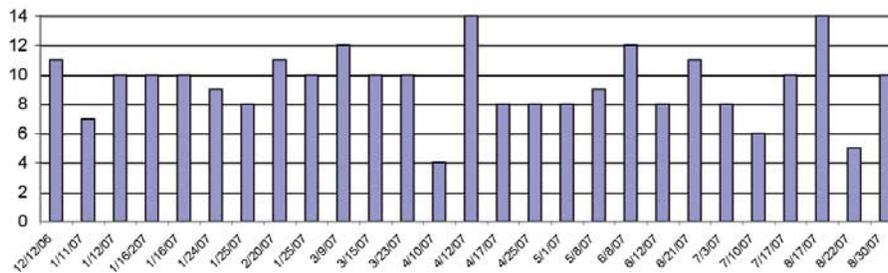
In an effort to further prepare hospitals for Joint Commission surveys, physicians, medical staff officers, compliance team members and performance improvement specialists came together for a presentation by Robert Marder, MD, of the Greeley Company, about JCAHO compliance issues. By offering this program through the group buying power of SAHA, members saved as much as \$6,000 off the cost of the seminar.

Education will continue to be a major focus of the SAHA teams in the years to come, with more offerings through the SAHA College, additional Nursing Leadership Academy opportunities and more specialized programs based on member needs.

SAHA EDUCATIONAL PROGRAM ATTENDEES

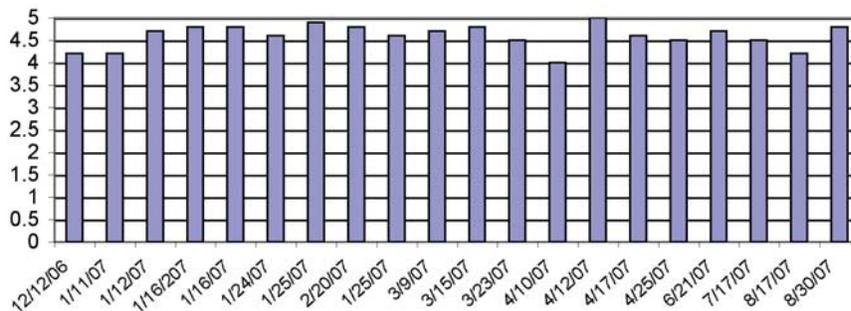


SAHA EDUCATIONAL PROGRAMS – HOSPITALS PARTICIPATING



AVERAGE VALUE SCORE OF SAHA EDUCATIONAL PROGRAMS

SCALE 1 - 5





EACH SEED IS CRITICAL TO THE GARDEN'S SUCCESS

compliance

SAHA led the way in producing programs and educational sessions so that hospitals understand and comply with ever-changing regulatory rules. Government regulations, HIPAA rules and Joint Commission standards are part of the compliance landscape.

Understanding the rules and regulations and how to comply effectively to ensure patient safety and quality care is a tremendous part of the SAHA mission. Educational sessions on how to improve patient safety through compliance, Joint Commission and OSHA updates provided much needed guidance on how to enhance programs at member hospitals. Pharmacists heard from a healthcare attorney about proposed updated laws that govern the 340B drug program, which requires drug manufacturers to provide outpatient drugs to eligible health care centers, clinics, and hospitals at a reduced price. And Chief Information Officers were invited to learn more about the legal issues surrounding electronic medical records and providing support to encourage physicians to adopt the technology.

SAHA's Mock Tracer Survey teams continued to provide helpful feedback between hospitals with teams providing "unannounced" visits. Susan Freeman, director of Organizational Improvement at WakeMed, led the Mock Tracer team that visited Nash Health Care Systems. She said that while the Tracer team's goal is to give feedback to the hospital they are visiting, she always benefits from the experience. "We go see what these other hospitals are doing well and often get ideas on how we can improve at our own facility. That's been the most beneficial part of this SAHA Compliance team. I now have a network of other accreditation coordinators I can e-mail or call." Lisa Barringer, accreditation coordinator at Nash Health Care Systems echoed Freeman's thoughts. "The staff felt it was beneficial to have someone from the outside evaluate our patient care. The SAHA group provided us with insight on areas that have been challenging to us."

Compliance is a very important part of each hospital's daily practice and interactions. It is also an area in which SAHA continues to positively affect outcomes. In the future, SAHA plans to increase support to its members through additional compliance programs.

knowledge sharing

One of SAHA’s goals is to build and nurture relationships between hospital partners. Informal sharing of information between members has made a difference in how hospital partners deliver health care to patients. Many SAHA team members have worked together for three years now, and have seen firsthand the value each member brings to the table. They have formed professional relationships and developed more novel approaches to solving problems and resolving challenges that they face in health care.

Jeff Neisen, director of Patient Financial Services and Managed Care Contracting at Betsy Johnson Regional Hospital, said that the benefits of being a SAHA member have been priceless. “I attended a SAHA session where Lenoir’s Debbie Gray presented a program on their new point of service collections process, and I knew that we had to implement a similar program at our hospital. Debbie was so willing to share of her and her staff’s time and showed me what needed to be done to implement a program at Betsy Johnson. We’re beginning to staff our new point of service collections department. This will greatly improve our collections, and I’m estimating that we will see a return on investment within three to six months.” Neisen noted that he has visited other SAHA facilities – WakeMed and Wilson Medical Center – on other occasions and learned about financial and work flow processes that

are of tremendous value to his business office. Gray added, “The collaboration we are able to achieve through SAHA adds value to both facilities as it allows the sharing of ideas, best practices and success stories.”

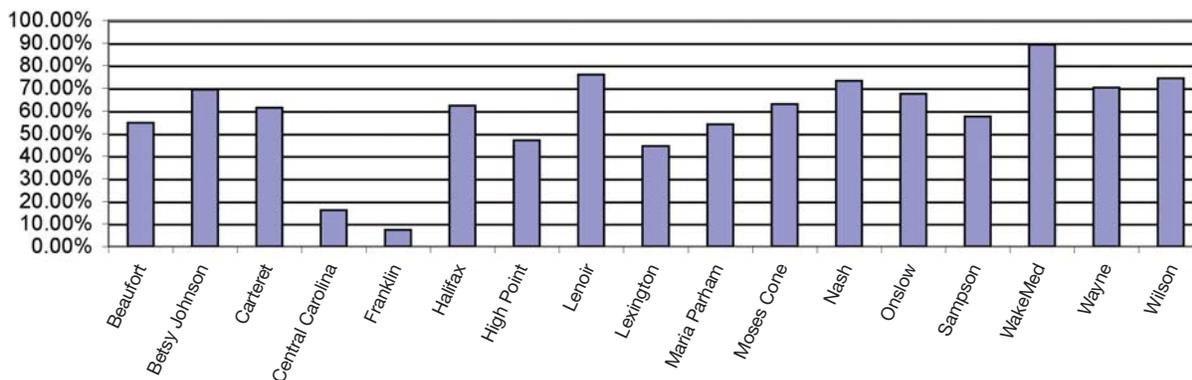
Throughout the year, teams gathered at locations throughout the alliance, giving them a chance to tour different facilities and learn about innovative programs. The fact that SAHA has expanded from 14 to 18 members means that more will be gained over time through the knowledge that these newer members bring to the table. By traveling to various locations, members have grown in their understanding of what all hospitals need to deliver better health care.

Knowledge sharing achievements over the past year include:

- Presented a mental health forum to address concerns related to Crisis Management and the new North Carolina Mental Health Strategic Plan 2007-2010.
- Coordinated a tobacco-free campus initiative
- Facilitated a session on nurse retention in the Emergency Department.
- Developed benchmarking projects in departmental operations statistics, additional clinical indicators and financial metrics to identify best practices among member hospitals

Over the next year, SAHA will continue to facilitate and expand these knowledge sharing opportunities to benefit the members.

SAHA ATTENDANCE 2006 – 2007





Southern Atlantic Healthcare Alliance

SAHA GOALS

- To build collaborative relationships between hospitals in the region with the purpose of improving the quality and delivery of healthcare for the patients we serve
- Support and strengthen our member hospitals through collaborative efforts, networking and educational opportunities
- Create value for its members by providing validated savings or operational/quality improvement opportunities

SAHA MEMBER STATISTICS

- Savings Goal 4.1:1; Actual 5.3:1
- Total Employees: ~28,000
- Total Beds: 4,400
- Net Patient Revenue: \$2.7 billion
- Supply Spend: More than \$500 million

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