
Presentation to Business Forecasting Roundtable

May 24, 2006



Cardinal Health System, Inc.

Presentation Overview

- Cardinal Health System, Inc. (CHS) Overview
- CHS Growth and Economic Contributions
- Future Healthcare Challenges



CHS Mission and Vision

Mission: Cardinal Health System will promote wellness and improve the health status of the people of East Central Indiana and surrounding areas through patient care, health education, and medical research.

Vision: Cardinal Health System will be the destination provider for a broad array of sophisticated services to support the healthcare needs of East Central Indiana.




CHS Strategic Goals

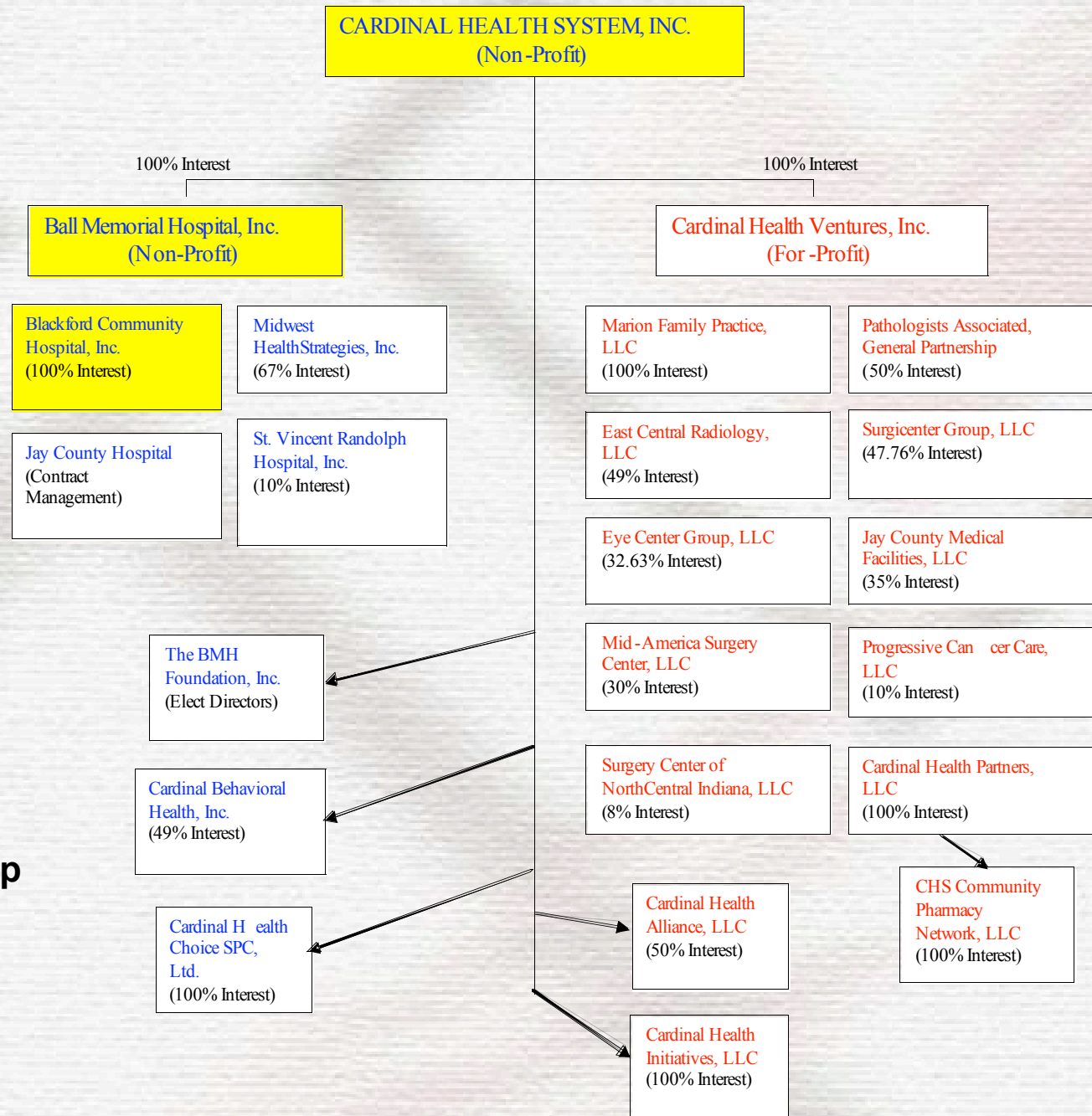
- **Goal #1:** Deliver Healthcare Services and Programs that are of Value to Multiple Stakeholders.
- **Goal #2:** Provide the Community with the Latest in Proven and Effective Medical Technology.
- **Goal #3:** Create a Safe Environment to Work and Care for Patients.
- **Goal #4:** Strive for Excellence by Exceeding Clinical Quality and Organizational Performance Standards.
- **Goal #5:** Increase Access to Services and Programs.
- **Goal #6:** Create and Maintain an Organization That is Fiscally Sound. (Benchmark = Moody's A-Rated Medians)



Cardinal Health
System, Inc.

Corporate Structure

 Obligated Group
Blue: Non-Profit
Red: For-Profit



Summary of CHS Joint Ventures

<u>Company (For Profit)</u>	<u>Percent Owned</u>	<u>Date Started</u>	<u>Service</u>
Pathologists Associated	50.0%	1988	Clinical/Reference Lab
Surgicenter LLC	47.7%	1994	Surgery Center (eye)
Eye Center Group LLC	32.6%	1994	Physician Group
Cardinal Health Alliance	50.0%	1995	PHO
East Central Radiology	49.0%	1997	Imaging Center
River View Surgery Center	8.0%	1997	Surgery Center (general)
Mid-America Surgery Center	30.0%	2003	Surgery Center (general)
Progressive Cancer Care	10.0%	2003	Cancer Center
Jay County Medical Facility	35.0%	2004	Medical Office Building

TOTAL

<u>Company (Not-For-Profit)</u>	<u>Percent Owned</u>	<u>Date Started</u>	<u>Service</u>
Mid-West HealthStrategies	67.0%	2003	Rehabilitation Services
St. Vincent/Randolph Hospital	10.0%	2003	Hospital
Cardinal Behavioral Health	49.0%	2006	Opening March, 2006



Scope of Service

- Ball Memorial Hospital operates as a teaching hospital and a regional referral center providing tertiary services including:
 - neurology and neurosurgery
 - cardiology (including cardiac catheterization and open heart)
 - oncology
 - neonatology
 - orthopedics (including joint replacements)
 - physical rehabilitation



Statistics

Category	2003	2004	2005
Acute Beds in Service	304	301	301
Transitional Care Beds	48	48	48
Acute Inpatient Days	75,598	76,780	75,721
Acute Inpatient Admissions	15,718	16,255	14,774
Newborn Days	3,418	3,434	3,354
Average Acute Length of Stay	5.04	4.83	5.08
Average Daily Census (Acute)	207	210	207
Emergency Room Visits	46,468	52,057	56,138
Surgical Cases - Inpatient	6,541	6,460	6,484
Surgical Cases - Outpatient	11,767	11,186	8,673
Radiology Procedures	124,474	131,079	135,949
Laboratory Procedures	896,995	919,596	970,509
Medicare Case Mix Index	1.51	1.47	1.55
Occupancy % *	75%	75%	77%

*Excludes Nursery and Skilled Care Unit

Medical Staff

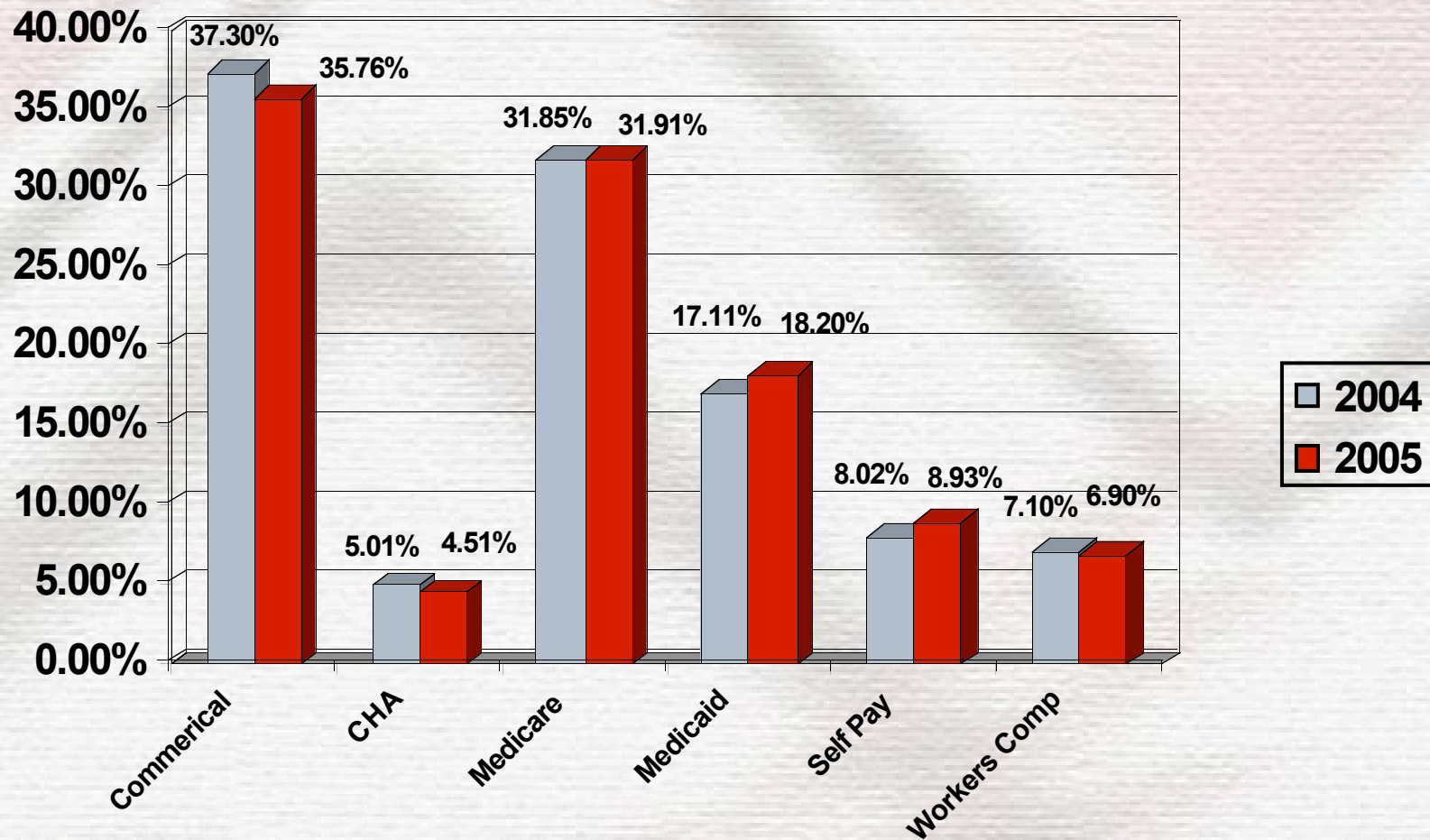
BMH Staff Classification	Number of Staff
Active	266
Consulting	77
Total	343

- Ball Memorial Hospital has an experienced medical staff.
- Board Certification Rate: 87.5%
(2002 National rate- 70.1%)
- Average Age of Active Staff: 46
(Three-fifths of all U.S. physicians are over age 45)

(SOURCE: Pinnacle Health Group, 2003
<http://www.dpo.uab.edu/~cheo/kpnu/physician.htm>)

Percentage of Cases by Payer

(Source: Internal Data from CHS)



CHS Growth and Economic Contributions



**Ball Memorial
Is the Only Tertiary
Referral Center in
East Central Indiana**

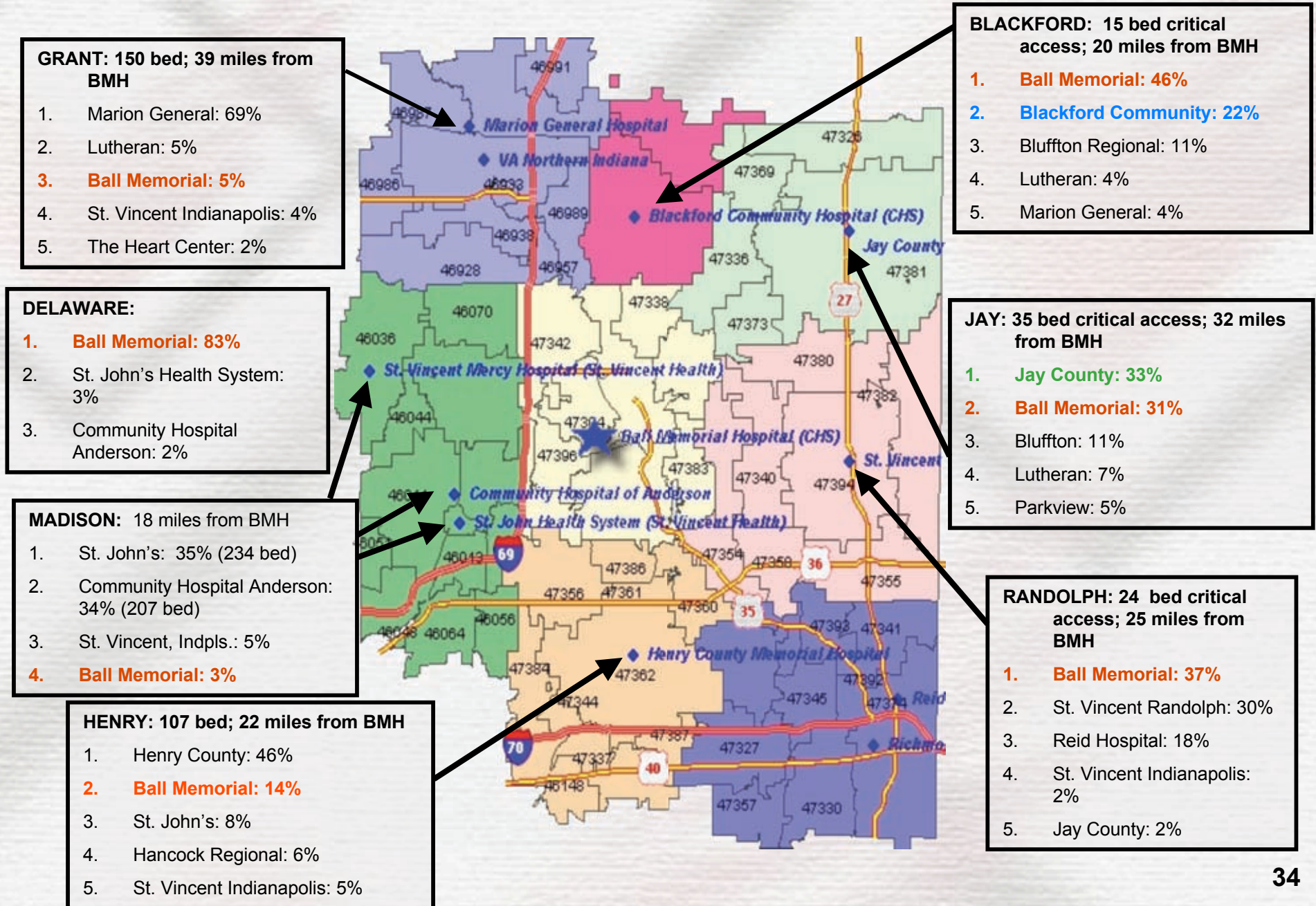
Fort Wayne
81 miles

Indianapolis
61 miles

Ball Memorial Hospital
Muncie

Indiana

Inpatient Market Share by Geographic Cluster



Physician Recruitment

9 Primary Care Physicians in last 12 months
38 Specialists in last 2 years

- Anesthesiology
- Thoracic and General Surgery
- Cardiothoracic Surgery
- Internal Medicine
- Electrophysiology
- Emergency Medicine
- Oral Surgery
- Radiation Oncology
- OB/Gyn
- Gastroenterology
- Pathology
- Ophthalmology
- Radiology
- Psychiatry
- Podiatry
- Pulmonary Disease/Critical Care



Cardinal Access

Cardinal Access assists locally uninsured

Cardinal Access, a health cost assistance program for the uninsured, was initiated by the BMH Foundation, Inc. in conjunction with several community supporters on October 1, 2004. Since its inception, Cardinal Access has over 170 participating physicians and over 2,300 participating patients.

As a general rule, CHS financial counselors first attempt to identify and enroll uninsured patients who are potentially eligible for existing government programs such as Medicaid and Hoosier Healthwise. For those patients who do not qualify for government programs, but have gross incomes of 200% or less of the Federal Poverty Guidelines, enrollment in Cardinal Access takes place. Cardinal Access offers patients discounted fees and/or payment options for primary, specialty, and hospital services according to

each participating provider's internal policies and procedures.

Cardinal Access benefits physicians by pre-screening patients for government programs and streamlining the financial assistance process, thus saving valuable office time. In addition, a new web-based enrollment system is being developed that will allow financial counselors to screen patients for available programs more efficiently as well and engage in enrollment outreach. Participating physician practices will be able to access the website to see if an application for a government program was processed or enrollment in the Cardinal Access program occurred.

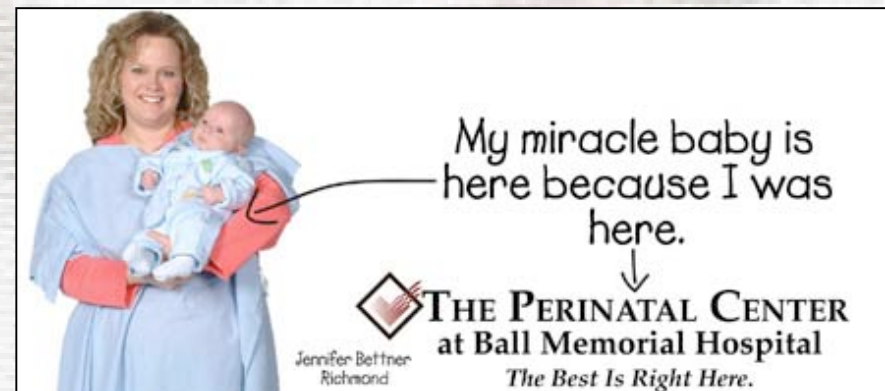
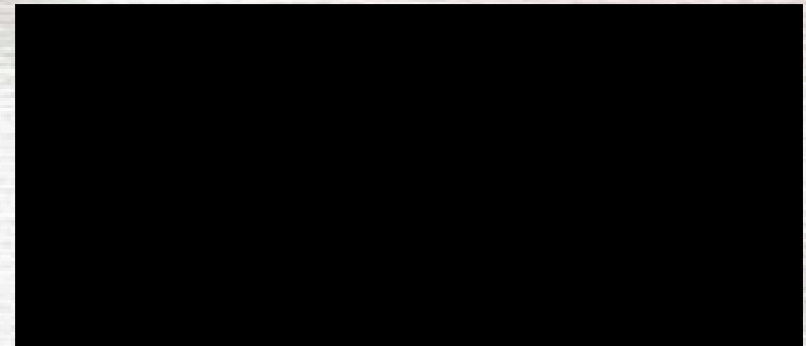
Cardinal Access has several supporters throughout the community, which has been a key element in its early success. Some of the participating providers include, Ball

Memorial Hospital, BMH Family Medicine Residency Clinic, BMH Medicine Clinic, Associates in Surgery, Associates in Women's Health, Central Indiana Orthopedics, Comprehensive Mental Health, East Central Indiana Vascular Lab, Emergency Physicians of Delaware County, Medical Consultants, Midwest HealthStrategies, Open Door/BMH Health Center, Pathologists Associated, Southway Urgent Care, Urology Associates, and Voss Center for Women.

CHS financial counselors are located off the main hospital lobby and are available to assist patients Monday through Friday from 8:00 – 4:30 p.m. or by appointment by calling 281-6672, 281-6675, or 281-6678. Physicians interested in participating in the program should contact the BMH Foundation at 765-747-3420.



Service Line Development and Marketing



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FRIDAY
March 17, 2006

The Star Press

50¢
Muncie, Indiana

Ball Memorial Hospital to undergo \$120M renovation

Plans call for private rooms throughout and a five-story cardiac center



By KEITH ROYSDON
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Ball Memorial Hospital will undergo a \$120 million expansion project that will dramatically reconfigure patient rooms, increase some already available services and add a new, high-tech cardiac care center.

The expansion, announced during a presentation Thursday afternoon at The Minnetrista Center, is aimed at providing amenities including all private patient rooms and solidifying the hospital's role in East Central Indiana health care, Cardinal Health System (CHS) officials said.

"We will be raising the benchmark for all other health care organizations to measure themselves against," CHS President and CEO Robert Curtis said during the presentation. "We will be the destination point for health care in East Central Indiana."

The project will be paid for by a \$70-million bond issue and \$50 million from operating revenue.

The expansion plan — already begun in interior remodeling work and expected to continue through 2008 — will include not only changes to patient rooms but expansions of existing hospital functions and a new south wing devoted to cardiovascular care.

Elements of the plan also include a new observation area in which Emergency Department patients can be monitored for up to 24 hours without being assigned to regular patient rooms.

Alynn Casoli of the Washington, D.C.-based Center for Studying Health System Change told The Star Press that the announcement was "a microcosm for what's happening in many communities."

The plan

Ball Memorial Hospital's \$120 million renovation announced Thursday will:

- Create a five-story cardiac center. All cardiac care will be located together, making access easier for patients, doctors and hospital staff.

- Make every patient room private.

- Make the hospital more accessible and navigable for patients and visitors.

- Create a 16-bed observation unit for ER patients.

- Expand space devoted to the pharmacy, pain center and perinatal care.

- Create construction jobs for more than 400 workers.

- Construction will happen in three phases, and is scheduled to be completed at the end of 2008.

More news inside

- The hospital plans to offer all private rooms | 2A

- A timeline of Ball Memorial Hospital's history | 4A

- A graphic explaining the expansion plan | 5A

- A photo page and a Q&A with a BMH executive | 6A

- Editorial: BMH plan will help patients, community | 8A

Hospital expansion is 'great news' for construction trades

- Local unions said they will be able to supply workers for the project.

By KEITH ROYSDON
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MUNCIE — For Dave Blackford, Thursday's announcement that more than 600 temporary jobs would be generated by Ball Memorial Hospital's expansion project was more than just good news.

"That's great news," said Blackford, a 10-year electrician.

"For us, it means security," he added. "For all of us, it means the ability to make a living and pay the bills and provide a better quality of life for our kids."

Local construction trades members were heartened to hear about the \$120 million hospital expansion project, which will include construction of a new cardiac care wing. Cardinal Health System officials estimated the work, which will continue through much of 2008, will create 600 construction jobs.

Jeff Hagerman of GJHL, an Indianapolis firm that will help oversee the hospital construction, said his company would first draw workers from local trade unions.

► See J085, 2A



BALL MEMORIAL HOSPITAL Chairman of the Board R. Dean Roberts talks with Lt. Gov. Becky Skillman on Thursday at The Minnetrista Center after the announcement of the hospital's renovation.

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**-Robert S. Curtis,
President and CEO, Cardinal
Health System**

Ball Memorial Hospital Master Facility Plan



- \$120M Project
- 400,000+ SF of New and Renovated Space
- Private Acute Care Patient Rooms



Future Healthcare Challenges

- Demographics
(aging and decreasing population)
- Increasing Costs
(people, technology, cost shifting)
- Un-insured or Under-insured
- Recruitment and Retention of Best Practitioners

