

St. Luke's Today

2003 Annual Report



A c c e s s

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Strength Through Positioning

Welcome to St. Luke's 2003 annual report.

We are pleased to highlight the activities and accomplishments of the past year as we position ourselves for continued growth and success in the future.

Strategic planning and measured growth marked St. Luke's 137th year of service. With the addition of the East Medical Building, coupled with the expansion and enhancement of St. Luke's Urgent Care Centers and our partnership with the Center For Diagnostic Imaging, St. Luke's was better able to meet the needs of patients and guests both on the hospital campus and in the community. These recent changes embody St. Luke's hallmark of service: exceptional, accessible care delivered by experienced medical professionals.

It is because of our experienced and dedicated medical staff, as well as the committed employees and volunteers who support their efforts, that St. Luke's continues to be recognized as one of the leading hospitals in the country.

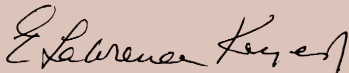
In December, St. Luke's was honored as the only hospital in the St. Louis metropolitan area to be named among the nation's *Top 100 Hospitals* for overall performance. In addition, St. Luke's Cardiac Services – one of the hospital's *Centers of Excellence* – received a Top 100 ranking.

In the spring of 2003, the *St. Louis Business Journal* bestowed another honor on St. Luke's, ranking the hospital first in employee incentives in its annual "Best Places to Work" issue. This special honor serves as a testament to St. Luke's commitment to its employees and a tribute to our organization's unique culture. It is this culture, composed of daily acts of compassion and camaraderie, which makes St. Luke's an amazing place to heal, hope, visit and work.

As we look ahead to a new year of possibilities and progress, we remember those who have guided our organization in the past, and recognize those who continue to lead St. Luke's into the future: our board of directors, medical staff, employees, auxiliary and volunteers.

Thank you for your support of St. Luke's Hospital as we continue to achieve our mission of exceptional patient care and ongoing service to the community.

Sincerely,



E. Lawrence Keyes, Jr.
Chairman, St. Luke's Board of Directors



Gary Olson
President and Chief Executive Officer
St. Luke's Hospital



Improving Access



East Medical Building

On November 12, 2002, St. Luke's dedicated the East Medical Building. This building comprises more than just 70-thousand square feet of outpatient services. It embodies an ideal that quality health care should be, and can be, convenient and accessible to all. Integral services including the Gastroenterology Laboratory, cancer services and women's services were expanded and relocated to the East Medical Building.

St. Luke's Center for Cancer Care, West County's first community cancer center, offers comprehensive outpatient services, educational information and emotional support for the prevention, diagnosis and treatment of cancer. The Center for Cancer Care and adjacent parking garage were designed with two fundamental principles in mind: life and time are precious. Both are recognized and respected by the center's various specialists, medical staff and employees.

For more than two decades, St. Luke's Women's Outpatient Diagnostic Center and St. Luke's Breast Care Center have provided innovative and compassionate care to nearly 70,000 women in the region. The relocation to the East Medical Building has enabled both the Women's Outpatient Diagnostic Center and the Breast Care Center to expand and improve upon existing services, while maintaining the personalized patient attention and instruction for which St. Luke's is known.

Physician Referral Service

Staffed by registered nurses, St. Luke's Physician Referral offers personalized service and assistance in finding a physician. Over the past year, St. Luke's Physician Referral assisted more than 16,000 callers, confidentially discussing physicians and services, and, in cases of immediate need, scheduling same-day appointments. Of those callers, over 12,000 were referred to physicians.

Website

Over the past year, St. Luke's website, www.stlukes-stl.com, has become the region's most comprehensive site for health information. The site was enhanced to include: detailed maps and driving directions to all of St. Luke's facilities; virtual tours of the campus and departments; a pregnancy health center, where users can track their baby's development; and an illustrated health encyclopedia with more than 3,500 articles on diseases, conditions, symptoms, injuries, surgeries, tests, nutrition and other preventive health topics. These updates and enhancements allow individuals to access reliable health information in the comfort and privacy of their homes.



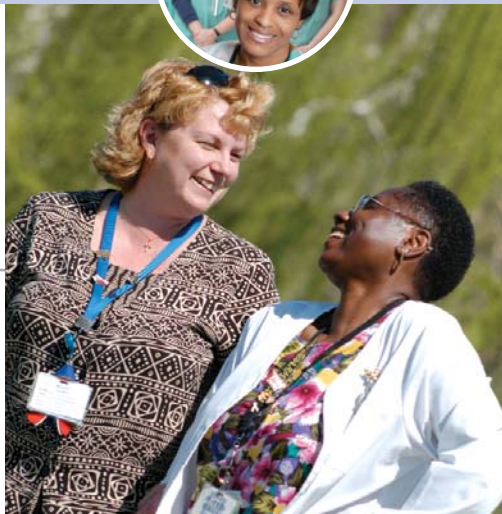
Celebrating St. Luke's Culture

St. Luke's unique culture of service is reflected in the faces and actions of the medical staff, employees and volunteers. Whether it be a kind smile from a nurse during a procedure, a call after hours from a physician, an escort by a courteous volunteer, a spotless hallway, or a carefully-placed piece of parsley on a patient's dinner plate, St. Luke's culture is evident in every detail. It is this culture, and those who embody it, which makes St. Luke's a place to heal, hope, visit and work.

St. Luke's recognizes the deeds of its exceptional staff through activities including quarterly thank you luncheons, Silver Salute celebrations, Star awards and the 100 Club. Employee meetings and Even Exchange meetings with Hospital President Gary Olson also serve as venues to personally thank employees for a job well done. In addition to expressions of gratitude, St. Luke's encourages employees to lead fulfilling, healthier lives by attending a variety of classes and programs free-of-charge. Computer classes and innovative health-focused programs, such as Make a Difference, encourage both personal growth and positive lifestyle changes.

At the heart of St. Luke's culture is the Mission. Grounded in faith and dedicated to compassion, healing and respect, St. Luke's Mission guides every action and serves as the foundation of each decision. It is in the name of the Mission that St. Luke's employees provide assistance to each other – through the Employee Crisis Fund – and to the community, through volunteerism, clothing and food drives, and indigent care provided by St. Luke's Pediatric Care Center. In the past year, St. Luke's employees raised more than \$37,000 to assist fellow employees and donated over 4,000 items to those in need.

"St. Luke's feels like home to me." Mary Pfenning, RN, Community Outreach



Enhancing Care



New technologies, treatments and procedures

To provide the best patient care possible, St. Luke's physicians and medical staff incorporate the latest technologies to prevent, diagnose and treat disease.

In fall 2002, St. Luke's introduced Mammosite®: an innovative way to accelerate the way radiation is given to the breast, enabling patients to receive radiation over a period of five days instead of six weeks. Used following a lumpectomy, a balloon-type device, filled with radioactive seeds, is inserted into the breast; the seeds are then removed in five to ten minutes. The targeted radiation kills remaining cancer cells from within, sparing healthy breast tissue from the effects of radiation.

"Patients meeting specific criteria are good candidates for the Mammosite procedure."
– Karen Halverson, MD, chief, Radiation Oncology at St. Luke's Hospital.

Continuing Medical Education

The Continuing Medical Education department at St. Luke's Hospital offers a variety of conferences and in-services to medical staff. During the past year, St. Luke's Continuing Medical Education department sponsored numerous activities that provided CME credit to over 4,000 physicians and 1,000 non-physicians.

Residency in Internal Medicine Program

For more than 25 years, post-graduate residents have participated in St. Luke's Residency in Internal Medicine Program. Currently, 40 residents participate in the three-year program, scoring above the national average on the certifying examinations for the American Board of Internal Medicine. This year, several residents made presentations at national annual association meetings, with national recognition going to St. Luke's residents.

Outreach

St. Luke's Hospital is dedicated to improving the health and well being of individuals in the community through education, early detection of disease and the promotion of healthy lifestyles. By offering a variety of educational programs, events and screenings, St. Luke's has helped thousands of people make informed health care decisions for themselves and their loved ones.

By focusing on the individual needs of the community, St. Luke's is able to offer targeted programs to specific populations. Over the past year, more than 800 women participated in St. Luke's Healthy Woman Series: a series of special events and lectures highlighting the latest breakthroughs in women's health. In the fall, nearly 700 seniors attended St. Luke's Opportunity Fair, where they received flu shots and hearing screenings and participated in health-focused workshops. In addition to the activities held at the hospital, local churches, schools, professional and civic organizations requested the services of St. Luke's Speaker's Bureau. More than 4,300 people attended these presentations.

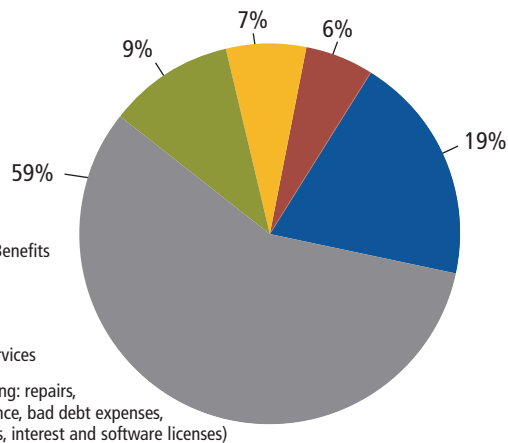
Focusing on the Future

Financials

The hospital continues to generate income from operations and remains in a strong financial position to ensure a solid foundation for the future. Continued positive results provide resources necessary for recruitment and retention of quality staff through a comprehensive market-based compensation and benefit program, growth and expansion of new services, investment in strategic capital expenditures and new technology, and retirement of long-term debt. St. Luke's provided \$8.8 million in charity care to the community in fiscal year 2003.

Utilization summary

	Fiscal Year 2003	Fiscal Year 2002
Admissions	18,563	18,298
Average Length of Stay	4.6	4.6
Average Daily Census	233	231
Outpatient Registrations	155,536	153,983
Surgeries	21,222	21,472
Births	2,636	2,812
Surrey Place Average Residents Per Day	129	129



Operating Results

St. Luke's gain from operations for the fiscal year ending June 30, 2003 was \$9,437,000 compared to \$11,207,000 for the prior year. This represents operating margins of 3.6 and 4.5 respectively. Based on the hospital activity shown above, total operating revenue grew to \$263 million, a 6 percent increase over the prior fiscal year. The components of operating expenses are shown in the accompanying chart.

Urgent Care

St. Luke's Urgent Care Centers are dedicated to providing convenient, cost-effective care in the community. In the past year, St. Luke's opened a new Urgent Care Center in Fenton, combined the Ballwin and Ellisville locations into a more accessible facility located on Clarkson Road, and moved the Wentzville Urgent Care Center to the WingHaven® Medical Building. These changes resulted in improved patient access and, at the WingHaven location, added services including: cardiac care, infusion therapy, physical therapy, and diagnostic imaging provided by St. Luke's Center For Diagnostic Imaging.

St. Luke's Center For Diagnostic Imaging

St. Luke's Center For Diagnostic Imaging was formed as a joint venture between St. Luke's Hospital, Center for Diagnostic Imaging (CDI), and Diagnostic Imaging Associates, Ltd. With centers currently located in St. Luke's WingHaven Medical Building and Chesterfield Valley, St. Luke's CDI offers convenient scheduling and compassionate service in a comfortable setting.



Acknowledging Accomplishments



Awards and recognition

St. Luke's Hospital was named one of the *Top 100 Hospitals* in the nation according to a study released by *Solucient: 100 Top Hospitals® National Benchmarks for Success*. The annual study, published in *Modern Healthcare*, identifies industry benchmarks by recognizing hospitals and their management teams that demonstrate superior clinical, operational and financial performance. St. Luke's is honored as the only hospital in the St. Louis area to be ranked among the *Top 100 Hospitals* for overall performance. St. Luke's also received a Top 100 ranking for Cardiac Services. In addition to recognition for medical excellence, the *St. Louis Business Journal* named St. Luke's among the best places to work in St. Louis. St. Luke's placed first in employee incentives and benefits, second for family friendly environment and second in corporate culture.

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