

Improving the Health of Our Community

2005 Annual Report



 **St. Luke's**
HOSPITAL



Welcome to St. Luke's 2005 Annual Report

As we reflect on our 139th year of service, we are proud to highlight the significant growth and community partnerships that continue to establish St. Luke's Hospital as a premier, regional healthcare provider. St. Luke's once again celebrated recognition as a Top 100 Hospital for Overall Performance and Cardiovascular Services. St. Luke's also was the only hospital in St. Louis designated as a Benchmark Hospital for Overall Performance by Solucient®, an independent healthcare data source, in *Modern Healthcare* magazine.

These accolades contribute to St. Luke's being an attractive facility for highly respected medical and surgical specialists. Our medical staff consists of more than 1,000 physicians and is complemented by an outstanding physician referral service where nurses connect patients to the providers who meet their unique medical needs. This type of individualized care and service is reflected throughout the organization. Our employees continue to represent our culture of customer service - friendly, available, caring, efficient and safe. In fact, in a recent consumer perception study conducted in St. Louis, St. Luke's was the hospital best known for caring employees. St. Luke's also is embarking on the development of a west campus across Highway 141 from our current site. The expansion focuses on making outstanding medical care easily accessible, particularly for outpatient services. Plans to break ground are set for 2006.

Our strategies are led and supported by St. Luke's Board of Directors, which has a longstanding tradition of outstanding leadership. Their guidance on measures such as quality, safety and excellence are reflected in our daily activities. This report examines and highlights the many contributions of our physicians, employees and volunteers as we work together to uphold the mission of St. Luke's Hospital.

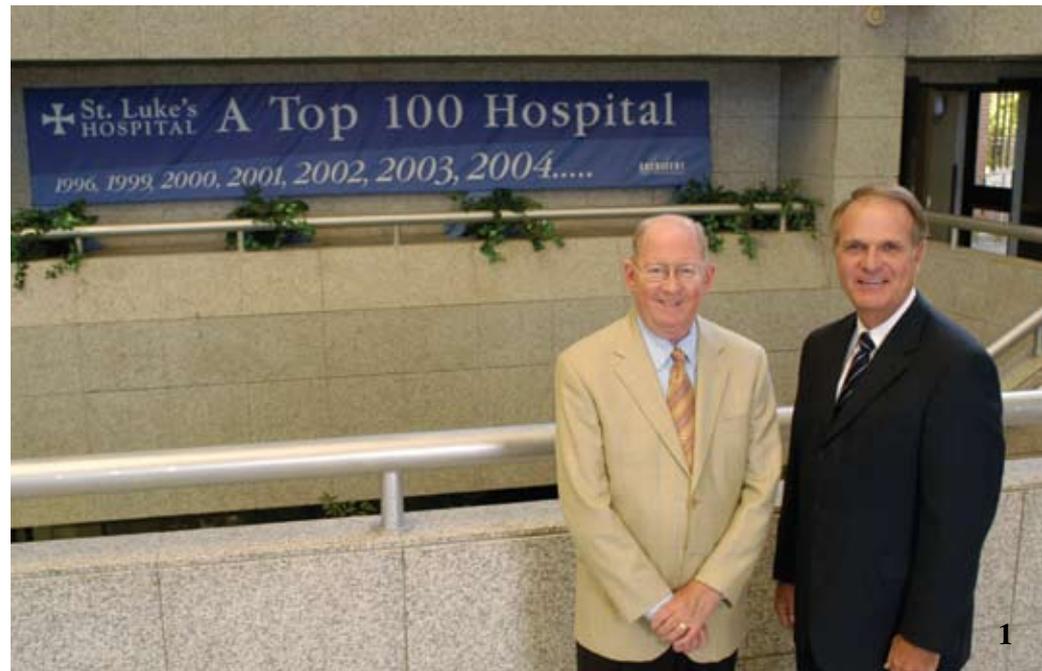
Sincerely,



Keith Lovin, PhD
Chairman of the Board of Directors



Gary Olson
President and
Chief Executive Officer



Quality and Recognition

St. Luke's Hospital offers a broad array of highly-qualified physicians who provide all scopes of medical services. The exceptional medical staff and employee performance leads to quality clinical outcomes for St. Luke's patients, resulting in national recognition among the Top 100 Hospitals. To continue this tradition of excellent service, St. Luke's has focused the past year on physician recruitment efforts, securing physicians in a variety of specialties from medical programs and centers with national prominence. The newly recruited physicians complement the existing physicians so that St. Luke's tradition of providing quality care will remain for years to come.

To help ensure physicians keep abreast of medical trends, St. Luke's emphasizes continued learning and provides dynamic continuing medical education programs that bring nationally-renowned speakers to campus to present the latest industry trends and medical procedures. St. Luke's accreditation allows physicians and nurses to receive continuing medical educational credit while keeping St. Luke's at the forefront of healthcare issues.

Core Measure Data

St. Luke's Hospital is proud to report core measure data for three health conditions: heart attack, heart failure and pneumonia. In May, the federal government created a web-based reporting system to compare hospital quality of care. The information is intended to allow consumers to compare the quality of care provided by hospitals that agree to submit data for certain conditions. Anyone may log on to hospitalcompare.hhs.gov to view the latest hospital data. These quality measures show recommended care proven to give the best results to most adults with these conditions.

Heart Attack Care

July – Dec 2004	St. Luke's Hospital	Missouri Average	National Average
Aspirin at arrival	96%	90%	91%
Aspirin at discharge	94%	85%	86%
ACE for LVSD**	85%	79%	75%
Beta Blocker at arrival	96%	75%	83%
Beta Blocker at discharge	90%	82%	84%

**ACE inhibitor for left ventricular systolic dysfunction (LVSD)

Heart Failure Care

July – Dec 2004	St. Luke's Hospital	Missouri Average	National Average
IVF assessment*	98%	71%	78%
ACE for IVSD	91%	76%	74%
Smoking cessation	100%	63%	65%
Discharge Instructions	90%	40%	45%

*Left Ventricular Function

Pneumonia Care

July – Dec 2004	St. Luke's Hospital	Missouri Average	National Average
Antibiotics within 4 hours	79%	74%	72%
Oxygenation assessment	100%	98%	98%
Pneu screen and vaccine	75%	45%	43%
Blood cultures before antibiotic	86%	80%	82%
Smoking cessation	96%	40%	45%

Missouri and national averages are based on January to June 2004 data published on the hospital compare website.

Top 100 Recognition

Once again, Solucient®, the leading source of healthcare data and benchmark information, ranked St. Luke's among the Top 100 Hospitals in the nation for overall performance and cardiovascular services. Having consistently received this recognition, St. Luke's Hospital was designated as one of only 77 benchmark hospitals in the nation. The awards highlight the excellence of St. Luke's physicians, employees and volunteers and their dedication to the core values, while reinforcing the organization's commitment to patient safety, customer service and quality care.

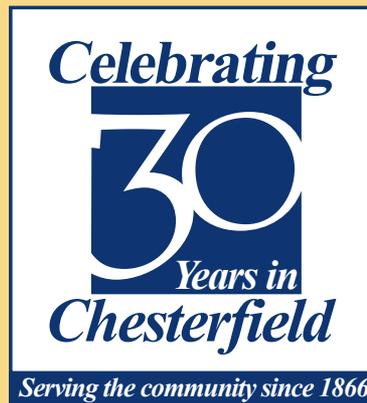
If all comparable hospitals delivered the same level of care as the Top 100 Overall Performance Hospitals:

- Each year, 66,000 more Medicare patients would survive
- 67,000 medical complications would be avoided
- Hospital expenses would decline by \$6.2 billion per year
- The average hospital stay would decline by nearly half a day



30 Years in Chesterfield

While St. Luke's celebrated awards and quality accomplishments, they also spent time marking a milestone. St. Luke's 30th anniversary in Chesterfield was a summer-long celebration. Events included a reception with Board members, medical staff and special guests, Concerts in the Park with the Chesterfield Chamber of Commerce and an employee barbecue. It was a special opportunity to thank individuals and business partners for their success over the years.



St. Luke's has been recognized as a Top 100 Hospital for cardiovascular services four out of five times and is the *only* St. Louis area hospital to make the list consistently.

— *Modern Healthcare* magazine, 2004



Leader in Health Information

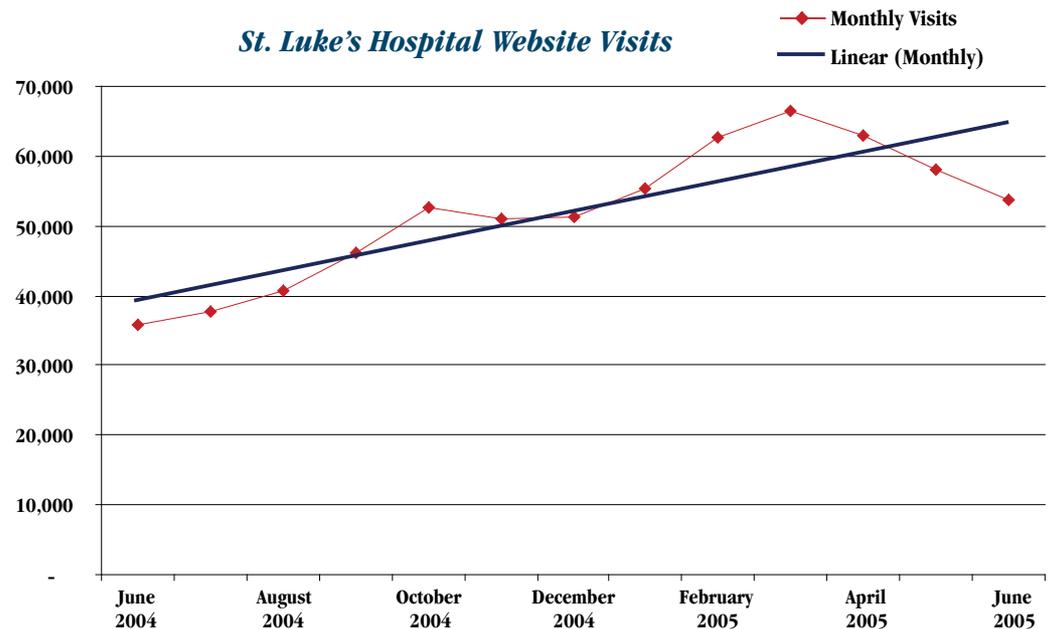
St. Luke's mission embraces the importance of education and prevention, perpetuating a strong relationship between our hospital and those we serve. Substantial emphasis is placed on maintaining the region's most comprehensive website for health information, www.stlukes-stl.com, with an average of more than 53,000 visits per month. Features now include an illustrated health encyclopedia, wellness calculators, pregnancy health center with week-by-week newsletter, drug interaction information, hospital services and information about physicians on staff at St. Luke's Hospital.

The site received Silver (second place) honors for Patient Education Information for a Hospital/Healthcare system website among nearly 1,100 entries from organizations across the nation. The Health Information Resource Center (HIRC), a national clearinghouse for consumer health information programs and materials, organizes the awards.



Health & Harmony is the quarterly consumer publication of St. Luke's Hospital. It highlights the emphasis St. Luke's places on education and prevention by providing informational articles on a variety of health topics and a list of upcoming classes and events that are available to the community.

St. Luke's Hospital Website Visits



Whether patients visit St. Luke's website, attend an on-site educational program, receive medical care at the hospital or participate in a community screening, St. Luke's places a priority on delivering a complete experience. These long-term relationships take time, understanding and trust to develop. By using first names, treating patients as individuals and really listening to the needs of the patients and the community, St. Luke's continues to provide services of the highest value. After all, patients invest a lot in St. Luke's – they invest their health.

St. Luke's provides important health education events in the community including *Conversations for Women*, *A Fair of the Heart*, *Just for Men*, *A Star is Born Maternity Shower* and the *Eugene F. Williams, Sr. Memorial Lecture for Continuing Medical Education*. In addition, there are numerous regularly scheduled health and wellness classes covering an array of topics. More than 30,000 people attended these programs, most of which are free of charge.

Through the successful *Healthy Woman Series*, signature *Conversations for Women* and *Girl Talk* programs, and other community special events, over 1,200 women and young girls participated in events focusing on women's health issues. In addition, over 100 programs were scheduled through St. Luke's Speakers Bureau and more than 500 adults participated in American Heart Association classes on CPR, first aid and/or how to use an Automated External Defibrillator (AED).

Health information also is available through St. Luke's Health and Cancer Education Center and support groups. These services assisted more than 2,000 people in addition to partnerships with the Wellness Community and American Cancer Society's *Reach to Recovery* program.

St. Luke's connects patients with physicians and specialists through a physician referral service. Last year registered nurses assisted more than 16,000 people locate physicians, made nearly 900 physician referrals and scheduled approximately 500 same-day appointments.



Carol Daniel, radio personality at KMOX, moderated St. Luke's annual *Conversations for Women* program.

Mission Statement

Faithful to our Episcopal-Presbyterian heritage and its ministry of healing, St. Luke's Hospital is dedicated to improving the health of the community.

Using talents and resources responsibly, our medical staff, employees and volunteers provide care for the whole person with compassion, professional excellence, and respect for each other and those we serve.

Financials



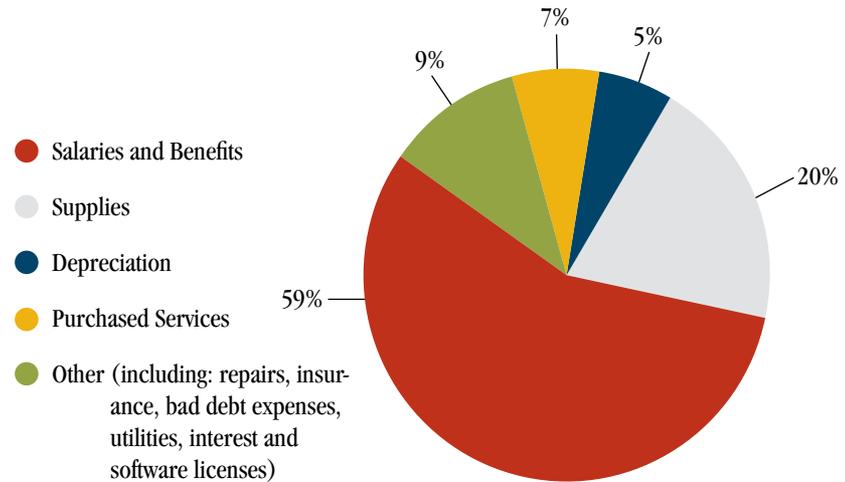
Utilization Summary

	Fiscal Year 2004	Fiscal Year 2005
Admissions	18,716	18,412
Average Length of Stay (days)	4.6	4.6
Average Daily Census	234	232
Outpatient Registrations	158,191	167,073
Surgeries	21,238	20,180
Births	2,537	2,284
Emergency Department Visits	32,071	31,744
Surrey Place Average Residents per day	128	128

Operating Results

St. Luke's gain from operations for the fiscal year ending June 30, 2005 was \$9,612,000, representing an operating margin of 3.3 percent. Based on the hospital activity shown below, total operating revenue grew to \$293 million, a seven percent increase over the prior fiscal year. St. Luke's provided more than \$12 million in charity care to the community in fiscal year 2005.

Strong financial results and continued growth for St. Luke's led to Standard and Poor's affirming its rating on St. Luke's outstanding debt as "A" (outlook stable). Fitch Ratings, Inc. maintains an "A" (stable) rating for St. Luke's Hospital. The components of operating expenses are shown in the accompanying chart.



Community Support

Gifts from grateful patients, families, staff and friends continue to be a vital source of support for St. Luke's Hospital. Donors help to sustain and improve the ongoing programs and services that distinguish St. Luke's as a premier, regional healthcare provider. Unrestricted gifts, including cash, securities and bequests, totaled \$1.7 million. In addition, St. Luke's Auxiliary raised \$145,000 through the Gift Shop to help pay for a new security system for the nursery and also gave \$5,000 to the employee crisis fund.

Community Partnerships

St. Luke's employees and physicians continually open their hearts, supporting numerous community organizations. They participated in and raised thousands of dollars for causes as varied as the Komen Race for the Cure, AIDS Walk, American Heart Association (AHA) Heart Walk and St. Luke's employee crisis fund. At the corporate level, St. Luke's sponsored organizations and events such as Lydia's House, AMC Cancer Research, Family Resource Center and the American Diabetes Association Tour de Cure.

For the first time, the WebMD *Run to Breathe*, a 5K run and 1-mile fun walk, was held at St. Luke's Hospital. Money was raised to combat teenage tobacco use. Other community partnerships included American Cancer Society *Relay for Life* and the AHA *Red Dress Event*, to name only a few.

St. Luke's residents see patients at People's Health Centers, federally-funded health care facilities in St. Louis City and in North County. St. Luke's medical faculty supervise residents, who provide care to nearly 5,000 patients last year at the two locations. Professional fees generated through the arrangement are retained by People's Health Centers.

Meals on Wheels is another government-funded program that St. Luke's supports. Approximately 125 volunteers pack meals for 75 people Monday through Friday. The well-balanced meals provide nutrition for those with disabilities or individuals recovering from an accident or illness who are unable to cook for themselves. St. Luke's modifies meals according to dietary restrictions.

Together, St. Luke's and its employees strive to shape the evolution of medical care – one dollar, one step and one day at a time.



St. Luke's employees sharing enthusiasm at the annual Komen Race for the Cure.

It is possible to be a good employer, a good corporate citizen and achieve targeted results.



Ray Armstead, Olympic gold medalist, joins other runners at the first annual WebMD Run to Breathe event hosted by St. Luke's Hospital.

Growth



St. Luke's continues to expand services in O'Fallon at the WingHaven® Medical Building. There are now 45 physicians covering most specialties. St. Luke's Urgent Care expanded to WingHaven in 2004 and has seen double-digit growth in patient volume.

St. Luke's development of the West campus across from the hospital on Highway 141 is more than just growth. It involves making St. Luke's services more available by placing outpatient diagnostics, radiology, cardiology testing, cardiac rehabilitation and outpatient physical therapy in an easily accessible facility. St. Luke's is financing the expansion through three primary means: operations, cash reserves and a capital campaign.

St. Luke's also developed plans to expand the services on the second and ninth floors of the hospital. Second floor plans include consolidating cardiac services in one area for ease of access for patients, expanding the Neuro/CVICU, building a new electrophysiology lab and creating additional operating room suites. Ninth floor plans include renovating a portion of the floor for patient rooms, which will double the number of private rooms available for patients throughout the hospital.

This year, St. Luke's introduced an Osteoporosis Center, a Brain and Spine Center and a Palliative Care program. A new building for outpatient Therapy Services and Laboratory was opened at St. Luke's Plaza on Clarkson Road in Ellisville. St. Luke's Center for Diagnostic Imaging opened a third location in Frontenac. Their expansion also includes numerous physicians who were recruited in internal medicine, neurosurgery, neurology and other specialties. These partnerships are strategically significant as they expand the market and increase St. Luke's presence throughout the region.



St. Luke's West campus expansion will improve access for patients.

Locations

St. Luke's Hospital

Surrey Place

St. Luke's Pediatric Care Center

St. Luke's Urgent Care
Clarkson Road
Fenton
Weldon Spring
WingHaven®

St. Luke's Center for Diagnostic Imaging
Chesterfield Valley
Frontenac
WingHaven

Affiliated Hospitals Dialysis Center
Creve Coeur
Fenton

St. Luke's Medical Group
Chesterfield
Clayton
Ellisville
Fenton
Troy
WingHaven®

Patient Safety and Trends

Like many industries, health care is highly competitive. Every year there are new technologies, higher expectations from consumers, additional regulations and new entrants to the market. Last year was no exception; the competitive climate remained challenging. St. Luke's Hospital continues to address technological advances and implement programs to ensure there is equipment that provides clear and efficient imaging, patients are safe and new procedures are possible.

Most importantly, St. Luke's embraces a clearly articulated set of values that guide behavior and set the tone throughout the entire organization. Basic beliefs of acting with human dignity, compassion, justice, excellence and stewardship have been guiding principles for nearly 140 years. This work environment helps St. Luke's maintain the lowest nursing vacancy rate in St. Louis. St. Luke's maintained an average vacancy rate of 5.27 percent while the St. Louis region was 11.1 percent and the state average was 11.9 percent according to the Missouri Hospital Association.

Patient safety is the highest priority at St. Luke's Hospital. This year, St. Luke's implemented a coordinated system which includes its medical records, remote access to those records for physicians and a hospital-wide barcode point-of-care system for medication administration and lab specimen identification.



“Bridge Medical [the bar code system provider] along with hospital staff, set an ambitious goal of rolling out the entire hospital in an aggressive seven-week timeline. This was a record-setting deployment for a facility and a great achievement for the Bridge implementation team and St. Luke's Hospital,” said Mike Issac, Director Bridge Services, Cerner Bridge Medical. “It demonstrated what a sophisticated organization like St. Luke's can do when they make a commitment to patient safety.”

St. Luke's chooses to execute such technological advances at a significant cost because it is the right thing to do. The safety of St. Luke's patients and employees correlates to positive employee morale and increased productivity, while ensuring safe, high quality care for patients.

Overview of St. Luke's Hospital

St. Luke's Hospital in Chesterfield is licensed for 493 beds and specializes in cardiac services, cancer services, women's health, internal medicine, orthopedics, outpatient services, pediatrics, comprehensive surgical services, therapy services, urgent care, neurosurgery and neurology.

Medical Specialties:

Cardiac Services

St. Luke's Cardiac Services continues to rank among the Top 100 Hospitals in the Nation for cardiovascular services and maintains a high standard of excellence in the medical community by providing specialized services and individualized care for patients and their families. St. Luke's team offers state-of-the-art diagnostic and surgical procedures (including a new electrophysiology lab), heart disease prevention programs and rehabilitation programs for recovering coronary artery disease.

Cancer Services

The Center for Cancer Care at St. Luke's Hospital offers comprehensive outpatient services, educational information and emotional support for the prevention, diagnosis and treatment of cancer.

Women's Health

St. Luke's Women's Health Services provide women with a variety of health and wellness services, such as cardiology, maternity services and infertility services and specialized centers including St. Luke's Breast Care Center, Osteoporosis Center and Women's Outpatient Diagnostic Center.

General Medicine

Many physicians work in primary care specialties, such as general medicine, pediatrics and family medicine. St. Luke's Hospital has more than 70 physicians who specialize in internal medicine.





St. Luke's Pediatric Care Center is unique in offering medical care to uninsured or underinsured children in a physician office setting. The patient population is 90 percent Medicaid, eight percent private insurance and two percent uninsured. Healthcare services are provided, regardless of the family's ability to pay, allowing families to develop relationships with physicians, laying the foundation for a lifetime of utilizing preventive healthcare services.

Neurosurgery and Neurology

St. Luke's announced plans to open a Brain and Spine Center offering patients who suffer from spinal disorders and chronic back and neck pain new options for effective relief. The Center will open Spring 2006. St. Luke's also maintains a nationally recognized Level IV epilepsy center.

Outpatient Services

St. Luke's offers numerous outpatient services including cardiology, radiology, radiation oncology, laboratory, endoscopy, physical therapy, nutritional counseling and surgery for the convenience of patients. To further enhance access to high quality medical care, St. Luke's plans to expand outpatient services on the West Campus directly across Highway 141.

Pediatrics

St. Luke's Pediatric Division exhibits a true passion and dedication to working with pediatric patients. Staff is committed to providing the best possible care for children in a personalized and comfortable environment.

Surgical Services

St. Luke's Hospital has long been a leader in advanced surgical techniques and technology. More than 80 highly trained surgeons provide a wide array of comprehensive services in all surgical specialties.

Urgent Care

St. Luke's four Urgent Care Centers are located throughout the service area to offer prompt medical treatment to those without a physician or in need of medical care after regular office hours. The centers are staffed by board-certified physicians, registered nurses, X-ray and lab technicians and are open seven days a week, including holidays.

Therapy Services

St. Luke's Therapy Services focuses on promoting health, recovery from traumatic illness or injury, and preventing physical disability. Professional staff, consisting of athletic trainers, cardiac rehabilitation nurses, exercise physiologists, occupational therapists, physical therapists, speech therapists and rehabilitation technicians, evaluate and treat patients who are afflicted by disease, injury or pain with the goal of returning patients to the highest level of physical functioning.

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Left to right: **Brainerd LaTourette, Jr.** (former Board Member and current volunteer), **Charlie Allen** (former Board Member and current Emeritus Board Member), **Parker Smith** (former Board Member and current Emeritus Board Member), **Keith Lovin** (President of the Board), **Richard Horner** (former Board Member), and **Gary Olson** (President and Chief Executive Officer)





+ St. Luke's
HOSPITAL

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