PLANNING Committee of the Whole MEETING

January 17, 2008, 3:00pm
Lee Memorial Hospital Boardroom
2776 Cleveland Ave, Ft. Myers, FL  33901

ELECTRONIC BOARD PACKET

ALL MEETINGS ARE OPEN TO THE PUBLIC AND THE PUBLIC IS INVITED TO ATTEND
Any Public Input pertaining to an agenda item is limited to three minutes and a “Request to Address the Board of Directors” card must be completed and submitted to the Board Assistant prior to the meeting.
LEE MEMORIAL HEALTH SYSTEM BOARD OF DIRECTORS
PLANNING
COMMITTEE OF THE WHOLE MEETING

Thursday, January 17, 2008 - 3:00 p.m.
Lee Memorial Hospital - Boardroom

TENTATIVE AGENDA

1. **CALL TO ORDER** by Planning Chair Linda Brown, MSN, ARNP
   The meeting of the Planning Committee of the Whole of the Lee Memorial Health System Board of Directors will be called to order. Matters concerning the business of Lee Memorial Health System and its subsidiaries (HealthPark Care Center, Inc., Lee Memorial Home Health, Inc., Cape Memorial Hospital, Inc., and Lee Memorial Medical Management, Inc.) may be reported, discussed and recommended by the Committee of the Whole, then referred to the full Board of Directors for final action.

2. **PUBLIC INPUT**: Any public input pertaining to items on the Agenda is limited to three minutes and a “Request to Address the Board of Directors” card must be completed and submitted to the Board Assistant prior to meeting.

3. Consent Agenda *(Approval)*
   A. November 1, 2007 Planning Committee Minutes *(Approval)*
      (Lois C. Barrett, MBA, Board Secretary)
   B. FY Scorecard

4. Human Resources
   - System Goal “People” Entity Report *(Acceptance)*
     (Jon Cecil, Chief Human Resources Officer and Kristy Rigot, System Director/Human Resources – 10 min)
   - Nurse Retention and Recruitment Efforts
     (Alison Thurau, System Director HR/Compensation and Benefits and Kristy Rigot, System Director/Human Resources – 10 min)

5. 2008 Strategic Plan Update *(Approval)*
   (Kevin Newingham, System Director/Planning & Strategy – 30 min)

6. Physician Advisory Group on Facility Planning *(Update)*
   (CB Rebsamen, MD, Chief Medical Officer Ambulatory & Strategic Services – 10 min)

7. Time Sensitive Issues

8. Other Items

9. Date of the next Regular Planning Committee of the Whole:
   Thursday, February 14, 2008, 2:00pm
   Lee Memorial Hospital Boardroom

10. ADJOURNMENT of PLANNING COMMITTEE

BOD/BOARD/011408/011708 Planning Committee of the Whole Tentative Agenda
PUBLIC INPUT – AGENDA ITEMS:

Any public input pertaining to items on the Agenda is limited to three minutes and a “Request to Address the Board of Directors” card must be completed and submitted to the Board Assistant prior to meeting.

Refer to Board Policy: 10:15D: Public Addressing the Board

Non-Agenda Item:
Individuals wishing to address the Board on an item NOT on the Agenda, the Board office must be notified of subject matter at least seven (7) days prior to the meeting to allow staff time to prepare and to insure the matter is within the jurisdiction of the Board.
Lee Memorial Hospital Boardroom, 2776 Cleveland Avenue, Fort Myers, FL 33901

Lee County, Florida

Lee Memorial Health System Board of Directors

Planning Committee of the Whole Meeting Minutes

Thursday, November 1, 2007

**LOCATION:** Lee Memorial Hospital Boardroom, 2776 Cleveland Avenue, Fort Myers, FL 33901

**MEMBERS PRESENT:**
- John Donaldson, MD, Chairman; Nancy McGovern, RN, MSM, Vice Chairman; Marilyn Stout, Treasurer; Linda L. Brown, MSN, ARNP, Director; Kerry Babb, Director; Richard B. Akin, Director; Jason A. Yost, Director (via teleconference); Jack Eikenberg, Community Representative/Planning Committee; Wayne Daltry, Community Representative/Planning Committee; Fred Pollier, Community Representative/Planning Committee; Marliese Mooney, Physician Leadership Council Consultant/Planning Committee

**MEMBERS ABSENT:**
- Lois C. Barrett, MBA, Secretary; Frank T. La Rosa, Director; James Green, Director

**OTHERS PRESENT:**
- James Nathan, President/CEO; Jim Humphrey, Esq., Board Counsel/Fowler & White; CB Rebsamen, MD, Chief Medical Officer/Ambulatory and Strategic Services; Chuck Krivenko, MD, Chief Medical Officer/Clinical and Quality Services; Galie Anthony, Chief Administrative Officer/LMH; Doug Luckett, Chief Administrator Officer/SWR/GCH; Larry Antonucci, MD, Chief Administrative Officer/CCH; Kevin Newingham, System Director/Planning & Strategy; Sally Jackson, System Director/Community Projects; Jim Whitacre, Senior Planning Analyst/Planning and Strategy; Debbie Kendzierski, Manager/Planning Analysis and Market Research/Planning and Strategy; Karen Krieger, System Director/Public Affairs/Media; Bob Johns, Guest; Peter Young, Consultant/Guest; Jennifer Booth-Reed, Reporter/News-Press; Cathy Stephens, Board of Directors’ Liaison; Beth Finney, Executive Secretary, Board of Directors

**NOTE:** Documents referred to in these minutes are on file by reference to this meeting date in the Office of the Board of Directors and are available for public inspection.

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DISCUSSION</th>
<th>ACTION</th>
<th>FOLLOW-UP</th>
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</thead>
<tbody>
<tr>
<td>MEETING CALLED TO ORDER</td>
<td>Linda Brown announced Jason Yost is attending the Planning Committee of the Whole meeting via teleconference.</td>
<td>The Planning Committee of the Whole meeting was CALLED TO ORDER by Planning Chairman Linda Brown, MSN, ARNP at 1:00 p.m.</td>
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<tr>
<td>PUBLIC INPUT</td>
<td>There were NO “Public Input” items to be discussed.</td>
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<tr>
<td>OCTOBER 11, 2007 PLANNING COMMITTEE MINUTES</td>
<td>Linda Brown asked if anyone wished to make any changes or revisions to the October 11, 2007 Planning Committee of the Whole meeting minutes.</td>
<td>A motion was made by Marilyn Stout to approve the October 11, 2007 Planning Committee of the Whole meeting minutes. The motion was seconded by Nancy McGovern and it carried with no opposition.</td>
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<tr>
<td>2008 LEGISLATIVE DELEGATION PRIORITIES</td>
<td>Jim Nathan reviewed the 2008 LMHS Legislative Delegation Priorities (Exhibit 1) and gave a brief update on a future hearing to discuss local bills, including a funding request for the Children’s Hospital. John Donaldson commented the recommendation list included in the ‘Medicaid HMO’ recommendations covers the patient and hospital aspect. John suggested adding a third recommendation to the ‘Medicaid HMO’ Legislative Delegation Priorities to request ACHA to enforce the mandated panel requirements as laid out in contracts with the Medicaid HMO’s. He said not enforcing the mandated panel requirements will cost the hospital money and the community money as well. He said this recommendation will support the delivery of care aspect. Jim asked the committee to work with John in adding the third recommendation and to also include background information for educational purposes.</td>
<td>(Fred Pollier arrived at 1:10pm)</td>
<td>A motion was made by John Donaldson to add a third recommendation to the ‘Medicaid HMO’ Legislative Delegation Priorities list requesting ACHA to enforce the mandated panel requirements as laid out in contracts with the Medicaid HMO’s and to also include background information on this third recommendation for educational purposes in legislation. The motion was seconded by Jack Eikenberg and it carried with no opposition. A motion was made by Jack Eikenberg to approve the...</td>
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<td>SUBJECT</td>
<td>DISCUSSION</td>
<td>ACTION</td>
<td>FOLLOW-UP</td>
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| **STRATEGIC SCORECARD RECOMMENDATIONS** | Kevin Newingham commended Debbie Kendziorski and Jim Whitacre for collecting, maintaining and distributing the information included in the System Scorecard. Kevin reviewed the LMHS Strategic Scorecard Recommendations (Exhibit 3). Jack Eikenberg asked for clarification regarding ‘turnover rate’ versus training and retraining of employees as listed on page 1, slide 2. John Donaldson commented there should be clarification on employee vacancies versus turnover. He said there is minimal cost involved in training employees who are transferring positions within the System. CB Rebsamen said there are plans to review employee training and turnover rates with Jon Cecil. Jim Nathan added there are future plans to dissect the components, which make up the “Total Turnover” percentage rate. Discussion ensued regarding the difference between turnover versus employee transfer training. Kevin Newingham said there will be clarity in future Scorecard “People” indicators. Jon Cecil will be providing an update on the “people” goal and recruitment/retention efforts at the January Planning Committee meeting. Jim Nathan reminded everyone the scorecard being presented today is a broad summary of a massive amount of information. Discussion ensued regarding the following topics: | 2008 LMHS Legislative Delegation Priorities (Exhibit 1) with the addition of the Medicaid Home Health Recommendation (Exhibit 2). The motion was seconded by Marilyn Stout and it carried with no opposition. | Jon Cecil  
January Planning Committee Meeting  
Update on “People” goal and recruitment/retention efforts  
Kevin Newingham  
Polling Survey Results |
| **FLU SHOTS** | Cathy Stephens announced there are flu shots available during the meeting. | | |
| **FY 2008 KEY SYSTEM STRATEGIES** | Jim Nathan gave a brief historical overview on the four key system strategies put in place for 2007. He said there will be five new key system strategies which will help articulate a leadership focus and keep us on track for 2008. He reviewed the following LMHS FY 2008 Key System Strategies (Exhibit 3):  
1. Financial Focus  
2. Physician Leadership and Relationships  
3. Organizational Clarity  
4. Clinical and Operation Effectiveness  
5. Long term Facility Plan | A motion was made by John Donaldson to approve the LMHS Strategic Scorecard Recommendations and FY 2008 Targets (Exhibit 3). The motion was seconded by Jack Eikenberg and it carried with no opposition. | John Donaldson commented on the substantial progress made in the past |
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<th>FOLLOW-UP</th>
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<tbody>
<tr>
<td>year specific to the clinical and organizational side. Kerry Babb agreed with John and suggested further advertising of services provided by LMHS is needed.</td>
<td>A motion was made by Kerry Babb to approve the following FY 2008 Key Strategic Priorities (Exhibit 3): 1. Financial Focus 2. Physician Leadership and Relationships 3. Organizational Clarity 4. Clinical and Operational Effectiveness 5. Long term Facility Plan</td>
<td>The motion was seconded by Richard Akin and it carried with no opposition.</td>
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<td>Discussion ensued regarding coordination between LMHS and the community to partner on future community visioning projects.</td>
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<td>Discussion ensued with regard to scheduling for construction of the Emergency Room expansion at Cape Coral Hospital.</td>
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<td></td>
<td>TIME SENSITIVE ISSUES</td>
<td>CB Rebsamen updated the Board on a current situation regarding the System’s Radiology consultants. CB explained prior to the merger of hospitals, we had an exclusive agreement with Florida Radiology Consultants. Since the merger we have gained an additional Radiology consulting group. While both are equally qualified, neither group can individually support a system of our size, creating quality and safety issues. There are plans for future discussion to resolve this issue quickly. Discussion ensued.</td>
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<tr>
<td>RADIOLGY CONSULTANTS</td>
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<td>ORTHOPEDIC IMPLANTS</td>
<td>Jim Nathan discussed the excessive cost of orthopedic implants and the lack of Medicare reimbursement for those implants. There are plans to bring back a process providing additional education to the Board to work collaboratively in improving this situation. He said we are one of the busiest and largest purchasers of orthopedic implants in the nation. Discussion ensued on the following topics: 1. Physician relationships with implant manufacturers 2. Investigations on orthopedic vendors 3. Federal regulations on reimbursements to Doctors and Hospitals 4. Dramatic increase on implant costs with a deduction of federal government reimbursements 5. Financial focus on product standardization through LeeSar and Cooperative Services of Florida 6. Future workshop with manufacturers to improve the implant cost issue 7. Optimization of Orthopedic rehabilitation services 8. Partnership with Orthopedic surgeons.</td>
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<td></td>
<td>OTHER ITEMS</td>
<td>There were NO “Other Items” to be discussed.</td>
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<td></td>
<td>ADJOURNMENT</td>
<td>There being no further business to be discussed at the Planning Committee of the Whole meeting, the meeting was ADJOURNED by Planning Chairman Linda Brown MSN, ARNP at 2:36 p.m.</td>
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Minutes were recorded by Beth Finney, Executive Secretary/Board of Directors Office

Lois C. Barrett, MBA
Board Secretary
<table>
<thead>
<tr>
<th>Indicators</th>
<th>FYTD Trend*</th>
<th>Favorable</th>
<th>Period Reported</th>
<th>FY 2006 Actual***</th>
<th>FY 2007 Target</th>
<th>Fiscal YTD Actual</th>
<th>Current Month</th>
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<tbody>
<tr>
<td><strong>PEOPLE</strong></td>
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<td>Employee Satisfaction (Likelihood to Recommend)</td>
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<tr>
<td>FYTD or last 4 reporting periods</td>
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<tr>
<td>Vacancy Rate</td>
<td></td>
<td></td>
<td>Sep-07</td>
<td>7.59%</td>
<td>8.50%</td>
<td>7.02%</td>
<td>4.92%</td>
</tr>
<tr>
<td>Campu Mission - Critical Care and Emergency Unit</td>
<td></td>
<td></td>
<td>Sep-07</td>
<td>13.90%</td>
<td>19.80%</td>
<td>13.10%</td>
<td>n/a</td>
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<tr>
<td><strong>QUALITY</strong></td>
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<tr>
<td>Mortality Rate - Acute</td>
<td></td>
<td></td>
<td>Sep-07</td>
<td>1.80% ++</td>
<td>2.17%</td>
<td>1.71%</td>
<td>1.65%</td>
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<tr>
<td>Medication Errors (Level II)</td>
<td></td>
<td></td>
<td>Sep-07</td>
<td>0.022%</td>
<td>0.20%</td>
<td>0.033%</td>
<td>0.008%</td>
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<tr>
<td>ALOS - Acute**</td>
<td></td>
<td></td>
<td>Sep-07</td>
<td>4.44</td>
<td>4.31 - 4.47</td>
<td>4.29</td>
<td>4.32</td>
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<tr>
<td>Complication Rate - Acute</td>
<td></td>
<td></td>
<td>Qtr 4</td>
<td>5.34%</td>
<td>5.74%</td>
<td>5.45%</td>
<td>5.33%</td>
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<tr>
<td>Surgical Infection Rate - Acute</td>
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<td>Qtr 4</td>
<td>0.64%</td>
<td>2.50%</td>
<td>0.96%</td>
<td>1.11%</td>
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<td><strong>SERVICE</strong></td>
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<tr>
<td>Patient Satisfaction</td>
<td></td>
<td></td>
<td>Qtr 4</td>
<td>89.7</td>
<td></td>
<td>87.7</td>
<td>88.8</td>
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<tr>
<td><strong>COMMUNITY</strong></td>
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<tr>
<td>Gross IP Revenue per CMI Admission (Acute/Rehab)</td>
<td></td>
<td></td>
<td>Sep-07</td>
<td>$15,542</td>
<td>FY $22,716</td>
<td>$18,181</td>
<td>$17,100</td>
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<td>Outpatient Revenue (in thousands)</td>
<td></td>
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<td>Sep-06</td>
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<td>Net Fixed Assets per CMI Adjusted Admission (FYTD)</td>
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<td>Qtr 4</td>
<td>$3,471</td>
<td>FY $3,466</td>
<td>$4,185</td>
<td>n/a</td>
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<td><strong>FINANCE</strong></td>
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<tr>
<td>Operating Margin</td>
<td></td>
<td></td>
<td>Sep-07</td>
<td>2.5%</td>
<td>3.0% FY</td>
<td>2.8% CM</td>
<td>3.1%</td>
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<td>Cash/Debt Ratio</td>
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<td></td>
<td>Sep-07</td>
<td>133.3</td>
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<td>74.2%</td>
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<tr>
<td>Days in Accounts Receivable</td>
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<td>Sep-07</td>
<td>57.0</td>
<td>59.08</td>
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<td>n/a</td>
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<td>Wages % of Net Revenue</td>
<td></td>
<td></td>
<td>Sep-07</td>
<td>54.5%</td>
<td>50.4% FY</td>
<td>51.0% CM</td>
<td>53.8%</td>
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<tr>
<td>Net Revenue per CMI Adjusted Admission</td>
<td></td>
<td></td>
<td>Sep-07</td>
<td>$6,444</td>
<td>FY $6,632 CM</td>
<td>$6,658</td>
<td>$6,727</td>
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<td>Cost per CMI Adjusted Admission</td>
<td></td>
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<td>Sep-07</td>
<td>$6,285</td>
<td>FY $6,459 CM</td>
<td>$6,475</td>
<td>$6,518</td>
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</tbody>
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**Notes:**
1. Quality Index: 3/5 Meets; 4/5 Exceeds
2. Community Index: 2/3 Meets; 3/3 Exceeds

Prepared by Planning and Strategy 11/01/07
# LMHS Strategic Scorecard Summary

## FY 2008 - November

<table>
<thead>
<tr>
<th>Indicators</th>
<th>FYTD Trend*</th>
<th>Favorable Direction</th>
<th>Period Reported</th>
<th>FY 2007 Actual</th>
<th>FY 2008 Target</th>
<th>Fiscal YTD Actual</th>
<th>Current Period</th>
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<tr>
<td><strong>PEOPLE</strong></td>
<td></td>
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<tr>
<td>Employee Satisfaction (Likelihood to Recommend)</td>
<td></td>
<td>↑</td>
<td>Jun-07</td>
<td>74.7</td>
<td>74.7</td>
<td>74.7</td>
<td></td>
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<tr>
<td>Vacancy Rate</td>
<td></td>
<td>↓</td>
<td>Nov-07</td>
<td>7.02%</td>
<td>8.20%</td>
<td>5.03%</td>
<td>4.85%</td>
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<tr>
<td>Total Turnover</td>
<td></td>
<td>↓</td>
<td>Nov-07</td>
<td>13.10%</td>
<td>13% - 14%</td>
<td>12.55%</td>
<td>n/a</td>
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<td><strong>QUALITY</strong></td>
<td></td>
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<tr>
<td>Mortality Rate - Acute</td>
<td></td>
<td>↓</td>
<td>Nov-07</td>
<td>1.71%</td>
<td>1.99%</td>
<td>1.40%</td>
<td>1.37%</td>
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<tr>
<td>Medication Errors (Level II)</td>
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<td>↓</td>
<td>Qtr 4</td>
<td>0.33</td>
<td>1.0</td>
<td>0.31</td>
<td>0.23</td>
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<tr>
<td>ALOS - Acute</td>
<td></td>
<td>↑</td>
<td>Nov-07</td>
<td>4.29</td>
<td>4.60</td>
<td>4.28</td>
<td>4.25</td>
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<td>Complication Rate - Acute</td>
<td></td>
<td>↑</td>
<td>Qtr 4</td>
<td>5.45%</td>
<td>5.66%</td>
<td>5.45%</td>
<td>5.33%</td>
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<tr>
<td>Surgical Infection Rate - Acute</td>
<td></td>
<td>↑</td>
<td>Qtr 4</td>
<td>0.96%</td>
<td>2.00%</td>
<td>0.96%</td>
<td>1.11%</td>
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<td><strong>SERVICE</strong></td>
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<tr>
<td>Patient Satisfaction</td>
<td></td>
<td>↑</td>
<td>Qtr 4</td>
<td>87.7</td>
<td>87.2 - 89.2</td>
<td>87.7</td>
<td>88.8</td>
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<tr>
<td>HCAHPS (% Top Box) - Likelihood to Recommend</td>
<td></td>
<td>↑</td>
<td>Qtr 4</td>
<td>61.8%</td>
<td>66.7%</td>
<td>61.8%</td>
<td>64.0%</td>
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<td><strong>COMMUNITY</strong></td>
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<tr>
<td>Gross IP Revenue per CMI Admission (Acute/Rehab)</td>
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<td>↓</td>
<td>Nov-07</td>
<td>$18,181</td>
<td>$23,524</td>
<td>$17,743</td>
<td>$17,153</td>
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<td>Free Standing O/P Registrations</td>
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<td>Nov-07</td>
<td>82,292</td>
<td>FY 86,642</td>
<td>FYTD 13,791</td>
<td>CM 6,875</td>
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<td>Net Fixed Assets per CMI Adjusted Admission (FYTD)</td>
<td></td>
<td>↑</td>
<td>Qtr 4</td>
<td>$4,185</td>
<td>$4,626</td>
<td>$4,185</td>
<td>n/a</td>
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<td><strong>FINANCE</strong></td>
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<tr>
<td>Operating Margin</td>
<td></td>
<td>↑</td>
<td>Nov-07</td>
<td>2.8%</td>
<td>FY 4.4%</td>
<td>FYTD 5.0%</td>
<td>CM 5.3%</td>
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<tr>
<td>Cash/Debt Ratio</td>
<td></td>
<td>↑</td>
<td>Nov-07</td>
<td>74.2%</td>
<td>74.9%</td>
<td>67.3%</td>
<td>n/a</td>
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<tr>
<td>Days in Accounts Receivable</td>
<td></td>
<td>↓</td>
<td>Nov-07</td>
<td>60.0</td>
<td>59.44</td>
<td>65.00</td>
<td>n/a</td>
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<tr>
<td>Wages % of Net Revenue</td>
<td></td>
<td>↑</td>
<td>Nov-07</td>
<td>51.0%</td>
<td>FY 50.2%</td>
<td>FYTD 48.9%</td>
<td>CM 48.9%</td>
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<tr>
<td>Net Revenue per CMI Adjusted Admission</td>
<td></td>
<td>↑</td>
<td>Nov-07</td>
<td>$6,658</td>
<td>FY $7,404</td>
<td>FYTD $7,059</td>
<td>CM $6,998</td>
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<tr>
<td>Cost per CMI Adjusted Admission</td>
<td></td>
<td>↓</td>
<td>Nov-07</td>
<td>$6,475</td>
<td>FY $7,081</td>
<td>FYTD $6,703</td>
<td>CM $6,629</td>
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</tbody>
</table>

Notes:
1. Quality Index: 3/5 Meets; 4/5 Exceeds

Prepared by Planning and Strategy
**ENTITY BUSINESS NAME:** Human Resources  
**REPORT DATE:** 1/11/08

**DIRECTOR & TITLE:** Jon Cecil, Chief Human Resource Officer; Kristy Rigot, System Director Recruitment & Retention; Alison Thurau, System Director Compensation & Benefits

<table>
<thead>
<tr>
<th>BUSINESS DESCRIPTION:</th>
<th>MISSION STATEMENT:</th>
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<tbody>
<tr>
<td><strong>PEOPLE STRATEGY</strong></td>
<td>To foster excellence in People practices through strengthening leadership, building a high-performance culture, redesigning work processes and jobs, improving human resource processes, and growing the next generation workforce.</td>
</tr>
<tr>
<td><strong>Purpose:</strong> To be an excellent healthcare employer</td>
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<table>
<thead>
<tr>
<th>SYSTEM GOAL: Financial Performance</th>
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<tbody>
<tr>
<td>Major Accomplishments</td>
</tr>
<tr>
<td>Scorecard Performance</td>
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<tr>
<td><strong>Revenue</strong></td>
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<tr>
<td><strong>Profit/Loss</strong></td>
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<tr>
<td><strong>Explanation of major variances</strong></td>
</tr>
<tr>
<td><strong>Key Utilization Trends</strong></td>
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<table>
<thead>
<tr>
<th>SYSTEM GOAL: Quality</th>
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<tr>
<td>Major Accomplishments</td>
</tr>
<tr>
<td>Scorecard Performance</td>
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<tr>
<td><strong>LOS Trends</strong></td>
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<td><strong>Outcome Data</strong></td>
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<tr>
<th>SYSTEM GOAL: Service</th>
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<tbody>
<tr>
<td>Major Accomplishments</td>
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<tr>
<td>Scorecard Performance</td>
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<tr>
<td><strong>Inpatient Satisfaction</strong></td>
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<td><strong>Outpatient Satisfaction</strong></td>
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<tr>
<th>SYSTEM GOAL: People</th>
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<tr>
<td>Major Accomplishments</td>
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<tr>
<td>Scorecard Performance</td>
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<tr>
<td><strong>Employee Satisfaction</strong></td>
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<tr>
<td><strong>Vacancy Rates</strong></td>
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<tr>
<td><strong>Personnel Turnover</strong></td>
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For purposes of this RN Recruitment update presentation the following are key accomplishments:
- Increased number of bedside RN positions filled
- Decreased number of Traveler contracts
- Decreased bedside RN turnover rates
- Decreased bedside RN vacancy rates

<table>
<thead>
<tr>
<th>SYSTEM GOAL: Community</th>
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<tbody>
<tr>
<td>Major Accomplishments</td>
</tr>
<tr>
<td>Scorecard Performance</td>
</tr>
<tr>
<td><strong>Market Share</strong></td>
</tr>
<tr>
<td><strong>Community Preference</strong></td>
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</tbody>
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<table>
<thead>
<tr>
<th>Key Challenges &amp; Opportunities</th>
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<tbody>
<tr>
<td>Market Overview</td>
</tr>
<tr>
<td><strong>Key Competitive Developments</strong></td>
</tr>
<tr>
<td><strong>Key Legislative or Political Developments</strong></td>
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<tr>
<td><strong>Key Technology Developments</strong></td>
</tr>
<tr>
<td><strong>Potential New Ventures and/or Businesses</strong></td>
</tr>
</tbody>
</table>
## DATE: 1/11/08

**NAME OF SERVICE LINE/ENTITY UPDATE:** Human Resources

**PERSON RESPONSIBLE & TITLE:** Jon Cecil, Chief Human Resource Officer

### KEY ACCOMPLISHMENTS

- Increased number of bedside RN positions filled
- Decreased number of Traveler contracts
- Decreased bedside RN turnover rates
- Decreased bedside RN vacancy rates

### GOALS (MET)

- Positions filled, contracts, and turnover

### GOALS (UNMET)

- 

### FINANCIAL STATUS (including cash flow statement, projected cash flow, balance sheet and income statement)

- n/a...update only

### PROBLEMS/ISSUES

- n/a...update only

### ANTICIPATED NEEDS

- n/a...update only

### SUMMARY/COMMENTS

- n/a...update only
Lee Memorial Health System

Nurse Recruitment & Retention Update

Board of Director Meeting

Presented by: Kristy Rigot & Alison Thurau
January 2008
Bedside RN Job Openings*

**Current... Posted Job Openings as of 1/8/08**
- 89 Bedside RN posted positions
  - 19 Cape Coral Hospital
  - 28 SWFRMC & Gulf Coast Hospital
  - 19 Lee Memorial Hospital
  - 23 HPMC & Children’s Hospital

**Progress... Posted Job Openings 9 months ago...4/3/07**
- 207 Bedside RN posted positions
  - 29 Cape Coral Hospital
  - 83 SWFRMC & Gulf Coast Hospital
  - 30 Lee Memorial Hospital
  - 65 HPMC & Children’s Hospital

- Acute Care Positions Posted in Kenexa reduced 50%
- There are additional positions that are vacant in position control that directors are not posting based on current volumes.
Aggressive Targeted Marketing

- Internet - postings & database searches
- Direct mail campaigns to targeted zip codes
- Hotel “Meet & Greets” based on migration data (i.e., Michigan, Ohio, New York, New Jersey)
- Employee & Community Referrals
- Alumni campaign & RN Recovery
- Journal Advertisements
- E-Cards
- Plus, traditional methods including TV, radio, newspapers, job fairs, college networking, etc.
- More progressive and innovative solutions on the internet horizon
Outsourcing

- Utilize search firms to recruit & hire RN’s based on # of open positions, critical needs, and travelers filling core vacancies

- PCU, ICU, ER, Peds, PICU, NICU, Neuro
### “Grow Our Own” GN Internships

<table>
<thead>
<tr>
<th>LMHS New Grads</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>144</td>
</tr>
<tr>
<td>2005</td>
<td>165</td>
</tr>
<tr>
<td>2006</td>
<td>180</td>
</tr>
<tr>
<td>New Grads hired in 2007 increased 33%</td>
<td>241</td>
</tr>
</tbody>
</table>
Competitive Pay & Incentives

Presented by: Alison Thurau
Pay & Incentives

- RNs jobs moved to National market for FY 2007

- FY 2007 Merit & Market increases for RN’s = $5,400,000
  - Midpoint for Med/Surg: $25.50
  - Midpoint for Critical Care: $27.32
Pay & Incentives

- Increased Relocation Incentives for Bedside RN’s
  - Housing Allowance
    $850 per month for first six months

- Night Shift Relocation Incentive
  Increase from 15% to 30% of RN’s annual base pay

- After implementation 164 Bedside RNs hired on third shift 4/1/2007 to 1/1/2008
Pay & Incentives

- October 1, 2007 Shift differentials increased 50% for RNs:
  - 2nd Shift: $2.00 moved to $3.00
  - 3rd Shift: $4.00 moved to $6.00

- Merit Pool
  - 3.5% with 0-6% Increase Range
Outcomes

Presented by: Kristy Rigot & Alison Thurau
**Bedside RN’s Hired**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nurses Hired</th>
<th>Full-time</th>
<th>Part-time</th>
<th>PRN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2007</strong></td>
<td>488</td>
<td>381</td>
<td>28</td>
<td>79</td>
</tr>
<tr>
<td><strong>2006</strong></td>
<td>396</td>
<td>272</td>
<td>26</td>
<td>98</td>
</tr>
</tbody>
</table>
Outsourcing May ‘07 – Dec ‘07

- 118 RN’s Hired – *Employment Agency Source*
  - Beck-Field and Associates
  - NSI Nursing Solutions
  - Core Medical
  - Care
  - Usr Healthcare
  - Select Medical
  - Martin Fletcher
  - Misc. other contingency firms
Decreased Travel Nurse Contracts

As of 1/8/08, there are 119 travelers at LMHS.

Last year at the same time, we had 302 travelers.
Metrics: Bedside RN’s

- **Turnover Rate**: Measures any bedside RN leaving LMHS.
- **Vacancy Rate**: Measures any bedside RN position posted including openings due to internal transfers.
- **Tied to the LMHS scorecard.**
Decreased
Bedside RN Turnover Rate

11.01%   10.84%   10.84%   10.59%   10.47%   10.04%   9.84%   9.88%   9.84%   9.64%   10.04%
Decreased Bedside RN Vacancy Rate

![Bar chart showing Bedside RN Vacancy Rates from January 2007 to November 2007. The rates decrease over time from 12.64% in February 2007 to 7.21% in November 2007. The chart indicates a trend of decreasing vacancies.]
Questions or Comments?

Thank You!
DATE: January 17, 2008                                      LEGAL SERVICE REVIEW? YES___ NO X

SUBJECT: LMHS Strategic Plan

REQUESTOR & TITLE: Kevin Newingham, System Director Planning & Strategy

PREVIOUS BOARD ACTION ON THIS ITEM (IF ANY)
(justification and/or background for recommendations - internal groups which support the recommendation i.e. SLC, Operating Councils, PMTs, etc.)
The Board approved the current strategic plan on November 9, 2006. The Board reviewed an updated environmental assessment during the August 2007 Board Planning Retreat. The Board approved Fiscal Year 2008 key strategic priorities on November 29, 2007. The SLC has reviewed and approved the proposed strategic plan.

SPECIFIC PROPOSED MOTION:
Request approval of the LMHS Strategic Plan.

PROS TO RECOMMENDATION
Approval incorporates the FY 2008 key strategic priorities into the strategic plan and retains the strategic focus on key services

CONS TO RECOMMENDATION
None

LIST AND EXPLAIN ALTERNATIVES CONSIDERED
Maintain previously approved strategic plan. The previous plan was adopted prior to the acquisition of Southwest Florida Regional Medical Center and Gulf Coast Hospital and does not address changing market dynamics.

FINANCIAL IMPLICATIONS  Budgeted ____  Non-Budgeted ____
(including cash flow statement, projected cash flow, balance sheet and income statement)
The proposed strategic plan incorporates a focus on financial health. Additionally the development of a master facility plan has significant long term financial implications.

OPERATIONAL IMPLICATIONS  (including FTEs, facility needs, etc.)
The proposed strategic plan incorporates a focus on clinical/operational effectiveness, organizational clarity and physician leadership. Each strategy will have significant operational implications moving forward.

SUMMARY
The LMHS Strategic Plan provides a comprehensive “road map” for the organization. The proposed plan addresses our evolving market trends. The proposed plan incorporates strategic direction previously approved by the Board. The plan establishes a strategic framework that positions LMHS for ongoing success.
LEE MEMORIAL HEALTH SYSTEM

STRATEGIC PLAN
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- 65.1
Dear Colleagues,

Our journey toward becoming the Best Patient-Centered Health System in Florida is well underway. Our success is dependent upon an ongoing, shared focus on achieving excellence in the areas of our five System Goals, which focus on Quality, Service, Community, People and Finance.

In order to achieve this great vision, it is essential that we have a roadmap to help us on our way. Thanks to the efforts of many people throughout the organization, including board members, employees and physicians we have a planning document that lays out the vision and goals for the health system, as well as for individual service lines and support areas. It’s important to revisit these plans at least annually consider new challenges and opportunities and update our roadmap accordingly.

Despite the storm of challenges facing the health care industry, Lee Memorial Health System has remained true to its mission and you have stayed focused on our vision. The proof is in measures that show significant improvements in employee satisfaction, quality of care and financial strength. Additionally, we rank in the top 10 percent for patient satisfaction (nationally) and hold more than 68 percent of local market share—and we are implementing new programs which we are confident will raise those rankings in the months and years ahead.

The tremendous pressures we experience each day often overshadow the enormous impact we have on our community. The importance of the work we do must never be underestimated. We touch so many lives in remarkable and positive ways. Together we will continue to provide excellent care while pursuing our journey to be recognized as The Best Patient-Centered Health System in Florida! Thank you for your dedication and support.

__________________  __________________
Linda L. Brown                         Jim Nathan
Chairman of the Board                 President
Dear Colleagues,

"Those who fail to plan, plan to fail."

At Lee Memorial Health System (LMHS) our mission is to become the best patient-centered health system in Florida...a health system that cares for our community, as well as our employees, volunteers and physicians.

As LMHS continues to create a more positive environment for healthcare in Lee County, which is demonstrated by the many outstanding patient testimonials we receive on a daily basis, we must still be focused on five system goals (Quality, Service, Community, People and Finance) as we move into the future. It's imperative that we plan for the future. My term is called our "roadmap," a planning document created by the board members, employees and physicians, which outlines our operational goals for LMHS, as well as for individual service lines and departments. We must revisit these plans annually to consider new initiatives and opportunities and update our planning document accordingly.

This year, we welcomed Southwest Florida Regional Medical Center and Gulf Coast Medical Center to the LMHS family and have, to some degree, altered our "roadmap." This is an exciting opportunity for all of our leaders to come together and positively affect healthcare in our community.

Everyone involved in healthcare knows the work is hard and demanding with lots of pressures. Despite the challenges ahead, we continue to stay focused on the future and helping our patients lead healthier and happier lives. Small miracles and large miracles are achieved each and every day by loving, caring, competent team members.

The importance of the work we do must never be underestimated. We touch so many lives in remarkable and positive ways. Together we will continue to provide excellent care while pursuing our journey to be recognized as the best patient-centered health system in Florida! Thank you for your dedication and support.

John D. Donaldson, MD
Chairman of the Board

Jim Nathan
President
Strategic Planning Overview

Introduction

Looking forward Lee Memorial Health System (LMHS) will face a myriad of critical challenges. Among the many challenges are: new competitors; changing reimbursement; new science and technology; staffing shortages; tighter access to capital; empowered consumers; increasing demands for improved quality, outcomes and safety. In an effort to meet these challenges and ensure continued viability LMHS has developed comprehensive long-term strategic, facility and financial plans. The LMHS Strategic Planning process is data driven with each phase of the process being supported by detailed data analysis. The following is an overview of the strategic planning model utilized to chart our path for success.

Successful organizations that achieve best-in-class performance have two important characteristics in common. The first characteristic is a clearly defined mission and vision. The mission and vision identifies the core purpose of the organization. The Mission (identified by the Board of Directors and Senior Leadership Council) is timeless. The Vision (identified by the Board of Directors and Senior Leadership Council) is evaluated every ten years unless otherwise dictated by the environment.

The second characteristic is a set of system goals that must be pursued to achieve distinction. The system-wide goals (identified by the Board of Directors and Senior Leadership Council) are evaluated every five years unless otherwise dictated by the environment. From these two characteristics flow strategies and tactics.

Strategies and tactics are things the organization determines it must do to support and sustain its mission and vision. Strategies (identified by the Board of Directors and Senior Leadership Council) are evaluated on a three to five year basis. Each strategy has a designated strategy facilitator and team leader and a detailed action plan that identifies goals and tactics. The strategy facilitator will be responsible for the collaborative creation of an annual update of a five year strategic plan. The team leader will work in conjunction with planning leadership to develop a collaborative planning team for the purpose of implementing the elements of the strategic plan. The strategy facilitator and team leadership position may be filled by one individual or by two as determined by Senior Leadership Council.

The action plans are developed by planning teams and approved by the Senior Leadership Council. The actions plans are intended to span a one to five year timeframe. The action plans are evaluated on an annual basis for purposes of recommending tactics for deployment. The Senior Leadership Council subsequently makes tactic recommendations to the Board of Directors in association with the budgeting process.
The LMHS Planning Model (see Attachment 1) illustrates this process. At the base of the model are the organization’s mission, vision and values. The mission, vision and values represent the fundamental commitment which guides the way the organization functions. These elements combine to make the organization distinctive and valuable to those it serves. The LMHS mission is to continue to meet the healthcare needs and improve the health status of the people of Southwest Florida. The LMHS vision is to become the best patient centered healthcare system in Florida, through balancing quality, access and cost.

The next layer of the model encompasses clinical and corporate support areas. The clinical and corporate support areas are the foundation of LMHS. The clinical and corporate support areas must be in place to ensure the continued success of LMHS. The clinical and corporate support areas enable the mission and vision to be sustained while supporting the implementation of the organization’s strategies and tactics.

LMHS has identified two levels of several strategies for achieving the system goals. The two levels are Organizational/Enabling Strategies and Key Business Strategies. The first strategy level is an organizational/enabling strategy, which represents an area of strategic focus that spans the organization and/or encompasses multiple service lines. These strategies enable the continued success of the key business strategies. Each organizational/enabling strategy will have an identified strategy facilitator and team leader and will be expected to develop and maintain a five-year strategic/tactical plan.

LMHS strategies are as follows:

**Financial Focus**
Financial Focus would include both revenue and expense opportunities in response to reductions in Medicare and Medicaid reimbursement and growing uninsured and underinsured. Examples include effective management of premium pay (contract labor and overtime), filling core positions, and standardization of supplies and other products.

**Physician Leadership & Relationships**
It is essential that we continue to work collaboratively with physicians on the following issues; gain clarity over hospital specific physician issues versus system wide needs, assure movement toward a system wide standard of clinical care and practices and continue to work through the many market place and operational issues that at times place physicians and the health system at odds.

**Organizational Clarity**
Organizational Clarity is important to assure effective leadership, clarity of roles, delegation and accountability. Last year we put into place a “transitional organization chart” with adjustments in leadership structures including the creation of chief administrative officers for each acute care campus. Since these formerly competing hospital entities are now a part of the same health system, it is important that we continue to work through certain areas where there is less clarity than existed prior to the merger.
Clinical & Operational Effectiveness
Clinical & Operational Effectiveness includes constant preparation for regulatory requirements (Joint Commission, AHCA, HCHAPS, etc.) as well as operation improvement initiatives and clinical quality improvements that improves patient outcomes, improves operational efficiency, protects patient and caregiver safety, and assures implementation of evidenced based medicine where clinically appropriate.

Long Term Facility Plan
While it will take years to appropriately configure each of our acute care campuses to assure efficient growth and clinical/operational efficiency, it is essential that we complete a Long Term Facility Plan as soon as possible. There are so many major capital, staffing, clinical and operational decisions that cannot be made effectively without understanding where we are going, without resolving the multi-year facility plan and determining clinical emphases for each acute care campus.

Key Business Lines
LMHS will maintain a strategic focus on several key business lines. The key business lines represent areas of strategic focus that are vital to the continued success of the organization. The areas of focus for key business lines include: ambulatory: children, cardiac, neurosciences, oncology and surgery (orthopedics/vascular).

- Continuum of Care
- Customer Relationships
- Facilities Development
- Foundation
- Information Management
- Operating Efficiency
- Physician Relationships
- Safety/Quality
- Workforce Development

The second strategy level is the key business strategy. A key business strategy represents an area of strategic focus that is vital to the continued financial success of the organization. Each key business strategy will have a strategy leader and will be expected to develop and maintain a strategic/tactical plan. The Key Business Strategies are organized around the following major service lines:

- Ambulatory
- Cardiovascular
- Children’s Services
- Neurosciences
- Oncology
- Surgery

1.4
Successful deployment of the above referenced organizational/enabling strategies and key business strategies are essential to achieve the system goals. LMHS has identified five system
goals that are consistent with our mission, vision and values. The achievement of the System Goals is crucial to the fulfillment of our vision to be the best patient-centered health system in Florida. Each system goal has defined indicators and targets to measure progress in achieving the goal. The current system goals promote excellence in: quality, service, community, people and finance.

The first system goal relates to QUALITY as measured by excellent patient outcomes. Quality must be inherent in everything we do. High quality outcomes and efficient management of care will be measured through the use of selected performance indicators based upon national and regional benchmarks. To achieve this goal the system must maintain the following focus:

- Create clinical and management service excellence
- Identify and emulate best practices
- Maintain an unwavering focus on quality
- Investment in patient safety
- Practice evidence-based medicine / nursing
- Develop and leverage organization-wide decision support systems

The second system goal relates to SERVICE as measured by achieving an excellent patient experience. We will maintain a focus on patient service and patient satisfaction so that LMHS is the provider of choice for those who seek medical services. Our success will be measured through patient satisfaction and likelihood to recommend scores. To achieve this goal the system must focus on the following:

- Patient-focused design of facilities and services
- Become a trusted source for health information
- Develop organization-wide capability to monitor patient, employee and physician satisfaction with services
- Achieve high customer satisfaction through the full continuum of services and beyond discharge
- Surpass customer satisfaction to achieve customer loyalty
- Identify and address service breakdowns through continuous improvement efforts

The next system goal relates to COMMUNITY as measured by being an excellent community health system. It is our responsibility to be responsive to the needs of the communities we serve. Our effectiveness as a community health system is measured by the value of the community service we provide. To achieve this goal the system must focus on the following activities:

- Develop and maintain facilities and services sufficient to meet the growing demand of Lee County
- Increased focus on outpatient services
- Develop partnerships with physicians to deliver care and service
- Generate and leverage most powerful brand based upon staff, care and service outcomes
- Maintain high consumer preference for key service lines
- Ensure that the value of LMHS services exceed that of the competition

The fourth system goal relates to PEOPLE as measured by being an excellent healthcare employer. Our ability to provide service and quality is dependent upon the people who deliver
care or support its delivery. Professionalism, clinical competence, and commitment to service are essential characteristics of our people. Likewise, individual well-being and workplace satisfaction is essential to successfully attract and retain talented people, the most valued asset of the health system. Our success will be measured through the use of employee satisfaction, attraction and retention measures. To achieve this goal the organization must concentrate on the following activities:

- Recruit and retain employees that are the best fit for the organization
- Develop a highly motivated workforce
- Engage in mentoring employees and leadership development
- Foster a work environment of dignity and respect
- Ensure that employees have meaningful career ladders

The final system goal relates to FINANCE as measured by financial excellence. Financial health is necessary so that we can continue to fulfill our mission. Selected financial indicators that contribute to and are reflective of an excellent bond rating will measure financial excellence. To achieve this goal the challenge for LMHS will be to achieve the following:

- Create a solid balance sheet
- Continuously improve operating efficiency
- Gain access to capital and attract philanthropic dollars for investments in facilities and technology
- Achieve operating income in the 2 to 4 percent range
Strategic Planning Cycle

The final attachment illustrates the LMHS Strategic Planning Cycle (see Attachment 3). The attachment identifies key steps in the planning calendar, desired outcomes, recommended participants and dates for completion.

The first significant step in the LMHS Strategic Planning Cycle is the annual strategic planning conference. The desired outcomes of the strategic planning conference include a review of environmental trends impacting healthcare and stakeholder input. The recommended participants of the strategic planning conference include: LMHS Board of Directors, Senior Leadership Council, strategy leaders, system management, physician leaders, community leaders, subsidiary Board members, community task force members and selected system staff.

The second significant step in the LMHS Strategic Planning Cycle is a reassessment of the strategic plan. The primary desired outcomes of this activity involve a review of the market forces impacting LMHS, a review of data and input from the strategic planning conference, review (as needed) of the mission, vision, goals and strategies, board and stakeholder feedback and recommendations regarding the system goals. This activity is primarily the responsibility of the Board of Directors, Senior Leadership Council and the planning staff. There are multiple points for input by key stakeholders.

The third significant step in the LMHS strategic planning cycle is the update of strategic/tactical plans. The desired outcome of this activity is an update of the five-year action plans, identification/evaluation/prioritization of tactics for the upcoming year. This activity is lead by the Senior Leadership Council, Planning staff and strategy leaders. This step is a comprehensive activity that spans from September to February on the planning calendar. As referenced previously, the strategic plan identifies key areas of strategic focus. Each strategy area conducts an annual retreat to facilitate the assessment of outcomes and tactic development.

The fourth key phase of the LMHS strategic planning cycle is the annual tactics conference. The desired outcome of the tactics conference is presentation and evaluation of the proposed tactics for the upcoming budgeting cycle. This activity represents the link between strategic and financial planning. The recommended participants include Senior Leadership Council, strategy leaders and Level 8 managers that are not strategy leaders. This step typically occurs in March. This critical step also allows significant input from Nursing as many strategy leaders and Level 8 managers are members of the Nursing Division.

1.7
1.8
Lee Memorial Health System Overview

The Lee Memorial Health System (the “System”) is a special purpose unit of local government created by a special act of the Florida Legislature. The System includes three acute care hospitals, Lee Memorial Hospital, HealthPark Medical Center and Cape Coral Hospital, as well as other healthcare facilities and services, including a home health agency, a nursing home, outpatient treatment and diagnostic centers and physicians offices.

A publicly elected ten-member board of directors governs the System. The board has ultimate responsibility for setting the direction of the strategic plan. The CEO and members of the Senior Leadership Council are responsible for the implementation of the strategic plan.

The following profile describes the System’s hospitals and other business operations.

Lee Memorial Hospital

The original Lee Memorial Hospital was opened 1916. Along with a continuum of medical surgical care, Lee Memorial Hospital supports a number of secondary and select tertiary surgical services. Its programs and services include a level II trauma center, orthopedics and neuroscience services, oncology, and a comprehensive inpatient rehabilitation program that is provided through The Rehabilitation Hospital.
HealthPark Medical Center

HealthPark Medical Center was opened in 1991. HealthPark Medical Center supports a number of select secondary and tertiary level services that include high-risk obstetrics, neonatal intensive care and cardiovascular care. Pediatric services at HealthPark Medical Center are provided through The Children’s Hospital of Southwest Florida.

Cape Coral Hospital

Cape Coral Hospital was acquired by and joined the System in 1996. Cape Coral Hospital provides a full complement of medical surgical care as well as select secondary level services that include orthopedics, neuroscience services, obstetrics and pediatrics.
Southwest Florida Regional Medical Center

Southwest Florida Regional Medical Center opened its doors in April 1974. The 400-bed acute care facility joined Lee Memorial Health System in October 2006. Southwest Florida Regional Medical Center supports several secondary and tertiary services that includes: Comprehensive Cardiac care, Neurosciences (JCAHO Certified Primary Stroke Center) Orthopedics and Renal Transplantation.

Gulf Coast Hospital

In December 1990 Gulf Coast Hospital opened at the corner of Metro and Daniels parkways in Fort Myers. The 120 bed hospital joined the Lee Memorial Health System family in October 2006. Gulf Coast Hospital's Services includes: Obstetrics, General Pediatrics, General Surgery, General Medicine and Orthopedics.
HealthPark Commons Outpatient Center

The HealthPark Commons Outpatient Center, an essential part of Lee Memorial Health System’s commitment to the community, provides customer oriented health services in a friendly convenient outpatient setting. Opened mid-2003, this comprehensive, state of the art, outpatient facility in Fort Myers, provides physicians and patients a single point of access for several services in one easily accessible location. The 39,000-square–foot center offers diagnostic and ambulatory care including a Breast Health Center, Pain Center, Radiology, Cardiovascular Lab, Rehabilitation Services, Pulmonary Function Lab, and Blood Draw Center.

HealthPark Care Center

HealthPark Care Center is a 112 bed skilled nursing facility located on the campus of HealthPark Medical Center. HealthPark Care Center provides both sub-acute and long-term care, specializing in services for the medically complex and acutely ill aging population.

Lee Memorial Home Health

Lee Memorial Home Health is a licensed, Medicare certified home health agency that also provides intermittent skilled nursing and rehabilitative services to the home bound patient as well as private duty nursing and home health aide services.
Lee Physician Group

Lee Physician Group is a group practice that includes a number of employed primary care physicians and allied health professionals. Lee Physician Group also operates a number of walk-in centers that are strategically located to serve those patients normally seen in the emergency department.

Rehabilitation Hospital

The Rehabilitation Hospital provides comprehensive rehabilitation services for orthopedic, stroke and head injury patients. The Rehabilitation Hospital's 60 beds are located at Lee Memorial Hospital.
Mission, Vision and Values

While the details of our strategic plan may be intertwined throughout this multilevel, complex healthcare system our purpose is succinctly stated through our mission, vision and values.

Mission

To continue to meet the healthcare needs and improve the health status of the people of Southwest Florida by:

♦ Providing quality primary, secondary, and selected tertiary health care services in a personalized, convenient and cost-effective manner with a dedicated health care team

♦ Meeting or exceeding customer expectations and addressing the spiritual and emotional needs of patients and their families

♦ Promoting wellness, healthy lifestyles, community health education programs, and a collaborative community effort

♦ Maintaining a financially viable delivery system with multiple care sites to generate the resources needed to make essential health care services available to all, including those unable to pay

♦ Remaining a public not-for-profit community health care leader and resource
Vision

To become the best patient centered healthcare system in Florida, through balancing quality, access and cost. This vision is supported by:

♦ A commitment, by the Board of Directors, medical staff, management, employees, and volunteers, to excellence in the provision of care and service to our patients and community

♦ The recognition that although we do not provide all possible services, we will strive to provide the highest quality in the services we offer and will evaluate new services based on community need and their economic viability

♦ The recognition of the importance of our medical staff. We will strive to maintain open communication and a spirit of cooperation between the Board of Directors, the medical staff, and management

♦ The recognition of the importance of our employees. We also recognize the importance of open communication, competitive compensation, and quality training so that all employees are able to perform at a level of excellence
Values

The organizational values of Lee Memorial Health System are derived from the needs of our customers:

Patients: That they receive improved outcomes in a caring and cost effective manner.

Physicians: That they have the support and facilities needed to practice the healing arts.

Employees and Volunteers: That they have a stable environment where they can use their skills and talents as well as grow to their fullest potential.

The Community: That it has the finest facilities and health care team both for its treatment when ill and to assure its wellness.

As an organization, and as individuals, we pledge ourselves to the values of:

Honesty: Our dealings with our customers will always be based on truth and integrity.

Initiative: We will offer innovative and creative suggestions for better accomplishing our mission.

Respect: We will treat all customers with courtesy, dignity, and respect, giving careful consideration to the views, opinions, and feelings of others.

Resource Responsibility: We will make wise resource utilization decisions to help insure the financial stability and future strength of the organization through improved productivity and cost containment.

Compassion: We will deal with our customers and one another with empathy and enthusiasm.

Teamwork: We will work positively with other team members to provide the maximum benefit to our customer and the organization and assume responsibility for our individual and team performance.

Loyalty: We believe in and support our organization, its mission, and other team members.

Adaptability: We will maintain personal flexibility as needed to assure the best service to our customers.
Environmental Assessment

Information from multiple internal and external sources was gathered and assessed in order to identify the market forces that will impact the future of healthcare and influence the future course of LMHS. Twelve market forces were identified as having the greatest potential to affect the future strategies of LMHS. Although several of the categories are beyond our direct control, they were selected as the primary drivers of future change in health care.

Market Forces

• **Workforce** – A growing demand for labor concurrent with a decreasing supply of healthcare personnel will force us to re-evaluate and respond to how we manage our human capital.

• **Financial** – Financial pressures will continue to effect how we conduct business.

• **Physicians** – There will be a growing shortage of physicians nationally and locally. Reduced reimbursement will continue to foster competition between physicians and hospitals for key outpatient business.

• **Consumerism** – A more knowledgeable and empowered consumer will play an ever-increasing role in decisions regarding their healthcare. Consumer choice will demand that services are provided in the most appropriate setting.

• **Competition** – Providers will continue to target niche healthcare services and markets in an effort to capture the more profitable sectors of the healthcare industry.

• **Quality** – There will be a continued effort to upgrade clinical performance along with an increased focus on quality measurement. Quality will become a key differentiator between healthcare providers.

• **Facilities** – Facilities will need to be adapted to meet community needs and support changes in the healthcare delivery model.

• **Information Management** – Integrated information systems will be necessary in order to improve efficiency and meet customer expectations.

• **Medical Advancement** – Advancements in medicine and technology will continue to alter the delivery of healthcare and present challenges regarding rate of adoption.

• **Public Policy** – Government will continue to play a major role in healthcare delivery and financing while trying to reduce its economic risk and investment.

• **Catastrophic Events** – We will be challenged to prepare and respond to unpredictable catastrophic events that could disrupt the healthcare delivery system.

• **Community Needs** – The convergence of market forces will create challenges in meeting the needs of a growing and aging community.
The implications of these twelve market forces will be far reaching and will shape how we conduct business in the years to come. LMHS strategic plan identifies the strategies we will implement to combat the market forces identified above. The following represents the outcomes we intend to achieve if our strategic plan is effectively implemented.
**Desired Outcomes**

**Workforce**
- Adequate supply of workforce to meet the mission and fill critical functions
- Highly competent workforce
- Productivity and efficiency of workforce improved
- Higher retention of talented/competent employees
- Employees feel valued, respected, and treated fairly
- Succession planning is adequately addressed

**Finance**
- Physician Relationships optimized to achieve alignment
- Sufficient margin to sustain mission, financial and capital plans
- Healthy key financial indicators especially cash-to-debt ratio at 100%
- Outlook changed from negative to stable (Moody’s)
- Reduction of inappropriate use of service by under/insured
- Optimal use of facilities, technology and personnel to improve productivity
- Effectively capture high margin business
- Optimized investment returns by balancing risk tolerance and returns

**Physicians**
- Consistent alignment of goals and expectations among all key system leadership
- Aligned goals and relationships between physicians and health system when possible.
- System provides services to support the viability of physicians in the community
- Adequate number of physicians with right skill mix
- Improved relationships and collegiality between physicians and administration when possible.
- Coherent organized voice for the medical staff

**Consumerism**
- Increase in-migration and decrease out-migration for key services
- Create/improve consumer awareness of scope and quality of services
- Customers are treated with respect, dignity and fairness
- Identify, measure, and improve customer experience
- Consumer takes responsibility and accountability for their roles in their health outcomes

**Competition**
- Grow outpatient market share
- Develop opportunities for win/win relationships with physicians
- Consumer selects LMHS over comparable services
- Profitable services sufficient to support LMHS mission
- Improve capability to identify and respond to business opportunities
- Package and promote our assets to encourage partnership rather than competition
Quality & Safety
- Create an outstanding reputation for quality and safety outcomes
- Collaborative efforts between the patient family, physician and other care providers
- Reduce mortality and morbidity rates
- We are a magnet for clinical providers of care because of our focus on quality and safety
- Employees are ambassadors for quality and safety
- Injuries decline
- Realize a return on investments from quality and safety initiatives

Facilities
- Need to be forward thinking as facilities are planned
- Increased productivity and efficiency by facility design
- Maintain status of CON
- Facilities sufficient to meet current and future demand (inpatient and outpatient)
- Facilities promote healing, quality of care, ensures patient privacy, and supports a caring and compassionate environment.
- The long-term Facility Plan embodies the physical framework for future change, incorporates the strategic initiatives of the health system, and distinguishes us in the marketplace

Information Management
- Investment in Information Management Systems that results in reduced costs, increased efficiency, quality and safety
- System that has seamless information flow throughout the health system and entities
- Information technology priorities are established and implemented consistent with the strategic plan
- Patients have improved access to and satisfaction with medical information
- Patients and providers perceived the appropriate use of information technology improves the care deliver and quality of experience

Medical Advancement
- Education, planning and assessment to determine appropriate timing of technology adoption
- Adoption of medical advancements supports improved clinical outcomes
- Technology advancements contribute to favorable financial performance access to care and customer satisfaction
- Alignment of incentives between hospitals, physicians and payers in the adoption of technology

Public Policy
- Sufficient funding to address unfunded community needs
- Educate key constituencies to influence public policy
- LMHS is recognized as a partner in shaping healthcare services
- Physicians and LMHS are partnering in shaping public policy to benefit the community
- A more effective formal proactive policy agenda to address key political trends
- Education, planning and assessment to determine appropriate timing of technology adoption

3.4
Catastrophic Events
- Satisfactory planning to provide optimal management of catastrophic events
- Systems to mitigate effects of catastrophic events
- Ability to financially and operationally function post catastrophe

Community Needs
- Improve access to high growth areas
- Improve efficiency and effectiveness of care delivery to improve utilization of existing resources
- Increase public support for adequate funding of services needed by the community
Key Business Strategies and Organizational/Enabling LMHS Strategies

The Key Business Strategies encompass the principal clinical service lines provided by Lee Memorial Health System. The Key Business Strategies are dependent upon and supported by Organizational/Enabling Strategy areas. The relationship between the Key Business Strategies and the Organizational/Enabling areas is especially important in the execution of the strategic plan since Organizational/Enabling areas are a vital function for clinical program success. The contribution of the corporate and clinical support areas are also vital to the success of the Key Business Strategies and Organizational/Enabling Strategies. The strategic plan encompasses programs and services defined by the Key Business Strategies and Organizational/Enabling Strategies.

This section of the strategic plan presents the strategic statement goals, purpose, and strategic initiatives for each of the defined areas. Detailed action plans that support the goals are located in the Appendix of this strategic plan.

The Key Business Strategy Areas define the depth of clinical services provided in the system and include:

- Financial Focus
- Physician Leadership and Relationships
- Organizational Clarity
- Clinical & Operational Effectiveness
- Long-Term Facility Planning
- Ambulatory services
- Cardiovascular services
- Children’s services
- Neuroscience
- Oncology services
- Surgery

The Organizational/Enabling Strategic Services include:

- Continuum of Care
- Customer Service
- Facilities Development
- Foundation
- Information Management
- Operating Efficiency
- Physician Relationships
- Safety/Quality
- Workforce Development

4.1
Key Business Strategies Strategic Statements & Goals

Financial Focus

The Strategic Plan for Financial Focus is under development and will be inserted at a later date.
Physician Leadership & Relationships

The Strategic Plan for Physician Leadership & Relationships is under development and will be inserted at a later date.
Organizational Clarity

The Strategic Plan for Organizational Clarity is under development and will be inserted at a later date.
Clinical & Operational Effectiveness

The Strategic Plan for Clinical & Operational Effectiveness is under development and will be inserted at a later date.
Long – Term Facility Planning

The Strategic Plan for Long-Term Facility Planning is under development and will be inserted at a later date.
Ambulatory

The Strategic Plan for Ambulatory is under development and will be inserted at a later date
Cardiovascular

The Strategic Plan for Cardiovascular is under development and will be inserted at a later date
Children’s Services

The Strategic Plan for Children Services is under development and will be inserted at a later date.
Neuroscience

The Strategic Plan for Neuroscience is under development and will be inserted at a later date.
Oncology

The Strategic Plan for Oncology is under development and will be inserted at a later date.
Surgery

The Strategic Plan for Surgery is under development and will be inserted at a later date

3.1 4.12
Key Business Strategies Strategic Statements & Goals

Ambulatory Services

Ambulatory services encompass the System’s outpatient services and physician medical practices within Lee Physician Group and Lee Convenient Care. Lee Physician Group includes 21 primary care offices with 56 physicians and 5 urgent care centers with 10 physicians.

Strategic Statement
Ambulatory services will provide area residents with high quality, cost effective healthcare services in primary care, urgent care and outpatient services through facilities that are strategically and conveniently located to meet the requirements of the community.

Goals

— **Lee Physician Group**
  - Expand access to care
  - Improve physician and employee satisfaction and retention
  - Create excellence of care
  - Improve customer service and loyalty
  - Create a sense of ownership with physicians and staff
  - Maintain a long-term commitment with Lee Memorial Health System
  - Create successful partnerships and new services
  - Strengthen and expand the Lee Physician Group identity
  - Manage accurate and timely coding and documentation
  - Maintain a cost structure that is competitive with the industry
  - Negotiate, monitor and enforce favorable payer contracts
  - Embrace technology wisely
  - Improve ancillary revenue for LMHS (including Bonita Community Health Center)

— **Outpatient Services**
  - Separate outpatient services from in-patient services when practical (both operationally and financially)
  - Implement single accountability structure for outpatient services
  - Implement single financial reporting structure for outpatient services
  - Resume operation of CCH North Tower as an outpatient center
  - Provide cost effective and customer-friendly outpatient services
  - Expand facilities as the community expands and needs arise
Cardiovascular Services

Cardiovascular services encompass a comprehensive array of inpatient and outpatient cardiology services. These services include invasive and non-invasive diagnostic procedures, interventional cardiology procedures for the treatment of acute coronary syndromes and electrophysiological disturbances, cardiothoracic surgical services, cardiac rehabilitation and home care.

Strategic Statement

Lee Cardiac Care will be a nationally recognized provider of choice in cardiac care for the seasonal and year-round residents of Southwest Florida. Lee Cardiac Care will provide access and availability to the full continuum of cardiac services including leading edge diagnostic and treatment technology, clinical research, education and disease prevention.

Goals

—Provide technologically advanced therapies for the treatment of cardiovascular disease
—Develop proactive quality, cost and access strategies that result in improved cardiac outcomes
—Develop and implement a seamless cardiac continuum of care
—Increase Cardiology Services market share
—Be the employer of choice for cardiac care providers

Improvements in the delivery of cardiac-related services and patient outcomes will be realized through the implementation of improved technologies, drugs and treatment modalities while attention to the changing needs of the cardiac patient will lead to improved patient satisfaction.
Children’s Services

Children’s services are provided through an organized comprehensive pediatric delivery system. Housed within HealthPark Medical Center, the Children’s Hospital of Southwest Florida provides many of the specialized pediatric services including pediatric oncology, orthopedic surgery, pediatric intensive care and levels II and III neonatal intensive care services. Cape Coral Hospital provides an array of primary pediatric and newborn services.

Strategic Statement

To provide compassionate, comprehensive and superior health care in a child-friendly environment to each and every child of Southwest Florida. To be Southwest Florida’s best children’s service delivery system.

Goals

—Develop a long-range facility and program plan for The Children’s Hospitals
—Develop a pediatric neuroscience program
—Craft a multi-faceted philanthropy plan to meet the needs of The Children’s Hospital in cooperation with the Foundation
—Identify joint venture and networking opportunities
—Develop and enhance injury prevention and wellness programs
—Develop a recruitment plan for subspecialties
—Develop a collaborative relationship to identify and meet the needs of perinatal and neonatal programs
—Continue to improve operational performance.

The goals for Children’s Services focus on the continued development of a regional network of pediatric care providers so that children have access to the appropriate medical specialties and services as close to home as clinically and fiscally possible.
**Neuroscience**

Neuroscience services encompass a full range of neurology and neurosurgical services including treatment of trauma-related brain and spinal cord injuries, neuromuscular disorders, and the prevention, diagnosis, treatment and rehabilitation of stroke patients.

**Strategic Statement**

Neuroscience Services will be the recognized leader and provider of choice in Southwest Florida for neuroscience care. Services will be enhanced to ensure access to leading edge diagnostic and treatment technology, clinical research, education and support services.

**Goals**

—Create a neurological institute of Southwest Florida
—Maintain a primary stroke center at LMH campus
—Develop a neuroscience unit at CCH
—Develop a pediatric neuroscience program
—Recruit and retain qualified, competent neurology-trained staff
—Recruit and retain an appropriate number of qualified neurosurgeons to keep up with the demand/growth
—Build relationships with neurology and neurosurgeons
—Identify and maintain leading edge diagnostic equipment and treatment technology

The goals associated with the programs and services provided in Neurosciences will provide added community value and market focus, improve patient outcomes and experiences, and enhance the fiscal performance of their programs and services.
Oncology Services

Oncology services provide comprehensive cancer education, diagnosis, management and follow-up for adults and children. Services are provided by a multi-disciplinary team of professionals that have specialized training in the care of cancer patients and their families.

Strategic Statement

Lee Cancer Care will continue to be the provider of choice and information source for adults and children residing in Southwest Florida for cancer related services. Services will continue to be enhanced through collaborative relationships with the private practice of medicine and other oncology care providers to ensure that residents have access to leading edge diagnostic and treatment technology, clinical research, support services, education and community outreach.

Goals

- To plan, develop and construct a consolidated Center of Excellence in cancer care
- Develop strong “brand” recognition for Lee Cancer Care
- To be recognized as the Employer of Choice for Oncology caregivers in Lee County
- Develop an ongoing strategy for improving the financial performance of oncology services
- Develop a strategy with the children’s hematology/oncology program for managing the transition of patients into the adult hematology/oncology environment
- Influence physicians to appropriately utilize oncology resources

The goals for Oncology Services are focused upon the continued growth and development of the oncology program which, when realized, will result in improved patient outcomes, improved community service and a magnet nursing facility for oncology caregivers.

Surgery
Strategic Statement

When surgical precision and efficiency count, we are here to provide compassionate and competent care. Our mission is to be the leading surgical provider in Southwest Florida by:

Goals:

- Growing surgical margins annually
- Improving operational efficiency of surgical processes
- Leveraging the effective selection and use of technology
- Developing mutually beneficial physician/health system relationships to grow volume and reduce costs while maintaining or improving quality
- Retaining, attracting, selecting and developing the best staff
Continuum of Care

Post-acute Care Services encompass a continuum of care that includes rehabilitation services, skilled nursing care, home health and geriatric services.

Strategic Statement

Post-acute Care will provide, develop, and enhance services that improve the continuum of care and continue to facilitate patient transfers from the acute care setting to a clinically appropriate program, provider or service. Post-acute Care will provide a leadership role in the development of geriatric services for the aging population in Lee County and will strive to be the provider of choice for the community.

Goals

- Develop a comprehensive plan to evaluate and expand post-acute services.
- Optimize reimbursement in post-acute care services
- Position Lee Memorial Health System as the leader in the community for aging services
- Research and evaluate opportunities to further develop and expand outpatient rehabilitation services
- Become the employer of choice for physical therapists, occupational therapists, and speech language pathologists
- Evaluate and determine efficacy of introducing UDS FIM (a nationally utilized outcome measurement tool) with possible expansions to all therapists in Lee Memorial Health System
- Establish a proactive approach for monitoring and responding to opportunities and threats to post-acute services
- Develop ways to cultivate physician relationships and support
- Enhance the image and positioning of post-acute through development and implementation of a marketing plan
- Investigate external opportunities to promote and financially assist post-acute programs and development

The Post-acute Care network of services is a crucial component of the continuum of care. The post-acute goals support quality of care through improved patient outcomes and patient satisfaction, as well as improved access and customer service.

3.8 Customer Relationships
Strategic Statement

To provide Excellent Patient Satisfaction and be the provider of choice for those who seek medical services.

Goals

— Create and sustain a central leadership function to coordinate the customer service approach.
— Achieve consistent behavioral and service standards with associated accountabilities.
— Establish and celebrate a culture where everyone sees themselves as service professionals.
— Create a culture where physicians partner to improve customer satisfaction.
— Define and exceed customer requirements and expectations by market segment.

Facilities Development

3.9

Strategic Statement
To provide a healing environment that is functional, safe, clean, and supportive of the patient and caregivers.

**Goals**

- Plan and design functional space that is aligned and supportive of the strategic imperatives of the clinical and non-clinical business units
- Create a physical environment that promotes healing, privacy, and safety
- Develop an efficient and customer-responsive Food Service program that delivers high quality, nutritionally balanced meals while maintaining cost effectiveness
- Achieve clean, environment-appropriate services through a caring and responsive staff while utilizing performance improvement methods to improve services
- Maintain the physical plan to ensure building and patient critical services, and other supporting needs are functioning as required. Repairs are timely, appropriate, and responsive to the required sensitivity of each business unit
- Partner with clinical and ancillary services to maintain medical equipment to maximize “uptime” and patient safety while minimizing risks in a cost-efficient manner
- Create a physically safe and secure environment for our patients, physicians, staff and visitors
- Maximize purchases through effective waste reduction program

------------------------------- 3.10

**Foundation**

**Strategic-Statement**
Our purpose is to fund tomorrow’s healthcare today. To expand and enhance the role of philanthropy and the Foundation in accomplishing the mission and goals of Lee Memorial Health System. To be recognized as the exclusive organization of Lee Memorial Health System for the solicitation, receiving, recording, management and disbursement of gift income in order to expand the Health System’s capabilities in patient care, education and research.

Our Goals:

- Improve the image of the Foundation in the community and the role it plays in supporting the organization at large
- Active Board member partnership in identifying, cultivating, and managing major gift opportunities
- Raise more money
- Create an environment of giving which makes it easy to know why LMHS is a charity worthy of support
- Inform and educate internal and external customers about LMHS needs, services, and giving opportunities
- Provide staff with the tools for success
Information Management

Strategic Statement

Enable/enhance the achievement of LMHS' strategies and goals through the effective and innovative application of information management (IM) and information technology (IT)

Mission and Goals

Our Mission is to deliver effective and innovative information management/technology solutions that are aligned with and enable LMHS' strategies and goals, and which are appropriately selected, well-designed, effectively utilized, and are supported in a high quality, cost effective, and service-oriented manner:

- Provide a strategic framework for the awareness, understanding, and application of best practices for information management/information technology in healthcare
- Leverage clinical automation to enable improvement in LMHS' clinical care delivery, efficiency, and patient safety
- Leverage information technology to enable efficiency gains and cost-effectiveness of LMHS' HR/Financial/Supply processes
- Leverage information technology to enable efficient and user-friendly access to LMHS' clinical services by streamlining information flow across LMHS' entities and care settings
- Leverage internet technology to enable innovative advancements in the service and care delivery to patients, physicians, and other healthcare partners through LMHS E-Health initiatives
- By leveraging information technology, continuously evaluate and implement appropriate solutions which make it more efficient and fun for LMHS employees to carry out their work and interact with our health system
- Using best practices, comply with the Health Insurance Portability and Accountability Act (HIPAA) and other regulatory requirements which either impact or are impacted by information technology or information management
- Maintain an appropriate and effective information management/information technology infrastructure to enable achievement of the other LMHS information technology strategies and goals
- Proactively look for opportunities to improve the value received from existing information technology and data assets of LMHS
- Leverage the convergence of clinical diagnostic technologies with information technology to improve the accuracy and timeliness of clinical information flow enabling enhanced clinical care delivery and physician and clinician efficiency
Operating Efficiency

The strategic plan for Operational Efficiency will be inserted at a later date.
Physician Relationships

The strategic plan for Physician Relationships will be inserted at a later date.
Safety/Quality

Strategic Statement

Lee Memorial Health System will provide a safe environment for its patients, families, employees and Medical Staff.

Goals

- Develop a system-wide awareness that safety is everyone’s job
- Implement Agency for Healthcare Research Quality clinical safety practices
- Implement systems to identify safety risks
- Implement automated processes to improve safety
- Improve physician-prescribing practices
- Review external information and experience to improve safety
- Improve the safety of our employees
Workforce Development

Strategic Statement

Support Lee Memorial Health System in becoming the Employer of Choice and Magnet health system through the attraction, development and retention of talented people and further the commitment to recognize and value the richness of diversity.

Goals

- Strengthen leadership by building knowledge, focusing on accountability, building employee and volunteer trust, loyalty, engagement, and ensuring open communications
- Build a diverse culture that expects high performance, provides learning and personal development, fosters high employee and volunteer satisfaction, and rewards and recognizes excellence and ensures a safe workplace and promotes wellness and work/life balance
- Redesign work processes by identifying and eliminating non-value added activities to eliminate constraints to high performance; redesign jobs based on the redesigned work processes
- Ensure Human Resources processes are efficient and value added; demonstrate best practices support retention, and recruitment, comply with rules and regulations, and maintain accreditation and licensure
- Grow current and future workforce.

Financial Plan Overview
Purpose

Due to the numerous challenges facing Lee Memorial Health System (LMHS) the Board of Directors and Senior Leadership embarked upon the development of a 10-year financial plan. The financial plan was developed to assess the feasibility of the LMHS strategic plan and the ability of operations to finance future capital projects necessary to support LMHS mission and vision.

Due to numerous external factors the ability of LMHS to survive and thrive into the future is no longer assured. The very nature of hospital demand is changing. Fewer healthcare dollars are spent in the hospital than in years past. In the current healthcare environment the successful health system must distinguish itself from its competitors.

Hospitals no longer enjoy the level of political support that they had in previous generations. Healthcare costs continue to be highly regulated while costs escalate unchecked. The nation continues to experience an increase in the number of uninsured and underinsured. Recent billing and collection scrutiny targets hospitals treatment of the uninsured. Many employers are shifting costs to patients who will demand more transparent pricing and less cost-shifting. The current regulatory environment agenda focuses on hospital quality rather than reimbursement deficits.

Limiting the planning horizon could result in a failure to understand the issues, alternatives and tradeoffs, which would jeopardize the long-term viability of LMHS. The integration of quantitative and qualitative thinking to create a viable financial plan that supports the strategic plan is essential to ensure the continued success of LMHS.

Process

The financial planning process was initiated with a thorough analysis of Lee County population trends and projections. The population projections suggest continued growth in Lee County. Occupancy and admission patterns were projected based upon the anticipated population growth. Market share projections for LMHS were based upon the assumption that the necessary capital improvements would be funded to capture additional market share.

Financial forecasting software was utilized to develop forecasts specific to each acute care campus. Historic and projected data were incorporated into each entity worksheet to establish key statistical ratios. The historical data included gross revenue by payer, patient days by payer, reimbursement by payer, bad debt & charity write-offs, investment income/loss, balance sheet information, salaries & benefits, FTEs, supplies, other services, interest expense, depreciation, investment income/loss, non-operating and other operating income.
Global assumptions for projecting future years were also determined for each of these categories. The most current information available regarding trends in healthcare revenues and expenditures were incorporated into the global assumptions.

The combined entity projections were presented to the Senior Leadership Council for review. Key assumptions were discussed and additional “what if” scenarios were proposed. The forecasting software was utilized to determine the financial impact of the various scenarios.

After extensive analysis and discussion by SLC four different scenarios of the future were modeled. These scenarios present a realistic forecast of the financial performance of Lee Memorial Health System based upon different approaches to capital spending and varying levels of FTE productivity.

The four scenarios were presented to LMHS Board of Directors at a Facilities/Financial Planning workshop in June 2003. The Board of Directors, SLC and selected representatives from finance and planning discussed the four scenarios. The Board of Directors requested an additional scenario that would include an FTE productivity factor that would allow for the desired capital needs and a 2 – 3 % operating margin throughout the ten-year period.

The 10-year financial plan was subsequently presented to the Board of Directors at which time an additional modification regarding capital spending related to the growth of outpatient services was requested. The final scenarios were presented to the Board of Directors on November 20, 2003.

Plan

The final product was a 10-year financial plan built on the foundation of the LMHS strategic plan. The capital expenditures built into the financial plan were approximately $510 million. This includes $80 million for the 122-bed expansion of HealthPark Medical Center. The plan also includes an estimated $130 million for redesigning and renovating the Lee Memorial Hospital campus. The plan includes $21 million for outpatient expansion and over $100 million for information technology. The operating margin for the 10-year period falls within the range of 2% to 3% each year.

The underlying assumption in achieving these financial results involves improving FTE productivity by 1.6% each year. The 10-year financial plan will be updated each year to incorporate the most recent actual performance and the most realistic prediction of future results. The plan will also be assessed annually to ensure that it incorporates the most current version of the LMHS strategic plan.

The attached exhibits provide additional insight into the 10-year financial plan.
Revenue Assumptions

♦ Patient Revenue Inflation Rate: 5%
♦ Reimbursement Increase average:
  – Medical Decreasing in 2005, increasing in 2006
  – Medical 5%
  – Medicare 4%
  – Managed Care 3%
  – Bad Debt and Charity slight increase
♦ Inpatient Market Share Growth: 68% - 70.1%
♦ Outpatient Volume Increase: 1 – 5%
♦ Annual Foundation Contribution: $5 million
Operating Expense Assumptions

- Salaries & Benefits: 3.5%
- Supplies: 3.5%
- Purchased Services: 5.0%
- Other Services: 3.5%
FTE Productivity Assumptions

- Annual FTE productivity increase necessary to maintain 2-3% operating margin – 1.55% increase per year
- Job redesign and reallocation of resources
- Waste elimination
- Process improvement
Capital Expenditures

- HPMC capital outlay and corresponding bond issue incorporated into projections:
  - Bonds expected to be issued in the amount of $49 million to partially fund HPMC expansion.
  - Capitalization of the $80 million begins in FY’06.
- LMH capital outlay according to Chi Plan- $129 million.
- Outpatient Strategy- $20.3 million.
## 10 Year Capital Plan

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### 10 Year Financial Plan

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### 10 Year Financial Plan

#### Balance Sheet - Assets

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## 10 Year Financial Plan

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<td><strong>Total Other Liabilities</strong></td>
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<td><strong>Total Liabilities &amp; Net Assets</strong></td>
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## 10 Year Financial Plan

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<td>Profit Margin</td>
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<td>FTE's per Adjusted Occupied Bed</td>
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**Projections**
Facility Planning Overview

Purpose
Due to the numerous challenges facing Lee Memorial Health System (LMHS) the Board of Directors and Senior Leadership embarked upon the development of a 10-year facility master plan. The facility master plan was developed in conjunction with LMHS long-term strategic and financial plans.

The facility planning process was initiated with a thorough analysis of Lee County population trends and projections. The population projections indicate continued rapid growth throughout Lee County and the surrounding area. Further, the data indicates twice the national average of individuals age 65 and over in Lee County. This population distribution will drive significant demand for health care services as individuals age 65 and over utilize more healthcare resources than other age groups. The primary purpose of the facility master plan is to ensure that LMHS has appropriate facilities to meet the future demand.

Process
The facility planning process was structured around a Facilities/Financial Planning Workshop involving LMHS Board of Directors and Senior Leadership. The workshop established the foundation for facility planning by reviewing the long-term demand and occupancy projections. Also included was a clinical service matrix that identified the services that will be provided at the respective campuses. The clinical service matrix also reviewed the level of care (tertiary vs. community) that will be provided at each campus. The workshop also addressed the current and long-range facility challenges at each of the acute care locations. Input from the Board was incorporated into a long-term facility plan for each campus.

Plan
The resultant facility plan identifies a direction for facility development at each acute care campus. The following are the highlights of the facility plans for the respective acute care campuses:

Lee Memorial Hospital
- Lee Memorial Hospital, currently licensed for 427 beds, will be reduced to 305 beds in late 2005 with the relocation of 122 beds to HealthPark Medical Center
- The old South Campus Cox/Jewett wings will be demolished in fall of 2005
- A new eight story clinical tower will be constructed to support relocated clinical services i.e. Emergency Room, Diagnostics, Surgery, SICU
- Outpatient service will migrate to a new location external to the Lee Memorial Hospital campus
- The campus facility plan will require development of a parking ramp
- The initial cost for the Lee Memorial Hospital expansion/renovation is estimated at $129 million. This does not include costs for construction of a parking garage

5.4
Health Park Medical Center

Upon conclusion of the current 122-bed addition/renovation project in the fall of 2005, HealthPark Medical Center will consist of 362 licensed beds and approximately 707,198 square feet of space.

The future Children’s Hospital expansion will be added to the existing facility via a two-story vertical expansion on top of the existing southwest section of HealthPark Medical Center. This project will include the addition of 5 NICU beds and 22 pediatric beds. The square footage addition of this project would be an additional 150,000 square feet. The project will expand the overall bed complement to 392 beds.

Vacant pediatric beds on second floor will be converted to an adult medical/surgical unit. Vacant pediatric beds on the fourth floor will be converted to an obstetric unit, which will increase the bed count to 430.

In fill 6th floor of the ICU tower and add 7th and 8th floor and ICU tower. This component will increase the overall bed complement to 463 beds.

Add additional obstetric beds increasing total bed complement to 482 beds.

Cape Coral Hospital

The facility is currently licensed for 281 beds. Currently 55 of these beds are not staffed and allows for future patient growth without major facility capital.

North and West patient towers have been designed for future vertical expansion. The capability exists to add three floors at 70 beds per floor for an addition 210 beds.

Future growth will occur to support Operating Room capacity, Emergency Room capacity and Diagnostics.
Glossary of Key Terms

Core Clinical and Support Areas – The core clinical and support areas represent those departments/functions that are the foundation to our business. These services must be in place to ensure the continued success of Lee Memorial Health System’s organizational/enabling strategies and key business strategies. The expectation is that core clinical and support areas will complete a short-term plan that is operational in nature. The SLC member of the respective areas will approve the operational plan for each area.

Strategy – Strategy is the organizational moves and approaches leadership uses to achieve organizational objectives and to pursue the organization’s vision. Strategy consists of the business approaches leaders employ to achieve company performance targets. Typically, 3 to 5 year horizon.

Tactic – Tactic is a short and/or mid-term action or set of actions associated with putting the chosen strategy in to place.

Key Business Strategy—Key Business Strategies represent areas of strategic focus that are vital to the continued success of the organization. Key Business Strategies are organized around major service lines. Key Business Strategies will have a strategy leader and will be expected to develop and maintain a five-year strategic/tactical plan. The strategic plan for each key business strategy must be approved by SLC.

Organizational/Enabling Strategy—An enabling strategy represents an area of strategic focus that spans the organization. These strategies enable the continued success of the key business strategies. Each organizational/enabling strategy will have a strategy leader and will be expected to develop and maintain a five-year strategic/tactical plan. The strategic plan for each organizational/enabling strategy must be approved by SLC.
DATE: January 17, 2008

NAME OF SERVICE LINE/ENTITY UPDATE: Physician Advisory Group on Facility Planning

PERSON RESPONSIBLE & TITLE: C. B. Rebsamen, MD/C.M.O. Ambulatory and Strategic Services

KEY ACCOMPLISHMENTS: Two meetings of the Physician Advisory Group on Facility Planning (Phase I of the Board approved facility planning process) were held in December. Attendance by physicians has been excellent (28+). The physicians have actively engaged in the process in a generally positive manner, resulting in considerable progress on issues. Two additional meetings are scheduled for January (16th & 30th).

GOALS (MET)
- Education of Advisory Group: Projected 10 year bed demand
- Voting on preferences for Women’s and Children’s Services has been completed

GOALS (UNMET)
- Major impact specialties of Cardiology, Orthopedics, Neurosurgery have not yet been fully discussed.

FINANCIAL STATUS (including cash flow statement, projected cash flow, balance sheet and income statement)
N/A

PROBLEMS/ISSUES
N/A

ANTICIPATED NEEDS
N/A

SUMMARY/COMMENTS: Phase I of the Facility Planning process is progressing, and may be completed by the end of February.
TIME
SENSITIVE
ISSUES
OTHER ITEMS
DATE OF THE NEXT
REGULARLY SCHEDULED
MEETING

PLANNING
Committee of the Whole
MEETING

THURSDAY,
FEBRUARY 14, 2008
2:00pm

Lee Memorial Hospital Boardroom
2776 Cleveland Ave, Ft Myers, FL  33901