




midland memorial hospital



Annual Report 2009

TOMORROW STARTS NOW





*Since 1950, Midland Memorial Hospital
has always had one goal in mind for the
people of the Permian Basin...
quality healthcare.*

Patient Tower Groundbreaking February 25, 2010



On May 9, 2009, the voters of Midland County Hospital District changed the face of healthcare in our region when they approved the issuance of \$115 million in general obligation bonds to fund the construction of a new patient tower at Midland Memorial Hospital. Despite the worldwide economic downturn and the uncertainty surrounding national healthcare reform efforts, our citizens made a powerful statement that Midland healthcare should be the best it can possibly be. In addition to the voter-supported bond issue, Midland Memorial Foundation's fundraising efforts are succeeding, with the Campaign for Tomorrow's \$60 million goal now within reach. The optimism and giving spirit of Midlanders is truly amazing!

The good news continued through the fall, as the bond issue was taken to market and funds were borrowed at an overall interest rate of 4.19%. With bond funds in hand and pledge payments coming in, the new tower project kicked off with major reconstruction of Michigan Avenue and Kent Street.

The current economic environment has proven very favorable for the project, with both construction and equipment purchases coming in under budget so far. While there remains a long way to go before completion, the project is expected to finish under budget and on-time, in late 2012. When it's all done, Midland's hospital facilities will rival the most beautiful, functional, and efficient in the nation. None of this could have happened without the extraordinary generosity of our community. The people of Midland Memorial Hospital are profoundly grateful for our neighbors' support, and pledge to be excellent stewards of the trust placed in us.

Russell Meyers
CEO/President
Midland Memorial Hospital





FOCUS ON QUALITY

In 2009, MMH received a silver award from the American Heart Association for Heart Failure Care and the gold award from the American Heart Association and American College of Cardiology for Heart Attack Care. Midland Memorial Hospital also received the American Heart Association's Heart Failure Gold Plus Award in early 2010. This made MMH the first and only Hospital in West Texas to have received this highest honor for excellence in heart failure care. This recognition means the hospital is at or above 90% on multiple care standards including appropriate cardiac medication when indicated, smoking cessation counseling, and discharge instructions that include all key elements. The standards have been shown to decrease mortality and improve longevity in heart failure patients.

A stroke task force was also formed in 2009, consisting of physicians, Quality Management, Administration and Continuing Medical Educators. The current stroke data was reviewed and ideas for improvement were developed leading to several steps being put into place over the course of 9 months. The Stroke PI

Task force held a final meeting October 9, 2009. The updated scorecard for stroke was reviewed and a marked improvement was shown. Perfect care was shown to have increased from 11% in November, 2008 to 56% in November, 2009. Perfect care for Stroke is defined as provision of all 10 of the key elements, or documentation of clear contraindication. Patients are only counted as having received "perfect care" if all interventions are documented as given in appropriate time frames, or that clear contraindications existed.

In late 2009, Midland Memorial Hospital embarked on a new adventure with the invitation of DNV (Det Norske Veritas) to become our newest accrediting body. DNV has been around since the 1800's, providing quality improvement consulting and ISO certification to a wide variety of industries around the world. In 2008, CMS granted DNV deemed status for accreditation of Medicare providers, meaning they now compete on an equal footing with The Joint Commission. Our first DNV survey took place in October of 2009 and after a successful result, MMH officially made the change over in December of 2009.



COMMUNITY OUTREACH & EDUCATION

Being a good steward of the community is important to Midland Memorial Hospital. That is why we continually support the organizations in our area that provide invaluable services to the members of our community. Midland Memorial Hospital is proud to partner with organizations like the American Cancer Society, the American Heart Association, the American Diabetes Association and the

March of Dimes to make a difference in the lives of those touched by devastating and wide-spread diseases. Each year we raise thousands of dollars for these organizations to do research and provide assistance to those in need. Our employees also volunteer hundreds of hours to help make sure the annual fundraising events for these organizations are successful.

Giving Back *More ways Midland Memorial Hospital gave back in 2009*

- *Participated in 2 Adopt-a-Spot clean-ups in partnership with Keep Midland Beautiful*
- *Held a community food drive that collected food for Helping Hands of Midland*
- *Held an employee food drive that collected over three tons of food for Midland Soup Kitchen*
- *Donated \$102,456.85 to the United Way through employee pledges and fundraisers and received the Deane H. Stoltz Pioneer Spirit Award for the 7th year in a row. This award recognizes the company with the greatest number of Leadership givers.*
- *Participated in HEB's annual Feast of Sharing which provides a hot meal to thousands of area residents*
- *Employees donated 235 pints of blood to the United Blood Services*
- *Held the seventh annual "Healthy U" Health and Wellness Exposition at the Midland Horseshoe arena connecting thousands of our community members with the services and organizations that can help them lead healthier lifestyles*
- *Provided free vascular screenings through the 'Dare to CARE' program in conjunction with Midland Surgical Associates*
- *Helped provide almost 20 thousand dollars worth of free mammogram vouchers for low income women in our area through the 2nd annual Breast Cancer Awareness Luncheon in collaboration with Medical Center Hospital and Texas Tech*
- *Participated in several other community health fairs, providing free screenings to the public and valuable health information.*
- *Hosted several tours through the hospital for local high school and college students interested in the medical field.*



GREEN INITIATIVES

In 2009, Midland Memorial Hospital took steps to further reduce its ecological footprint and lead other businesses in the effort to go 'green'. Building on the 2008 initiatives of switching to 'green' cleaning supplies and modifying its Linen Policy, MMH adopted more water conservation efforts in 2009 by using more drought tolerant landscaping. Midland Memorial also continued its long-standing partnership with Keep Midland Beautiful through its semi-annual litter cleanups. In April 2009, Midland Memorial Hospital announced plans to carry over its green initiatives into the new patient tower building plans. The new LEED certified facility is designed to include features that will realize significant water and energy savings, as well as incorporate environmentally friendly building materials, sustainable site development and indoor environmental quality. In the healthcare industry, LEED certification specifically addresses issues such as increased sensitivity to chemicals and pollutants, traveling distances from parking facilities, and access to natural spaces. Through the combination of these plans, the



implementation of several new green initiatives in our existing facility and a continued partnership with Keep Midland Beautiful, Midland Memorial Hospital is striving to provide exceptional healthcare to the people of the Permian Basin while maintaining an eco-friendly culture that will ensure a beautiful and sustainable Midland for years to come

CORD BLOOD COLLECTION

In June of 2009, Midland Memorial Hospital became the twelfth hospital to collect life-saving umbilical cord blood for the Texas Cord Blood Bank. The benefit potential of cord blood on people's lives was very important in our decision to partner with the Texas Cord Blood Bank. Cord blood, donated following the birth of a healthy baby, is rich in blood-making cells which can be used, like bone marrow transplants, to treat children and adults with certain cancers and otherwise fatal blood disorders. There is no cost to parents associated with donating, and the cord blood is helping to build a statewide collection of cord blood that captures the vast ethnic diversity of Texans, as ethnicity plays a key role in finding a suitable genetic match for patients.



JANET'S CLOSET

In July of 2009, Midland Memorial Hospital's Pediatric Unit began a new program called "Janet's Closet" to collect toys for children who have gone through a painful procedure at the hospital. Named in honor of Pediatric Nurse Janet Ward, who worked in the hospitals' Pediatric unit until her passing in November 2004, the program allows children to pick out a new toy that is theirs to keep. The hospital has seen the benefits of this new program through the smiles of the children who have had to face difficult and often painful experiences while in the hospital. Janet Ward spent 23 years at MMH making a difference through the care she provided for her patients and their families, and Midland Memorial Hospital is proud to pay tribute to her in this way.

TOBACCO FREE

On July 1st, 2009, Midland Memorial Hospital, Odessa Regional Medical Center, and Medical Center Hospital partnered together to promote a



healthier lifestyle by adopting a "Tobacco Free" policy on all three campuses. As a part of this initiative, all three hospitals banned the use of any tobacco product on their properties.

With the assistance of the American Cancer Society, the hospitals developed initiatives to provide assistance to hospital employees and others who sought help with tobacco cessation. Midland Memorial Hospital is proud to have partnered with these fine organizations to show our commitment to improving the health of our communities.

INTERVENTIONAL RADIOLOGY LAB

Midland Memorial Hospital opened a new Interventional Radiology Lab in November of 2009 at the Main Campus. The new Interventional Radiology Equipment embodies state-of-the-art technology that allows for more efficient x-rays. This is beneficial to the patient, who receives a lower dose of radiation, and to the Radiologists who receive a sharper image and a larger field of view.



PINK WHEELCHAIRS

Midland Memorial Hospital acquired a unique and very “cherry” gift from the hospital’s Volunteer Auxiliary in August of 2009: 80 pink wheelchairs. The wheelchairs and three racks were purchased for approximately

\$100,000 as a part of the Auxiliary’s continued contributions to the hospital’s operations.

The initiative was brought about by the Auxiliary’s recognition that there were not enough wheel-

chairs throughout the hospital to meet patients’ needs. Of course, the pink color was chosen because of the Auxiliary’s historically renowned color, and as Kim Modisett said, “We wanted them to stand out!”

EMERGENCY SERVICES

In July of 2009, Midland Memorial Hospital kicked off the new telephone nurse triage program called ‘68NURSE’ (686-8773). The program is designed to help people determine whether or not their health situation warrants a trip to the emergency room. Using the program

is as simple as picking up the telephone; it is free and available 24 hours a day. Midland Memorial Hospital also implemented a new medical screening process in the ED in July of 2009. Both of these new programs have made tremendous improvements in the Hospital’s Emergency Department patient wait times and utilization of critical care services.

NURSE RESIDENCY

On average, U.S. hospitals are losing anywhere from 35 to 60 percent of their new nurse workforce within 12 to 24 months. The American Association of Colleges of Nursing says job stress and dissatisfaction are among the contributing factors. To help combat this national concern, Midland Memorial Hospital signed on to become a Versant training facility in early 2009. The Versant RN





Residency program was developed by nurses, for nurses, to address the escalating nursing shortage in the United States. It is a customized, outcome-driven, evidence-based educational solution that develops and manages the professional advancement of new graduate RNs who are joining the clinical workforce. This residency program—the only of its kind in the U.S.—is designed to bridge the learning gap that exists between traditional nursing education institutions and real-world clinical settings. Across the board, graduates of the Versant RN Residency have confirmed a greater commitment to the nursing profession as a whole, as well as a sense of increased loyalty to their employers for investing in their long-term professional development. Midland Memorial Hospital welcomed 17 new nurses from across the country in June of 2009 as part of the first round of students in this new program. Hospital organizers

have since hosted several more groups of Versant RN students and even celebrated a graduation ceremony for their first cohort.

EDITH

In 2009, Midland Memorial continued to receive national and worldwide attention and recognition for its successful implementation of EDITH, the electronic medical records system at MMH. The system was fully functional across the hospital in 2007, making Midland Memorial Hospital a pioneer in electronic medical records, but the interest was sparked again in 2009 with President Obama's push for all hospitals to move toward a paperless system. Our hospital was visited by representatives from across the nation, all wanting to learn how this was done. In addition to all the attention from other hospital systems, there was also ongoing media coverage in 2009 within several national publications, including the Wall Street Journal. Healthcare Informatics, a national IT magazine, even featured MMH on the front page of one of its issues.

PHYSICIAN RECRUITMENT

2009 was an incredible year for physician recruitment at MMH as over 40 new physicians committed to join our hospital family. These doctors bring expertise representing 10 specialties including Internal Medicine, Pediatrics, Obstetrics, Orthopedics, Dermatology and Cardio-Thoracic Surgery.





MIDLAND COUNTY HOSPITAL DISTRICT

BALANCE SHEETS

September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,291,012	9,151,276
Short-term investments	184,395	4,082,688
Tax receivable, less allowance for doubtful accounts of \$0 in 2009 and \$238,513 in 2008	313,720	0
Patient accounts receivable, less allowance for doubtful accounts of \$19,643,333 in 2009 and \$20,330,229 in 2008	34,655,351	38,142,738
Inventories	6,023,012	6,065,560
Prepaid expenses	2,356,317	3,209,449
Other receivables	5,204,981	5,507,654
Amounts due from Medicare and Medicaid	4,632,284	1,706,669
Board designated funds	2,069,587	2,235,110
Investments limited as to use:		
Investments limited as to use by bond indenture	1,187,317	1,204,932
Total current assets	<u>69,917,976</u>	<u>71,306,076</u>
Board-designated funds	333,597	462,428
Investments limited as to use and restricted:		
Bond indenture	2,512,419	2,513,531
Restricted tower funds	15,394,023	0
Contractual obligations under capital lease	2,653,514	2,643,611
General obligation bond construction fund	114,119,062	0
Donor restricted funds	0	0
Total investments limited as to use	<u>134,679,018</u>	<u>5,157,142</u>
Capital assets, net of accumulated depreciation	<u>100,368,384</u>	<u>102,514,510</u>
Other assets:		
Deferred bond issue costs, net of accumulated amortization of \$876,613 in 2009 and \$801,197 in 2008	1,750,305	453,686
Goodwill, net of accumulated amortization of \$1,767,334 in 2009 and \$1,613,022 in 2008	4,574,680	4,729,998
Total other assets	<u>6,324,985</u>	<u>5,183,684</u>
Total assets	<u>\$ 311,623,960</u>	<u>184,623,840</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 22,669,272	21,101,005
Accrued interest payable	307,812	372,995
Accrued payroll	5,655,913	4,933,695
Deferred Revenue	480,730	505,384
Amounts due to Medicare and Medicaid	225,000	566,903
Accrued self-insurance liabilities	2,069,587	2,235,110
Current maturities of long-term debt	2,932,650	2,916,462
Total current liabilities	<u>34,340,964</u>	<u>32,631,554</u>
Deferred revenue-noncurrent	0	0
Long-term debt and other liabilities, less current maturities	50,315,375	51,587,834
General obligation bonds payable	116,433,237	0
Total liabilities	<u>201,089,576</u>	<u>84,219,388</u>
Net Assets		
Restricted for debt service	5,165,933	5,157,141
Invested in capital assets, net of related debt	48,204,319	49,085,283
Restricted by donor-expendable	15,394,023	0
Restricted by donor-nonexpendable	0	0
Unrestricted net assets	41,770,109	46,162,028
Total net assets	<u>110,534,384</u>	<u>100,404,452</u>
Total liabilities and net assets	<u>\$ 311,623,960</u>	<u>184,623,840</u>



MIDLAND COUNTY HOSPITAL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

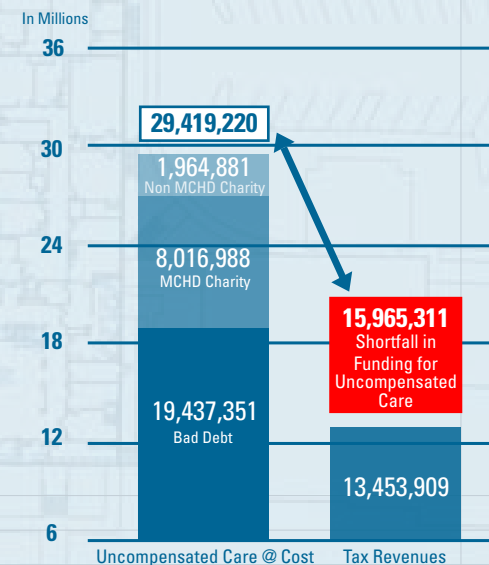
Years ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Net patient care revenues	\$ 165,609,292	155,961,200
Other income	6,607,593	7,883,749
Total revenues	<u>172,216,885</u>	<u>163,844,949</u>
Expenses:		
Salaries and fringe benefits	96,464,273	91,758,774
Supplies	35,893,203	36,773,428
Other	37,431,990	43,980,745
Depreciation and amortization	12,849,200	12,877,352
Total expenses	<u>182,638,666</u>	<u>185,390,299</u>
Income (loss) from operations	<u>(10,421,781)</u>	<u>(21,545,350)</u>
Other nonoperating income and expense:		
Ad valorem tax support	13,453,909	13,171,728
Investment income	172,655	1,186,779
Other non operating income (loss)	191,635	0
Regional Upper Payment Limit Contributions	(7,892,808)	(2,825,557)
Interest on long-term debt	(3,198,555)	(3,419,677)
Unrealized gain (loss) on swap agreement	(878,436)	(643,073)
Total other nonoperating income(loss)	<u>1,848,400</u>	<u>7,470,200</u>
Income (loss) before capital contributions	<u>(8,573,381)</u>	<u>(14,075,150)</u>
Contributions restricted for capital purposes	18,703,313	3,152,311
Change in net assets	<u>10,129,932</u>	<u>(10,922,839)</u>
Net assets:		
Net assets – beginning of year	100,404,452	111,327,291
Net assets – end of year	<u>\$ 110,534,384</u>	<u>100,404,452</u>

UNCOMPENSATED CARE
 (Gross)

	FY 2009	FY 2008
MCHD Charity Care	8,491,654	6,691,650
All Other (Bad Debt & Charity Care)	42,317,391	41,960,427
Total Uncompensated Care	<u>50,809,045</u>	<u>48,652,077</u>
Ad Valorem Tax Support	<u>13,453,909</u>	<u>13,171,728</u>
Net Uncompensated Care	<u>37,355,136</u>	<u>35,480,349</u>

Midland County Hospital District
**SUMMARY OF OBLIGATIONS
 FOR TAX SUPPORT**
 FY2009





midland
memorial
hospital

