



Treating people.

2007 Annual Report

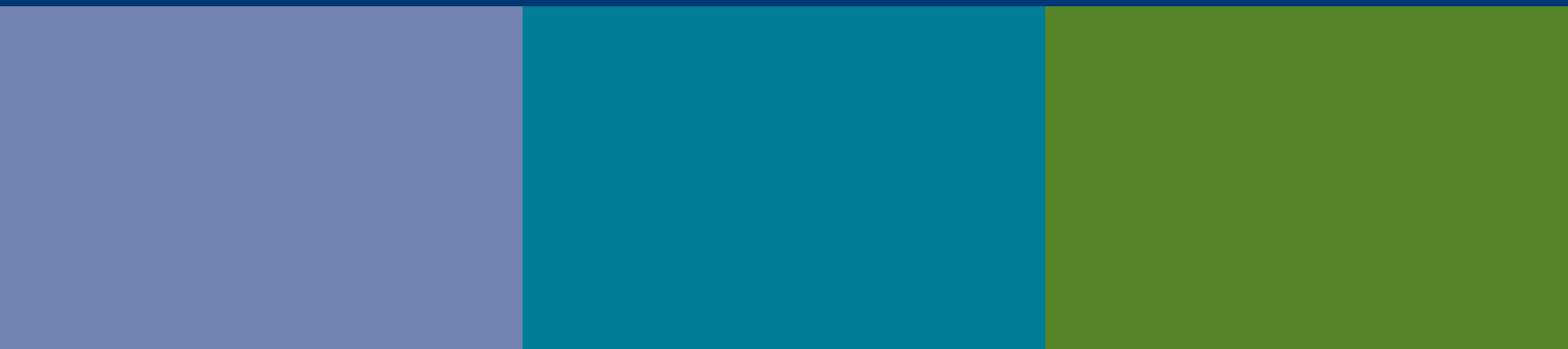


The Saint Vincent Mission.

Inspired by the Sisters of St. Joseph of northwestern Pennsylvania, Saint Vincent Health System is a community of caregivers dedicated to bringing God's healing love to all, and committed to compassion and excellence in the delivery of a continuum of holistic care.

The Saint Vincent Vision.

Saint Vincent Health System will be the best place to get care, the best place to give care and the place where all people come first.



Fiscal 2007 was an abundant year for Saint Vincent.

Our stroke program earned the Gold Seal of Approval™ from The Joint Commission for Primary Stroke Centers. Our Cancer Care Center achieved accreditation. We have a new, modern medical office building that accommodates many of our outpatient cardiac services as well as physician practices, and we have a new parking ramp on our campus. We introduced mobile technology to help physicians at rural hospitals pinpoint heart disease, and we celebrated the 20-year anniversary of Erie's first and busiest outpatient surgical facility—the Saint Vincent Surgery Center. We are also very proud to report that heart attack care at Saint Vincent ranks among the very best in the nation. That's according to the Centers for Medicare and Medicaid Services.

Behind the high quality care statistics, the advanced technology and the groundbreaking innovations is the heart and soul of Saint Vincent—our associates, leaders, volunteers and physicians.

From the associate who drops what he is doing to deliver important medical supplies to a nursing unit, to the pharmacist who has found a way to improve the efficiency of the medication delivery process, to the nurses and physicians who provide highly skilled care, the members of the Saint Vincent family are special people. What makes them special is their steadfast drive to constantly look for new, better, more efficient ways to care, to heal and to save more lives than ever before. They are the reason why Saint Vincent is a high-performance health system.

That drive continues to translate into successes in the quality arena for Saint Vincent. In this, our 2007 annual report, we

introduce you to some of the key individuals who make Saint Vincent tick, and how their commitment and contributions to our mission make Saint Vincent your clear choice for immediate heart attack and stroke care, comprehensive cancer services and other important health care services. At Saint Vincent, you and your family receive the kind of care that hospitals and health systems throughout the United States strive to deliver.

We are proud to be one of our nation's high-performance health systems, and we are proud to share our expertise with you.

Sincerely,

SAINT VINCENT HEALTH SYSTEM

Kenneth Chinsky, M.D.
Medical Staff Chair

John J. Brinling Jr.
Board Chairman

C. Angela Bontempo, FACHE
President and CEO



Knowing How to Deliver High Quality Health Care.

The study results speak for themselves: When health care providers use nationally proven treatment methods, quality is better, and costs are lower.

These nationally proven processes are known in the industry as evidence-based practices. While other U.S. hospitals have only recently adopted these practices, Saint Vincent physicians and nurses have been incorporating them into the care they deliver since the early '90s. Constant health care quality improvement is all of our responsibility. With the legacy of the Sisters of Saint Joseph as our foundation, our board of trustees has mandated our management team to ensure that our patients receive the highest quality care possible. Saint Vincent leadership, together with associates and physicians, have developed and implemented a high performance, quality improvement program that has earned Saint Vincent national distinction. In fact, the Centers for Medicare and Medicaid Services (CMS) and Premier Inc. have asked Saint Vincent quality specialists to host an open house to teach representatives from hospitals throughout the United States about our innovative processes that have led to our successes in the quality arena.

To test our ongoing progress, we voluntarily report our data to such organizations as CMS, the Pennsylvania Health Care Cost Containment Council and Highmark Blue Cross Blue Shield to see how our quality measures up against other U.S. hospitals. More importantly, these unbiased, valid, public reporting sources are respected throughout the health care industry and help us maintain our transparency for consumers by making our quality-of-care statistics readily available to all via the Web. We strongly believe in this practice because these are the sources that provide you with objective, validated information to make decisions about where to seek care.

We invite you to review the following information from fiscal year 2007 and to visit our Web site at www.saintvincenthealth.com/quality. When you do, you will see why Saint Vincent is your choice for high-performance care.

Among the Nation's Very Best for Heart Attack Care

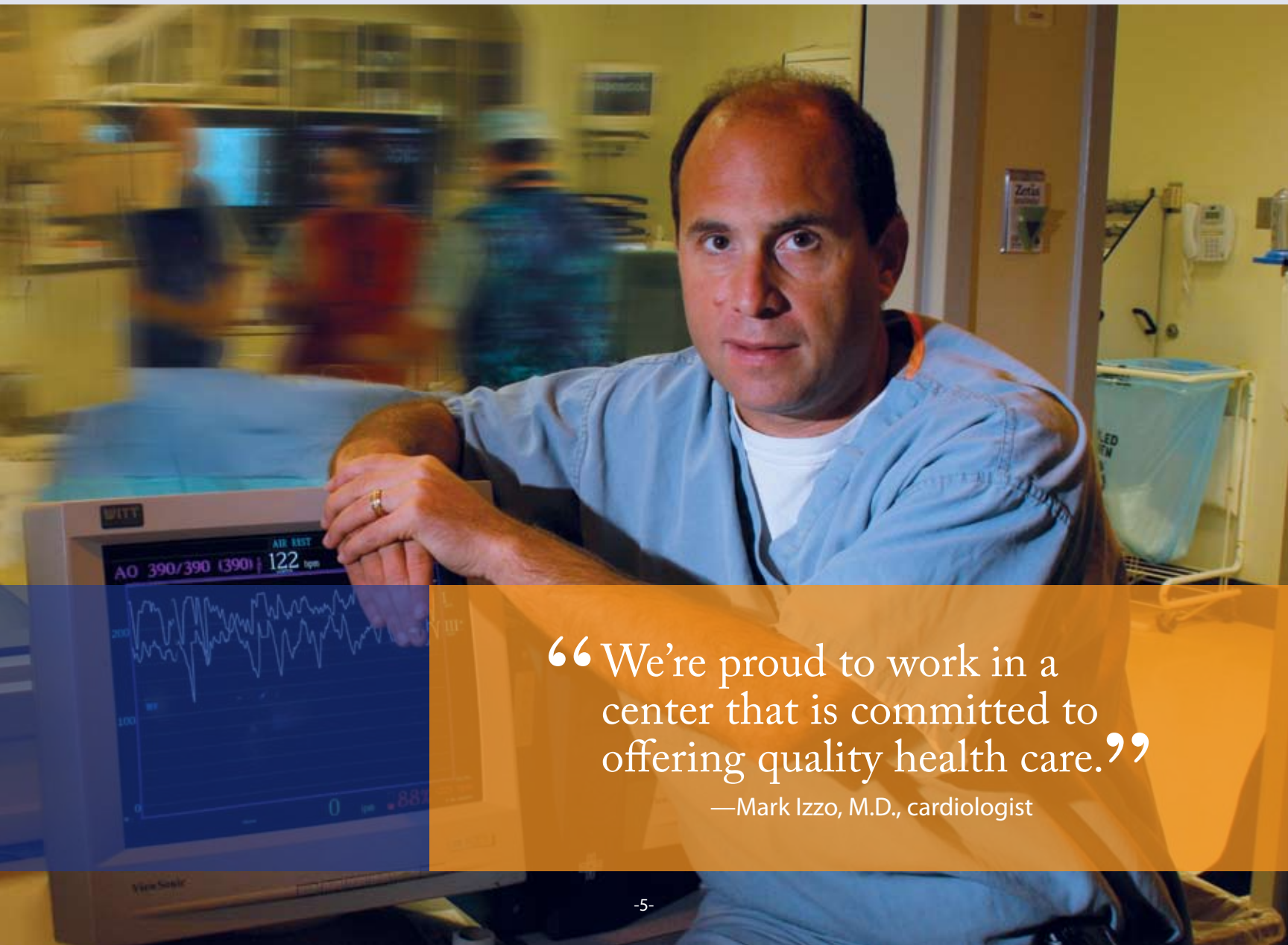
When it comes to heart attack care, Saint Vincent is among the very best hospitals in the country and the best hospital in the region, according to CMS. In fact, Saint Vincent scored a perfect 100 percent on five quality-of-care measures for heart attack care. For more information, visit the CMS consumer Web site Hospital Compare at www.hospitalcompare.hhs.gov.



Saint Vincent Ranks as a Top Hospital in the Nation for Heart Attack Care

Top Hospitals	Average for all hospitals reporting	Saint Vincent Health Center	
100%	93%	99%	Heart attack patients given ACE inhibitor or ARB for left ventricular systolic dysfunction—medicines that can reduce the risk of death from future heart attacks.
100%	87%	100%	Heart attack patients given beta blocker at arrival—which can relieve stress on the heart.
100%	93%	100%	Heart attack patients given aspirin at arrival—which may help reduce the severity of a heart attack.
100%	90%	100%	Heart attack patients given aspirin at discharge—continued use of aspirin may help reduce the risk of another attack.
100%	90%	100%	Heart attack patients given beta blocker at discharge—which can help prevent another heart attack.
100%	89%	100%	Heart attack patients given smoking cessation advice/counseling—quitting smoking may help prevent another heart attack.
88%	55%	89%	Heart attack patients given PCI (angioplasty) within 90 minutes of arrival—which may help prevent further heart muscle damage.

The rates displayed in this table are from the Centers for Medicare and Medicaid Services data reported for discharges January 2006 through December 2006 (the most recent data available).



“We’re proud to work in a center that is committed to offering quality health care.”

—Mark Izzo, M.D., cardiologist

Saint Vincent Patients Receive the Right Care at the Right Time

Heart attack, heart failure, pneumonia, total joint surgery and coronary artery bypass patients at the more than 260 U.S. hospitals that participate in the CMS/Premier Hospital Quality Incentive Demonstration Project live longer and can count on higher quality care than patients at hospitals that are not involved in such pay-for-performance studies. Only 3.5 percent of our nation's hospitals participate in this important, life-changing project, and Saint Vincent is proud to be one of them.

Saint Vincent has been and continues to be a voluntary participant in this national project and has ranked among the study's top hospitals for the project's three-year duration. Study results also indicate that Saint Vincent and other participating U.S. hospitals have raised overall health care quality by 11.8 percent in two years, based on delivery of 30 nationally standardized care measures to heart attack, heart failure, pneumonia, total joint surgery and coronary artery bypass patients.

CMS and Premier Inc. recognize Saint Vincent for a number of key contributions to the study. In November, representatives from hospitals throughout the United States will come to Saint Vincent to meet with our quality specialists and see our unique processes that have led to our high performance.

Dramatically Reducing Central Line Infections

Saint Vincent Infection Control associates and physicians continue to reduce hospital-acquired infections. Thanks to considerable team efforts, central line infection cases dropped by 88 percent between 2000 and 2006. Saint Vincent's low rate of infection ranks among the best in the nation, according to

Highmark Blue Cross Blue Shield. Other major efforts are now under way to reduce surgical site and methicillin-resistant Staphylococcus aureus infections.

Exceeding National Standards

Saint Vincent offers care that ranks above the national average for heart attack, congestive heart failure and pneumonia patients, according to The Joint Commission's consumer-friendly Web site, www.qualitycheck.org. The Joint Commission evaluates and accredits nearly 15,000 health care organizations and programs in the United States, including Saint Vincent. An independent, not-for-profit organization, The Joint Commission is the nation's predominant standards-setting and accrediting body in health care. Visit the Quality Check Web site, and you will find that Saint Vincent exceeds the national average for all three Joint Commission measures.

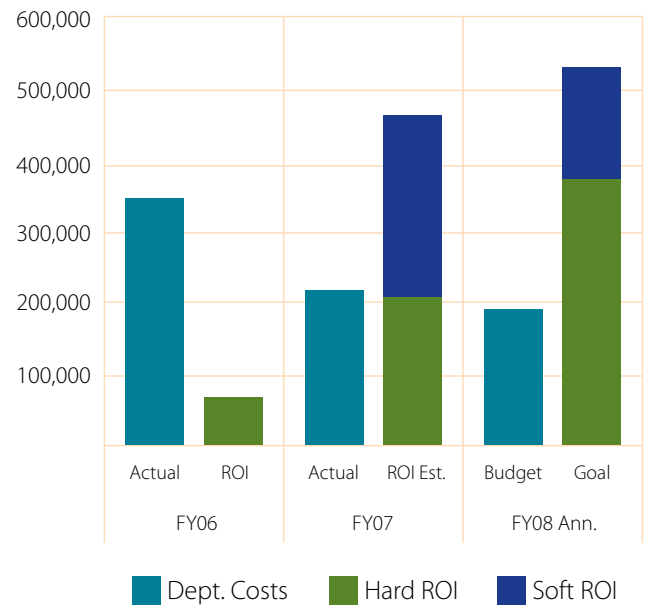
Improving Quality and Service the Lean Six Sigma Way

Food and Nutrition associates reduced the average room service meal delivery time by more than 50 percent. Pharmacists now verify urgent medication orders in just over two minutes. Saint Vincent Radiology now receives more referrals from physicians throughout the community because they deliver test results in less than 18 hours on average.

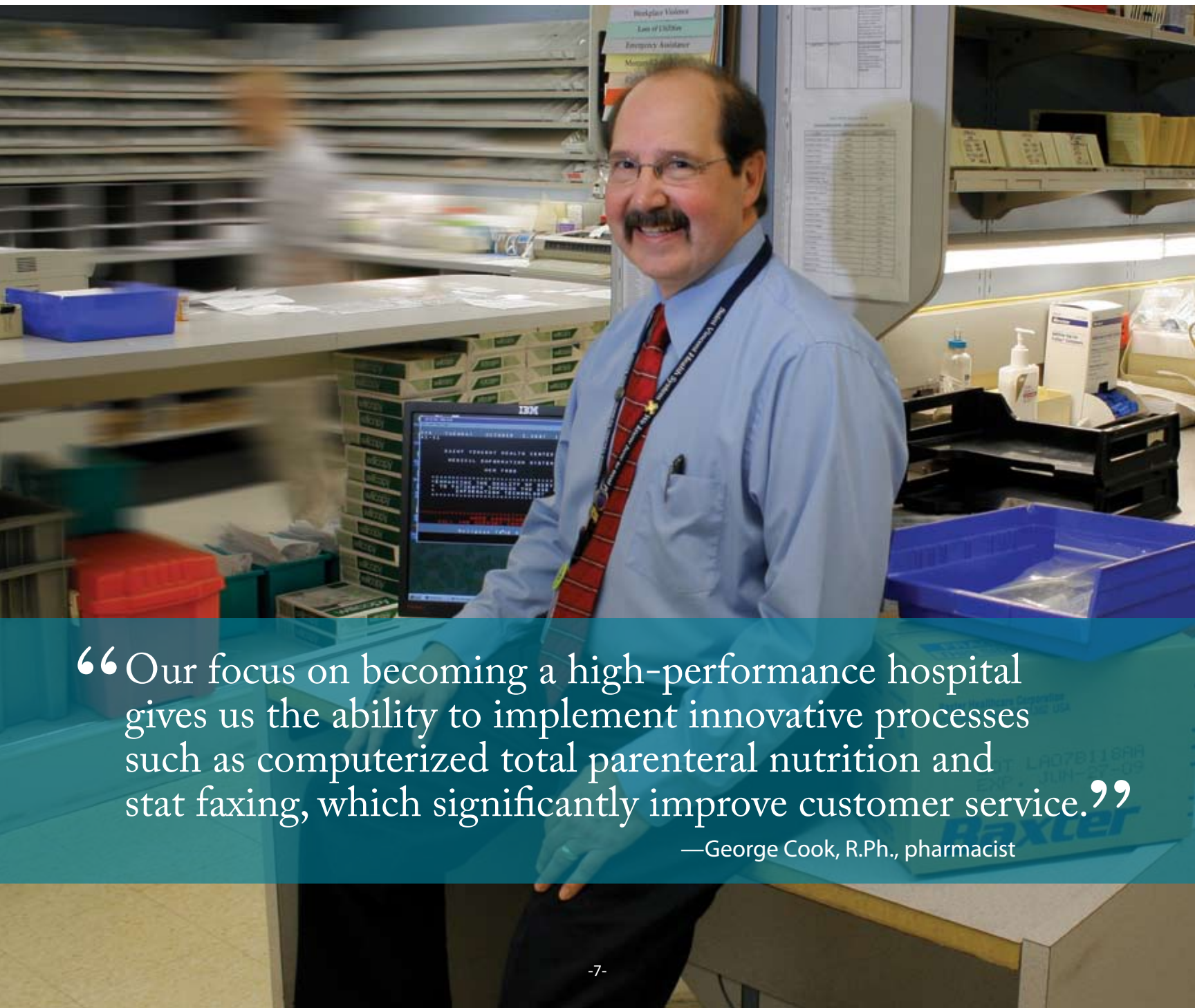
These are just a few of the many successes that the Lean Six Sigma (LSS) approach to quality improvement has brought to Saint Vincent and our patients. A common quality improvement method used in the manufacturing sector, LSS is a relative newcomer to the health care industry, but, at Saint Vincent, it is an important component of our commitment to high-performance care.

LSS is about improving quality, safety, efficiency, processes, service and ultimately a health care organization's bottom line. We introduced LSS as the key quality improvement initiative at Saint Vincent in 2005. Today, Saint Vincent associates, leaders and physicians have successfully completed 41 LSS projects. Another 38 are underway.

In just two short years, Saint Vincent LSS results have generated a \$527,000 return on investment (ROI).



In 2 years, LSS projects have generated ROI of \$527,000.



“Our focus on becoming a high-performance hospital gives us the ability to implement innovative processes such as computerized total parenteral nutrition and stat faxing, which significantly improve customer service.”

—George Cook, R.Ph., pharmacist



“We are a place of hope that has been realized in our community for over 100 years. Who wouldn't want to be part of that?”

—Dennis Rodland, Materials Management Associate

Knowing How to Treat Each Other.

A dedicated fitness facility for associates. On-site educational programs. Holiday package mailing services. Special discounts at area retailers.

These are just a few of the extras that we provide as part of our ongoing efforts to improve the work environment for associates. Our focus is to attract the right people with the right skills, give them opportunities to grow as individuals and professionals, and meet their needs so they will stay with the Saint Vincent family.

Our efforts to build the right culture for our associates have earned Saint Vincent national and statewide recognition as a superior employer. These are just a few of the reasons why Saint Vincent's associate vacancy rate is consistently between 4 percent and 7 percent, well below the national average of 11 percent.

AARP Best Employers for Workers Over 50

Saint Vincent ranks among the likes of S.C. Johnson, Principal Financial Group and Massachusetts General Hospital as a premier employer for individuals ages 50+. Saint Vincent

made its debut on the AARP Best Employers for Workers Over 50 list at number 18, and the Health System is the only company in our region to receive this honor. Similar to the Best Places to Work in PA® application process, associates ages 50+ were selected at random to complete a survey about the benefits and work environment that Saint Vincent provides specifically for them. AARP ranked the Saint Vincent benefit package well above average when compared to all companies of our size and all health care companies.

A “Three-peat” Performance: Best Places to Work in PA® Honors

Saint Vincent is the only health system in our region to receive Best Places to Work in PA honors, and we have done it three years in a row. Most recently, we ranked #12 out of the top 50 large-size companies that were honored.

More than 300 associates were chosen at random to complete Best Places to Work in PA surveys. The positive response from our associates is the primary reason we continue to achieve this distinguished state honor. Keeping our diverse workforce of nearly 3,000 people happy in their work environment is no easy task. It takes a strong commitment to our mission of knowing how to treat people. We look forward to the announcement of our 2007 ranking in November.

2007 HAP Achievement Award

Saint Vincent’s SVAdvantage program, the unique package of associate benefits and compensation combined with our constant commitment to improve the workplace environment for associates, received a statewide award from the Hospital and Healthsystem Association of Pennsylvania for being an innovative, creative best practice.

Among the First AHA Start! Fit-Friendly Companies

Saint Vincent Health System is the only company in Erie County and one of just six in Pennsylvania to be recognized as one of the American Heart Association’s (AHA) first Start! Fit-Friendly companies. The Start! program is a catalyst for positive change in American business. It assists and recognizes companies that demonstrate progressive leadership by making the health and wellness of their employees a priority. The Saint Vincent HealthyU associate health and wellness initiative received gold-level honors from the AHA. Saint Vincent offers associates a dedicated fitness facility, healthy meal choices in the Saint Vincent Dining Room, an annual corporate team fitness challenge and a host of talks on important health topics.

Quarter Century Club Receives State Honors

Saint Vincent Health System received the Society of Healthcare Human Resources Professionals of Pennsylvania 2007 Outstanding Human Resources Practice Award for its Quarter Century Club (QCC) program submission. The purpose of the award is to recognize members of the society that have initiated innovative approaches to human resources programs. Made up of associates who have given 25+ years of service to the Saint Vincent mission, the QCC was developed to acknowledge, energize and reward long-term associates.

Knowing How to Provide the Right Technology and Innovation.

Cancer Care Center Earns Accreditation

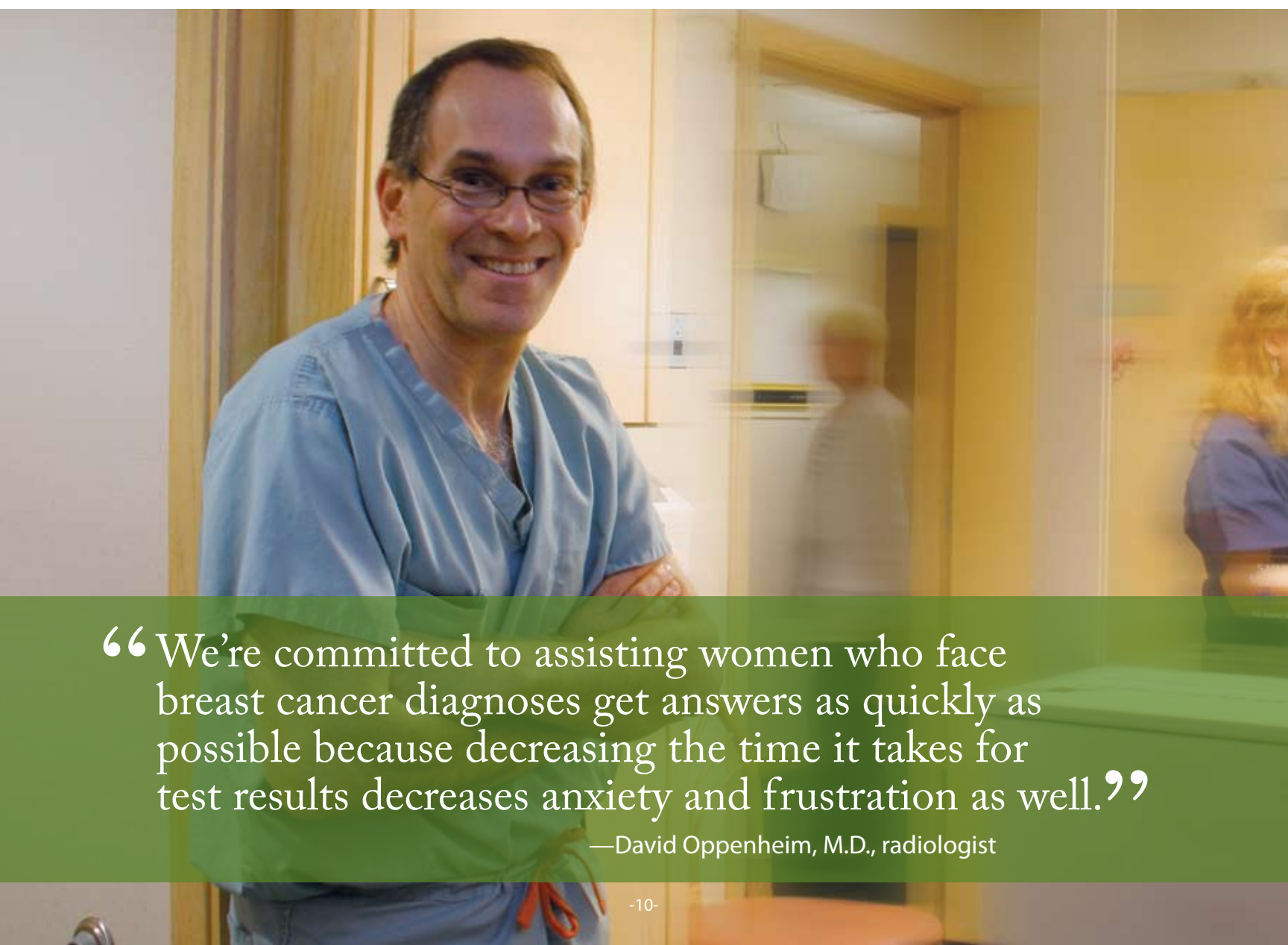
Saint Vincent Cancer Care Center associates and physicians recently celebrated the center's full accreditation, which they earned from the Commission on Cancer of the American College of Surgeons. They received a certificate of approval with special commendations in a number of areas, including prevention and early detection of cancer and cancer-related improvements.

Saint Vincent, the region's leading provider of comprehensive cancer services and home to the region's only surgical oncologist, offers technology and innovations to help patients battle and cope with cancer before and after it strikes. In addition, the Saint Vincent Cancer Care Center also has the

highest number of certified oncology nurses in the region. Some of the services provided by the Saint Vincent Cancer Care Center include:

R2 ImageChecker®—Computer-aided technology to detect breast cancer up to two years earlier than conventional methods.

Streamlined Results of Breast Diagnostics—Because no woman should have to wait, the Saint Vincent Women's Center now reports mammography results to the referring physician within 24 hours, and minimally invasive biopsy and surgery, if needed, is performed within two weeks.

A photograph of a male radiologist with glasses, wearing light blue scrubs, smiling warmly. He is standing in a hospital hallway with other people blurred in the background. A green semi-transparent banner is overlaid at the bottom of the image, containing a quote and the radiologist's name.

“We're committed to assisting women who face breast cancer diagnoses get answers as quickly as possible because decreasing the time it takes for test results decreases anxiety and frustration as well.”

—David Oppenheim, M.D., radiologist

Brachytherapy and Cryosurgery—Revolutionary treatments to eradicate prostate cancer.

Gamma Knife—Minimally invasive brain surgery without using a scalpel.

Palliative Care—A dedicated palliative care team to help patients and their families deal with the discomforts and emotional difficulties associated with the disease.

Oncology Nurse Navigator—A dedicated surgical oncology nurse who personally assists cancer patients and their families with scheduling appointments and accessing services, and acts as a patient advocate to ensure each patient's unique needs are met throughout the entire continuum of care, even after discharge.



High Performance Cures for Atrial Fibrillation

Atrial fibrillation (AF), a disorder that affects 3 million Americans, is the most common, serious heart rhythm disturbance. When AF occurs, the two top chambers of the heart quiver, causing the heart to beat rapidly and irregularly. If the blood in these chambers pools or clots, a stroke can result. In fact, about 15 percent of all strokes occur in people with AF.

While medications are available at many facilities to treat the symptoms of AF, the Saint Vincent Heart Center was the region's first source for a cure. That cure is called atrial fibrillation ablation. There are two types of atrial fibrillation ablation. One is a minimally invasive procedure that involves the use of a catheter, and the other is a minimally invasive surgical procedure. The physician chooses the method that is right for each patient. Both procedures involve the use of radiofrequency ablation to eliminate the cardiac "short circuits" that cause AF. Approximately 70 percent of patients enjoy long-term freedom from AF. AF ablation may also eliminate the need for a lifetime of medications and blood thinners for many patients.

Expanded Service for the CHF Patient

Congestive heart failure (CHF) is a clinical syndrome caused by the heart's inability to pump enough blood throughout the body. Many health issues, such as diabetes, lung disease and heart disease, can lead to CHF.

CHF patients at Saint Vincent receive specialized medical treatment in an area of the Heart Center specifically dedicated to their needs. Specially trained nurses administer CHF treatment and stay in constant contact with patients to ensure they receive the care they need. The coordinated care they provide has become well known among patients and providers alike. It is so well known that the Saint Vincent CHF Clinic will soon expand the availability of services from three days to four days a week to better accommodate growing patient volumes.

Most Advanced Stroke Care in the Region

When a stroke occurs, medical intervention must be administered within the first six to eight hours in order for a person to have a chance at full recovery. Saint Vincent is one of a few select hospitals in the country, and the only one in our region, to install the Philips Flat Panel Digital Biplane Technology for Neurosciences. This technology enables us to stop some strokes in their tracks while they are happening and revolutionizes the speed at which stroke treatment can be delivered to patients who come to Saint Vincent from the outer reaches of our region. With the region's only interventional neuroradiologist and a 24/7 Stroke Alert Team, this advanced level of expertise and technology is only available at Saint Vincent.

Saint Vincent Earns Gold Seal of Approval™

When a hospital's use of proven national treatment standards and guidelines and advanced technology significantly improves outcomes for stroke patients, that hospital deserves special recognition. That's why Saint Vincent recently earned the Gold

Seal of Approval™ from The Joint Commission by obtaining Primary Stroke Center certification. Saint Vincent is one of just 18 hospitals in Pennsylvania to achieve this milestone. Our national certification is an important example of Saint Vincent's commitment to providing high-performance care to patients throughout our region.

Baby Boom!

Saint Vincent is, by far, the most preferred hospital for bringing new babies into the world. In fact, last year, 2,126 babies were born at Saint Vincent. This shattered the former all-time record of births set in 1990 and was 800 more than the number of babies born at our closest competitor's facility. Saint Vincent Maternal Child Health is also home to the region's busiest center for neonatal intensive care, which is staffed by an expert team of neonatologists, neonatal nurses, a neonatal nurse practitioner and the area's only neonatal pharmacologist. Together, these experts provide high-performance care for mothers, babies and premature infants that is unmatched in the region.



“We’re proud to receive The Joint Commission’s Gold Seal of Approval by obtaining Primary Stroke Center certification. It shows our commitment to providing the highest standards of care for stroke patients.”

—Melanie Henderson, R.N., Stroke Alert Team

Financial Stewardship.

We are driven by our mission and our constant quality commitment to be prudent stewards of our resources.

Saint Vincent Health System Fiscal 2007 Results (000s omitted)

Revenues	\$291,474
Expenses	<u>290,106</u>
Excess Revenues Over Expenses	\$1,368
Depreciation	12,800
Existing Resources	<u>1,078</u>
Total Cash Available for Investment	<u><u>\$15,246</u></u>

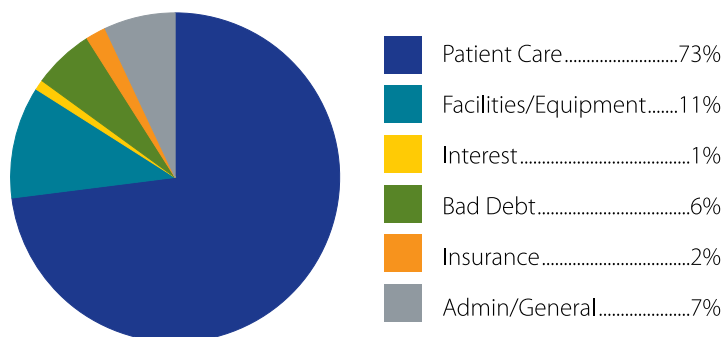
Cash Reinvested into Our Organization to Fulfill Our Mission:

Property, Facility and Equipment	\$12,026
Long-term Debt Reduction	<u>3,220</u>
Total	<u><u>\$15,246</u></u>

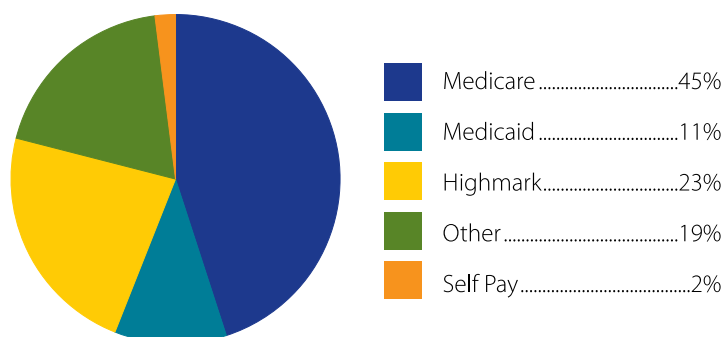
Condensed Balance Sheet at June 30, 2007 (000s omitted)

Cash	\$40,155
Accounts Receivable	28,663
Other Current Assets	10,179
Property and Equipment, Net	133,397
Board, Donor and Bond Indenture Restricted Investments	50,779
Other Assets	<u>41,231</u>
Total Assets	<u><u>\$304,404</u></u>
Current Liabilities	\$55,560
Long-term Debt	102,883
Other Liabilities	38,675
Net Community Assets	<u>107,286</u>
Total Liabilities and Net Community Assets	<u><u>\$304,404</u></u>

Saint Vincent Health System Operating Expenses



Saint Vincent Health System Sources of Operating Revenue



The Regional Economic Impact of Saint Vincent Health System

Saint Vincent Health System has a significantly positive impact on our region's economy. In terms of salaries paid to Saint Vincent's 2,892 full-time associates and dollars spent within our region to maintain our mission, Saint Vincent has a \$462 million economic impact.

Direct Effect Saint Vincent Health System*	Ripple Effect on Region's Economy**	Total Benefit
\$273 million	\$189 million	\$462 million

*Total spending less bad debt.

**Based on regional economic multipliers from the Bureau of Economic Analysis, U.S. Department of Commerce, RIMS II multipliers for the Hospital Industry.

Board of Trustees.

Saint Vincent Health Center/ System Board of Trustees

John J. Brinling Jr., *Chairperson*
Tim Shuttleworth, *Vice Chairperson*
Michael Redlawsk, *Treasurer*
Sr. Mary Ellen Dwyer, SSJ, *Secretary*

C. Angela Bontempo, FACHE
Kenneth Chinsky, M.D.
Natalie Dwyer-Haller, Esq.
Antoine Garibaldi, Ph.D.*
David Hazelton*
John Hilbert Sr.
Sr. Carol Morehouse, SSJ
James Rutkowski Jr.
Lorene Schaefer, Esq.
Jeff Szumigale
Mark Webb
Nancy Weissbach, M.D.
Tom Wittmann, M.D.

Saint Vincent Foundation Board of Trustees

Greg Sorce, *Chairperson*
Marne Roche, *Secretary/Treasurer*

Samuel "Pat" Black
C. Angela Bontempo, FACHE
John J. Brinling Jr.
Natalie Dwyer-Haller, Esq.
Stephen Gary
Chester Giermak
Dotty Hanna
Sister Margaret Ann Hardner
William Hilbert Sr.
Edward M. Mead
Susan Moore, M.D.
Jean Craige Pepper
Chris Scott
Jane Theuerkauf



**System board members only*

SAINT
VINCENT

We know how to treat people.™ 

232 West 25 Street Erie, Pennsylvania 16544 814/452-5000 saintvincenthealth.com