

The Changing Face of HEALTHCARE

THE 2006-2007 GEORGIA ALLIANCE OF COMMUNITY HOSPITALS YEAR IN REVIEW



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Letter from the President

Dear Members and Friends,

As traditional financial and operating models crumble under the relentless pressure to do more with less, community hospitals search for ways to keep up with healthcare's changes and challenges.

Just making it through a year like 2006 qualifies as success. And this edition of the Alliance Annual Review celebrates the efforts of all of Georgia's community hospitals and hospital executives.

But, despite the obstacles, some community hospitals and executives reached particularly high levels of performance in 2006, and we recognize their achievements in these pages. They represent the changing face of healthcare. And they represent community hospitals at their best.

No one exemplified executive excellence like Robert A. Lipson, M.D., the president and CEO of WellStar, who died in November from injuries suffered from a motor vehicle accident.

Dr. Lipson was passionate about his work, his family, his community, his faith and his friends. He practiced as an internist for more than 25 years at WellStar Kennestone Hospital. In 1993 he joined WellStar and started the WellStar Physicians Group, which today has more than 250 physicians and practitioners and a million patient visits annually.

Dr. Lipson became CEO and president in 2002 and the five WellStar hospitals – Kennestone, Cobb, Windy Hill, Douglas and Paulding – rapidly became one of the largest and best systems in the Southeast. Dr. Lipson led initiatives to attract world-class physicians and get state-of-the-art equipment. Under his leadership WellStar created a new cancer program, a women's center, an open-heart surgery program, and built a \$68 million, 84-bed patient care tower.

Many Alliance hospitals perform in ways that would make Dr. Lipson proud. But we focus in this report on the achievements of four – the Alliance Hospitals of the Year. They excelled because of creativity, a willingness to take risks and old-fashioned teamwork. But I think that the ingredient that sets them apart is perseverance: a quality that Newt Gingrich has defined as "the hard work you do after you get tired of doing the hard work you already did."

We also focus in this Annual Report on a pair of issues – Certificate of Need and a statewide trauma system – that test the perseverance of Alliance hospitals. The 2007 General Assembly is expected to make a number of decisions on these issues that will have a dramatic impact on healthcare in Georgia for decades to come.

The Certificate of Need (CON) process is a major stabilizing influence on Georgia's healthcare system. Repealing or weakening CON, as opponents propose, will cause some financially distressed hospitals to close and others to cut back on unprofitable essential services.

We are asking the General Assembly to close several loopholes and generally streamline the regulations. Several pages of this report are devoted to explaining CON and what is at stake.

Another issue expected to get serious attention during the 2007 Legislative Session is a statewide trauma system.

Georgia desperately needs to upgrade funding and the infrastructure for its network of designated trauma centers. Only 15 of the state's 152 acute hospitals are designated trauma centers. We need about twice that number to cover large areas of the state where it is virtually impossible now to get a patient to a trauma center within the "golden hour" so critical to the patient's survival.

The article "700 Reginas" in this report will help you understand the pressures faced by trauma centers – and the potential life-saving benefits of enhancing the system.

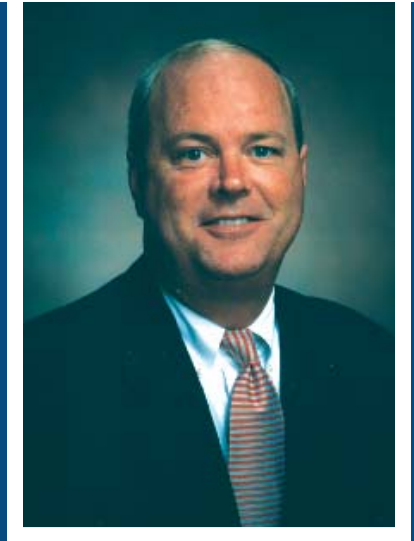
The spirit of Dr. Lipson... the work of our Hospitals of the Year... the campaign to save, strengthen and streamline CON... and the effort to develop a statewide trauma system exemplify how community hospitals and the Alliance are changing the face of healthcare in Georgia.

One thing that won't change, however, is the Alliance's quarter-century-old commitment to advance healthcare policies designed to provide all Georgians with access to quality healthcare at reasonable costs.

Sincerely,



Monty M. Veazey
President, Georgia Alliance of Community Hospitals





Profile: “Hot” Thomas

Occupation: Purveyor of Fine Bar-B-Que, Stroke Survivor and Volunteer for St. Mary’s Health Care System “Stamping Out Stroke” program in Athens, Georgia

Restaurant owner Hot Thomas suffered a serious stroke in April 2006. After spending four days in the St. Mary’s Hospital Critical Care Unit, Hot was transferred to the hospital’s rehab center, where he spent three weeks. Getting over his stroke was a challenging experience for the former Oconee County farmer, but he says his experience in the St. Mary’s rehab center was the only time he ever enjoyed being in a hospital. And he was determined to give back by volunteering for the “Stamping Out Stroke” program.

The Changing Face of HEALTHCARE

GEORGIA'S COMMUNITY HOSPITALS AT THEIR BEST

Despite pressure to do more with less, Georgia's community hospitals survived 2006. Indeed, many excelled by developing new financial and operating models that changed the face of healthcare in our state.

In an effort to eradicate stroke in its service area, St. Mary's Health Care System enlisted someone who could bulldog the cause throughout Athens and 14 surrounding counties.

And for the past three years, Cheryl Holderfield, the hospital's stroke certification coordinator, has done just that.

"St. Mary's is a leader in stamping out stroke," Holderfield says, citing lunch and learns, school visits and quarterly community education programs as examples of St. Mary's prevention efforts.

Holderfield, a registered nurse, also is director of the neuroscience critical care unit at the 196 licensed-bed hospital in Athens. Her "taking it to the streets approach" includes conducting health fairs, hitting shopping malls, and going to factories to hand out literature in English and Spanish to inform Northeast Georgians about stroke prevention and how to recognize the early warning signals.

The hospital's stroke program and other initiatives earned the Georgia Alliance of Community Hospitals' "Hospital of the Year" award in the large hospital category.

"With so many excellent hospitals in this state, being selected as the Large Hospital of the Year is truly a great honor," says St. Mary's President and CEO Tom Fitz. "I'm proud of our dedicated, hard-working employees, medical staff, board members and volunteers. They have a relentless focus on excellence and

quality. We are committed to continuing to raise the bar for healthcare in our region."

St. Mary's also ranked as the number one hospital in Georgia - with a perfect score of 100 - on the Partnership for Health and Accountability's Relative Hospital Quality Index for care delivered in 2005.

This year the hospital opened the region's first inpatient hospice house, to provide care for hospice patients who cannot remain at home.

Yet, stroke remains a key area of emphasis for the hospital. For Holderfield, stroke prevention and care have a personal and professional emphasis. Her father suffered his first stroke while still in his 40s. She often wonders if his stroke might have been prevented, or its effects lessened, with the knowledge that we have today.

In 2003, the Joint Commission certified St. Mary's as a primary stroke center - making it the first hospital in North Georgia (only the second in the state) and one of the first 20 in the nation, to receive such a certification. In August, the hospital was recertified and commended by the Joint Commission for providing top-quality stroke care and offering the region's only inpatient acute rehab center. The Center for Rehabilitative Medicine recently won CARF accreditation for its overall program and its Stroke Specialty Program.

"We have a diverse culture in our community, both young and retirees," Holderfield says. "The key is primary prevention and educating people about lifestyle changes. We can't educate our community enough on the early warning signs or when to call 9-1-1."

With fewer than 2,500 people, Jasper, Georgia may not spring to mind as a hub of medical superiority.

After all, the rural community, which is nestled in the foothills of the Appalachian Mountains, is only 60 miles north of Atlanta - enabling Pickens County residents to hit the Zell Miller Mountain Parkway and drive to the metro Atlanta area for their non-emergency medical care.

And many of them did until Ed Lovern came to town.

But, just as in politics, all healthcare is local, or should be, according to Lovern, the president and Chief Executive Officer of Piedmont Mountainside Hospital.

Lovern was named CEO of the 35-bed hospital in 2004, shortly after Piedmont Healthcare acquired the facility (formerly Mountainside Hospital) from a for-profit health system. When Lovern took over the hospital suffered from an image problem, evidenced by the hospital's anemic market share - in 2002, less than 30 percent.

"Most notable to me, the hospital wasn't being used by residents the way it should be," Lovern said. "People did not want to use the hospital locally, and it was really important to get residents to think differently about the hospital."

The Piedmont brand provided the hospital with an immediate boost. From there, Lovern and his team took several steps to turn Mountainside into one of the best small hospitals in the country.

By early 2005, Mountainside became one of the few hospitals of its size to offer a full-time hospitalist program, in which the hospital employs full-time internists to provide patients with continuity of care throughout their hospital stays.

The hospital also invested \$6.5 million - over a two year period - on new imaging technology, surgical equipment, and information systems. By the middle of 2005, Piedmont Mountainside had the only 16-slice CT scanner in a 40-mile radius. Earlier this year, the hospital opened an Infusion Center and Endoscopy Lab in an adjacent medical building.

While the improvements were essential to the hospital's image redux, much of the success of the extreme makeover can be credited largely to good, old-fashioned customer service, Lovern said, adding that the hospital started working with a consultant to develop customer service initiatives and improve overall performance.

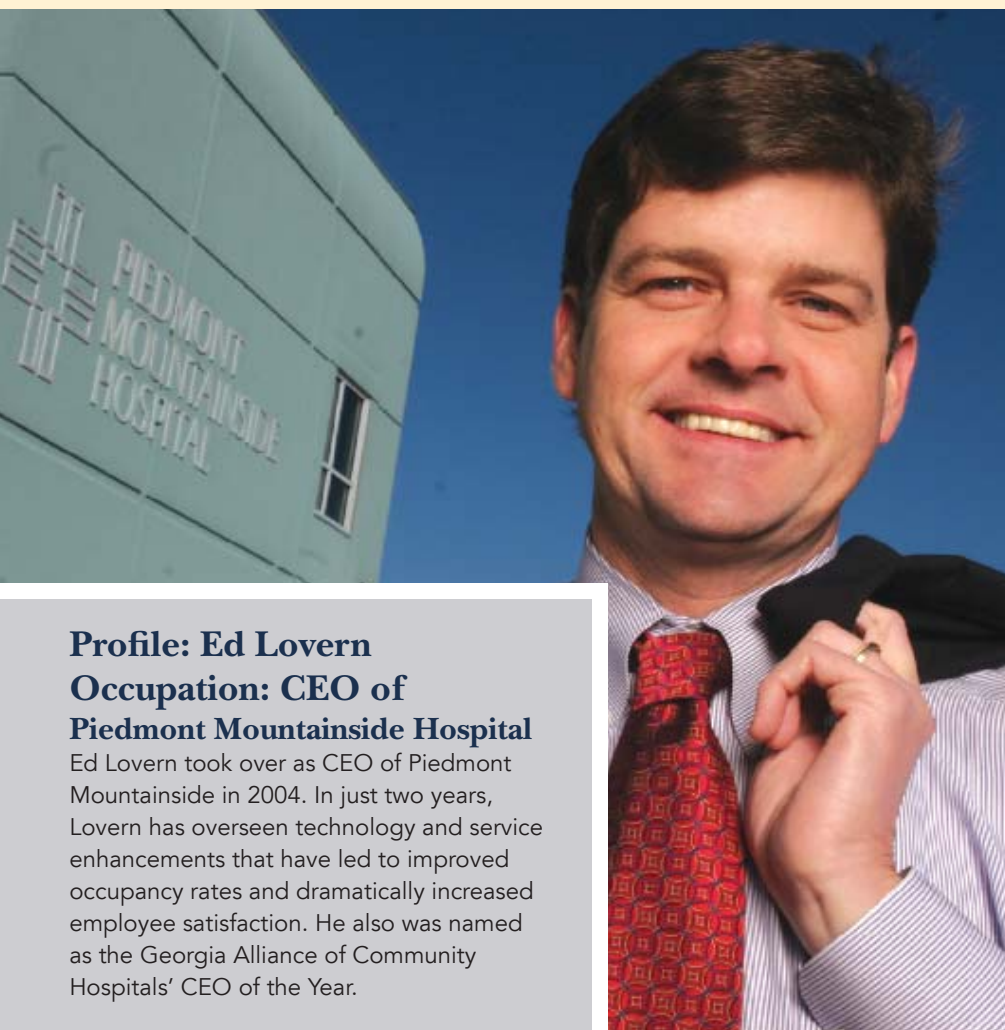
Area residents are noticing. In 2005, market share was slightly more than 40 percent and that figure is expected to be close to 50 percent in 2006.

This year, the Georgia Alliance of Community Hospitals named Piedmont Mountainside as the Hospital of the Year in the Small Hospital category. Lovern also was named the Alliance's CEO of the Year.

"We are following up on issues and doing a much better job of making patients feel good about their experience at Piedmont Mountainside," Lovern said. "Although we are very excited about our recent awards, we realize that we are a work in progress. We are excited about our journey and want to continue to get better and better."

Profile: Ed Lovern Occupation: CEO of Piedmont Mountainside Hospital

Ed Lovern took over as CEO of Piedmont Mountainside in 2004. In just two years, Lovern has overseen technology and service enhancements that have led to improved occupancy rates and dramatically increased employee satisfaction. He also was named as the Georgia Alliance of Community Hospitals' CEO of the Year.



Several years ago, Money Magazine dubbed St. Marys, Georgia as the “Number One Little Boomtown in America,” citing the community’s quaint historic district, recreation parks, and relaxing atmosphere close to the Georgia coast as the cornerstones for the 220-year-old town’s resurgence.

Yet, despite the stately Victorian homes and a thriving tourism industry, St. Marys, in Camden County, is not immune to the rising uninsured population that is impacting the rest of Georgia.

Southeast Georgia Health System is taking a proactive approach to treating indigent patients at its Camden campus, a 40-bed hospital in St. Marys, and helping even more patients pay their medical bills.

Last year, the Camden campus donated medical office suites to the Coastal Medical Access Project (CMAP). The mission of CMAP is to provide free medical care to area residents who are employed, but fall into the growing number of employed Georgians who lack healthcare insurance. To date, the clinic has treated more than 2,000 patients.

The hospital’s Financial Assistance Program is another effective way of reaching out to the community’s uninsured and underinsured population. The program kicks in for patients who are not eligible for Medicaid. The sliding scale payment system allows patients to pay to their ability. In many cases, the hospital is able to write off a patient’s entire hospital bill.

Southeast Georgia Health System rolled out the Financial Assistance Program at its Brunswick and Camden campuses several years ago. The program is funded through the Indigent Care Trust Fund. However, the hospital is taking extra steps to inform Camden County residents, many of whom are new to the area, about the program.

The Georgia Alliance of Community Hospitals recognized the Camden campus for its innovation in treating indigent patients and ability to remain financially strong despite reductions in state funding.

“This is a growing community, so there will always be patients who need help,” said Julie Kroschavage, one of two Southeast Georgia Health System financial counselors. “Our goal has been getting the word out at the Camden campus and informing patients that they have one less thing to worry about when they are sick.”



Profile: Renali Agbayani, M.D.
Occupation: Practicing Physician
& Provider of Free Medical Care

Dr. Renali Agbayani works for Southeast Georgia Physician Associates, the multi-specialty physician practice at the Camden Campus of Southeast Georgia Health System. The hospital partnered with the Coastal Medical Access project (CMAP), a clinic that provides free medical care to employed but uninsured residents in the area.

When it comes to getting routine healthcare screenings, there's truth to the adage that men are from Mars and women are from Venus.

Men, far more than women, are not diagnosed for treatable conditions because they avoid doctors' offices until they're sick. But an outreach program hosted and funded by Phoebe Putney Memorial Hospital is convincing men in Southwest Georgia that health screenings are not just women's business.

Now in its fifth year, Phoebe's annual Father's Day weekend men's health conference - dubbed Healthy Fathers, Healthy Families - features health screenings and physician-led educational workshops. More than 500 men from the Albany area attended the free event this year, says Darrell Sabbs, a community benefits coordinator at Phoebe who also organizes the annual event.

The conference exemplifies Phoebe's efforts to deliver healthcare information to hard-to-reach groups and is one of the reasons the Georgia Alliance of Community Hospitals recognized the 450-bed hospital as one of this year's Hospital of the Year winners.

"When everyone is at the table, we're able to take healthcare delivery outside traditional areas," Sabbs says. "This is important for men who are in crisis because of lack of awareness and cultural behavior patterns at work or home."

Sabbs is particularly proud of Phoebe's efforts to involve area churches in the conference and to spread the word on men's health issues throughout the community. Other community organizations, such as 100 Black Men and Kappa Alpha Psi fraternity, also were involved to ensure participation by African American men who have a greater risk of developing prostate cancer than any other racial group.

The benefits of the conference are obvious - and sometimes immediate.

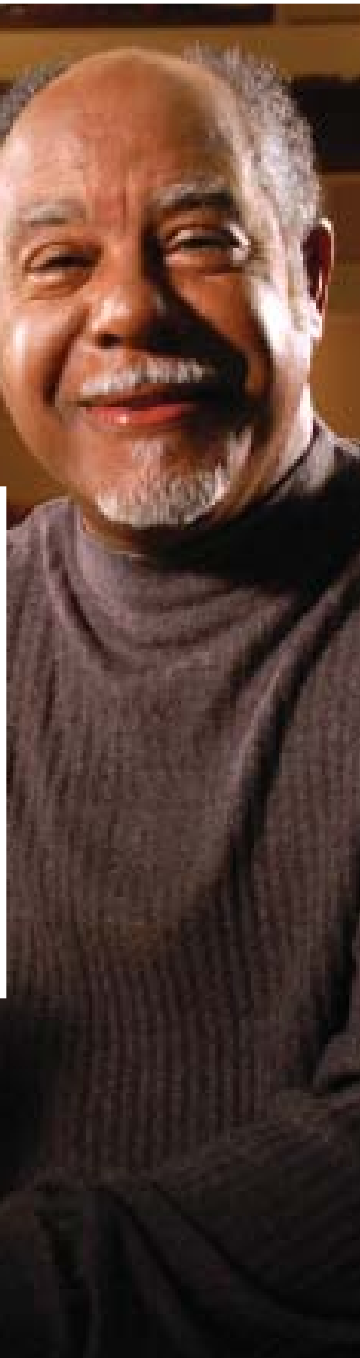
T. Marshall Jones found out that he had cancer because of a screening at the conference. Jones has been cancer free since 2003 and spoke about his experience at this year's conference.

And this year, one man was rushed to the emergency center when his blood pressure screening alerted the staff to imminent danger.

"Simply put, the best way to prevent serious health problems is to take the first step of getting screened and having regular yearly checkups," Sabbs says. "The men's health conferences are removing the barriers to access and providing men with the information they need to take control of their health before it is too late."

Profile: T. Marshall Jones Occupation: Concert Pianist, Cancer Survivor & Spokesman

T. Marshall Jones was a very special guest at this year's *Healthy Fathers, Healthy Families* men's health conference, led by Phoebe Putney Memorial Hospital. Jones who has been free from cancer since 2003, found out about his cancer through a screening at the conference. Now he partners with Phoebe to share his experience with other men at the event that saved his life.

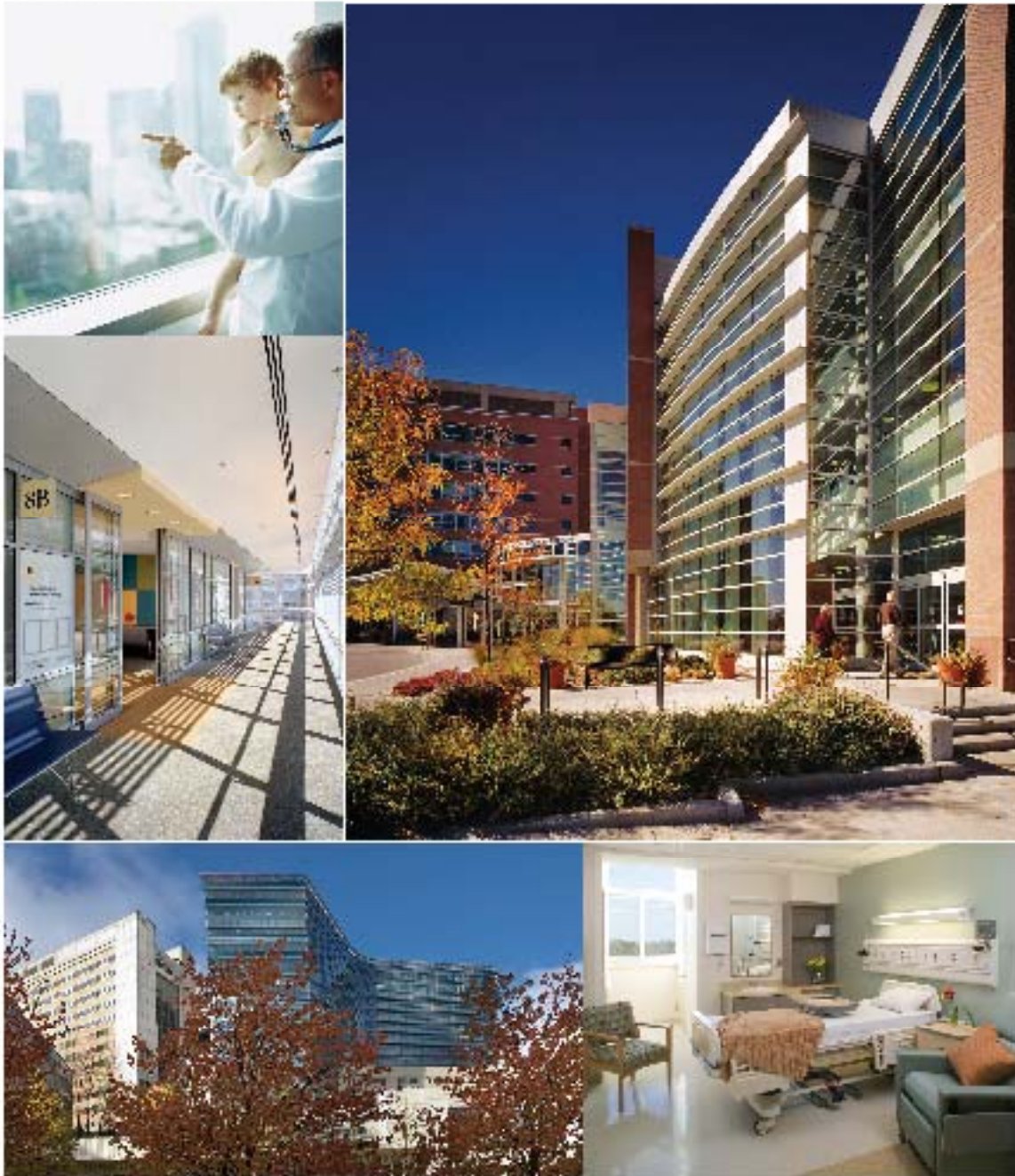


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SAVE GEORGIA HEALTHCARE

WHY GEORGIA NEEDS TO SAVE, STRENGTHEN AND STREAMLINE ITS CERTIFICATE OF NEED (CON) PROGRAM

A Q&A with Kurt Stuenkel

Kurt Stuenkel is co-chairman of Save Georgia Healthcare, a coalition of hospital, physician and business communities working to educate lawmakers about the risks of repealing or weakening the state's CON regulations. He also is the Chairman of the Board of Directors of the Georgia Alliance of Community Hospitals and CEO of Floyd Medical Center in Rome, Georgia.

Q. Let's start with the basics. What is Certificate of Need?

A. Certificate of Need essentially requires healthcare providers to demonstrate need before constructing certain types of medical facilities or providing certain services.

Congress established the CON program in 1968 and it is used in Georgia and 35 other states. Georgia's original CON statute was enacted in 1979. It says that the Georgia Department of Community Health (DCH) must determine that there is a need for the proposed facility or service within a specific health service region. It also requires the provider to commit to a certain level of indigent and charity care, and to agree to submit data to the state to aid in future health planning.

Q. Why is CON important?

A. It helps prevent unnecessary duplication, which drives up healthcare costs. But over the years, CON also has become the key to the financial system that helps hospitals survive and deliver essential services. CON enables "cross-subsidization." That means profitable services – like outpatient surgery – offset unprofitable services – like emergency rooms, trauma services and intensive care units. The system also recognizes that hospitals must serve a sufficient number of commercially insured patients to help pay for services provided to Medicare, Medicaid and uninsured patients.

Q. How has CON performed in Georgia?

A. CON isn't perfect, but it is a rational regulatory system that serves the public interest. It ensures access to care for all, including patients who can't afford to pay. It helps control costs by preventing over-utilization and duplication. It assures that providers perform enough procedures to be proficient. And it contributes to the viability of small, rural hospitals.



"We take care of everybody. Whether they can pay or not... That's what community hospitals do. We need a system that supports us."

*Virginia Curry, RNC-NP
Neighborhood Healthcare Center
The Medical Center of Central Georgia*

What They're Saying About CON

"...if a hospital loses paying patients to a center that's around the corner, that means less revenue to cover the cost of treating patients who can't pay, but that hospitals must treat. The survival of a hospital with large numbers of indigents could be threatened - and indirectly, so could the wallets of taxpayers who may have to cough up more money to pay for indigent care or Medicaid... state lawmakers who may drop a bill into the hopper that changes Georgia's certificate of need law should recall the words commonly (and incorrectly) ascribed to the ancient physician Hippocrates: First, do no harm."

Lawmakers: Do no harm
Editorial, Savannah Morning News
December 14, 2006

"The reason hospitals are extremely concerned about the possibility of CON being dismantled is that private groups would set up outpatient surgical and imaging centers, which would drain many hospitals of their largest means of overcoming deficits created by heavy patient loads that produce reimbursements below actual costs. As the numbers of uninsured Georgians rise — now at 1.7 million — and overall costs of doing business increase for healthcare providers, it's time for legislators to face the fact the current reimbursement model can't be continued."

Fix payment before CON
Editorial, The Albany Herald
November 19, 2006

Q. What would happen if CON were repealed or weakened?

A. It would undermine the financial foundation of our healthcare system. Unneeded limited-service hospitals, ambulatory surgery centers (ASCs) and imaging centers would open and compete with full-service hospitals in the most profitable specialties like heart, orthopedic and cancer care.

The physician-owned centers would profit at the expense of full-service community hospitals. Several studies have concluded that physician owners "cherry pick" the healthiest patients with the most generous insurance to refer to their own facilities and refer the sickest, poorly insured and uninsured patients to community hospitals.

Hospitals must provide service, whether we get paid or not, and our financial burden will grow if revenue from profitable specialties is siphoned. Hospitals are the safety net for millions of Georgians. We provide 24-7 emergency services, trauma services, neonatal intensive care services, and the most complex surgical services, usually at a loss.

Ironically, because of a loophole in Georgia's CON regulations, physician owners treat few Medicaid and uninsured patients. Because Medicaid pays less than cost and the uninsured pay only about 10% of the cost of their care, this puts hospitals at a significant competitive disadvantage.

Q. What would be the potential impact on Floyd and other community hospitals?

A. What will happen is the unnecessary duplication of services.

I think at least one more surgery center would open in our community, further diluting the pool of paying patients. This would be bad public policy. I want to be clear that none of us in the hospital industry are against competition. The issue is that there is not a level playing field. Study after study has shown that costs go up in the absence of CON, more facilities are built, and hospitals have lessened ability to subsidize care for the uninsured and Medicaid. These freestanding facilities do not treat their share of these patients.

One third of the state's hospitals operate in the red. If CON is repealed or weakened, some will find it impossible to survive and others will have to cut some services.

Q. Who is leading the campaign against CON?

A. The Georgia Society of General Surgeons is lobbying for expansion of CON exemptions. General surgeons want to qualify for the loophole that will allow them to open limited-service hospitals, ambulatory surgery centers and imaging centers that perform the most profitable procedures now done in hospitals without the CON requirement to provide indigent and charity care and treat Medicaid patients. They were joined last summer by the Medical Association of Georgia, which has called for the repeal of CON.

Q. What's the basis of their campaign?

A. They argue that CON impedes free-market principles. But healthcare isn't a free market. Hospitals have to provide care, even if they don't get paid for it. And hospitals have to accept

"Clearly the danger of community hospitals being undermined and economically crippled while specialty hospitals realize profits not through greater efficiency and effectiveness (which would be good) but through more clever cherry-picking of low-risk, high-profit cases is a real threat to the integrity of the health system."

**Newt Gingrich, Founder
Center for Health Transformation**

"Healthcare isn't like other businesses. How many other businesses are required by law to give away products and services for free?"

*Thelma Jones, nurse manager
John D. Archbold Memorial Hospital*



Medicare and Medicaid, even though the government doesn't usually pay enough to cover costs.

Q. What is the loophole and why is it a problem?

A. The Georgia General Assembly in 1991 passed a law exempting single-specialty physician-owned ambulatory surgery centers from CON review to make it easier for physicians who performed minor surgery in their offices to qualify for Medicare reimbursement. The ASCs are exempt from CON if the costs of building and equipping the facility fall below a certain threshold. But the loophole resulted in an explosion of physician-owned ASCs – about 250 today – and Georgia now has more ASCs than all but three other states.

Georgia does not classify general surgery as a single specialty for CON-exempt purposes and some general surgeons want to take advantage of this loophole. General surgeons are classified as multi-specialty.

We don't think that general surgeons are treated unfairly because they can't use the same loophole. The problem is that

so many other specialties are able to use the loophole. They do not have to demonstrate need for the services, do not have to accept Medicaid patients or provide indigent or charity care and do not have to report health-planning data to the state.

The physicians are issued a "Letter of Non-Reviewability" (LNR) by DCH. It is essentially a statement by DCH that, based on information provided solely by the physician, the facility is not subject to CON review because the costs fall below the statutory threshold.

Q. Where do most doctors stand on the issue?

A. We don't think this is a fight between physicians and hospitals. Physicians are divided on the issue and most do not have a problem with the CON program. Indeed, physicians of many specialties – for example, emergency room doctors, radiologists, neonatologists, and primary care physicians – support CON.

Q. How could CON be improved?

A. We believe that CON should be strengthened and streamlined by closing several loopholes.

All providers should be required to provide indigent and charity care and participate in the Medicaid program. Federal law requires hospitals – but not physician-owned ASCs – to treat all emergencies, regardless of ability to pay. That creates an uneven playing field.

Exemptions should be eliminated so all new clinical services and facilities are subject to CON review. Current Georgia law exempts some physician-owned ambulatory surgery centers from showing the community needs their services.

All providers should be required to report health-planning data to Georgia's Department of Community Health.

Regulatory provisions related to appeals can be streamlined.

And CON review for certain "non-clinical expenditures" by healthcare facilities, such as parking decks, medical office buildings, cosmetic renovations, information systems and non-clinical physical plant expenditures, should be eliminated.

The History: CON in Georgia

GA enacts original
CON statute.

1979

General Assembly passes a law exempting single-specialty physician-owned ASCs from CON if costs fall below a specified threshold.

1991

GA Court of Appeals rejects general surgery as a CON-exempt specialty.

2002

2004

34% of all GA hospitals have negative total margins – that is, are operating in the red.

2004

GA hospitals incur uncompensated costs of approximately \$880 million for providing services to uninsured, low-income, Medicaid and Medicare patients.

CON Research

Recent research supports the benefits of a strong CON program:

- A 2002 study by William Cleverley, PhD, a healthcare financial consultant and Ohio State University professor, looked at the price differential for inpatient and outpatient care in Georgia, a CON state, and two Sun Belt states, Arizona and Texas, which eliminated CON programs in the 1980s. Georgia, with CON, has substantially lower prices across all charge measures.
- The Big Three automakers reached similar conclusions in 2002. DaimlerChrysler found that the lowest healthcare costs were at its plants in states with CON programs. The highest-cost plants were in non-CON states. Ford Motor Company found the same thing. GM found not only that costs are higher in non-CON states, but they increase faster as well.
- A study from Georgetown University's Public Policy Institute looked at physician-owned limited-service hospitals and ambulatory surgery centers in Oklahoma and Arizona, two non-CON states. It found that the financial incentives linked to ownership caused physician owners to change their practice patterns and that physician self-referral increased utilization and costs to third-party insurers.
- The Medicare Payment Advisory Commission – MedPAC – found that for eight of the ten most common outpatient surgical procedures, Medicare actually paid higher reimbursement rates to free-standing ASCs than to hospital outpatient facilities.
- In a study published in the Journal of the American Medical Association in 2002, University of Iowa researchers reported that hospitals in non-CON states performed far fewer heart-bypass surgeries, on average, than those in CON-regulated states with a 21% higher risk of fatalities at the hospitals in the non-CON states.

About Save Georgia Healthcare

Save Georgia Healthcare is a coalition of Georgia's hospital, physician and business communities working to educate policymakers and lawmakers about the risks of repealing or weakening CON. Founding organizations include the Georgia Alliance of Community Hospitals, Hometown Health, HCA Healthcare, the Georgia Hospital Association, and Tenet Healthcare.

Take the time to consider the facts.

Visit www.SaveGeorgiaHealthcare.org, for more information about CON.



"For some hospitals CON means being able to continue to deliver essential services. For others it is a matter of survival."

Don Campbell, M.D.
Sr. VP of Physician Services
WellStar Health System

2005

According to the Census, GA is among the five states with the biggest increase in the number of uninsured.

GA General Assembly creates the State Commission on the Efficacy of CON to study the benefits or drawbacks of the current law and to make suggestions for changes where needed.

2005

2006

The CON Commission issues report.

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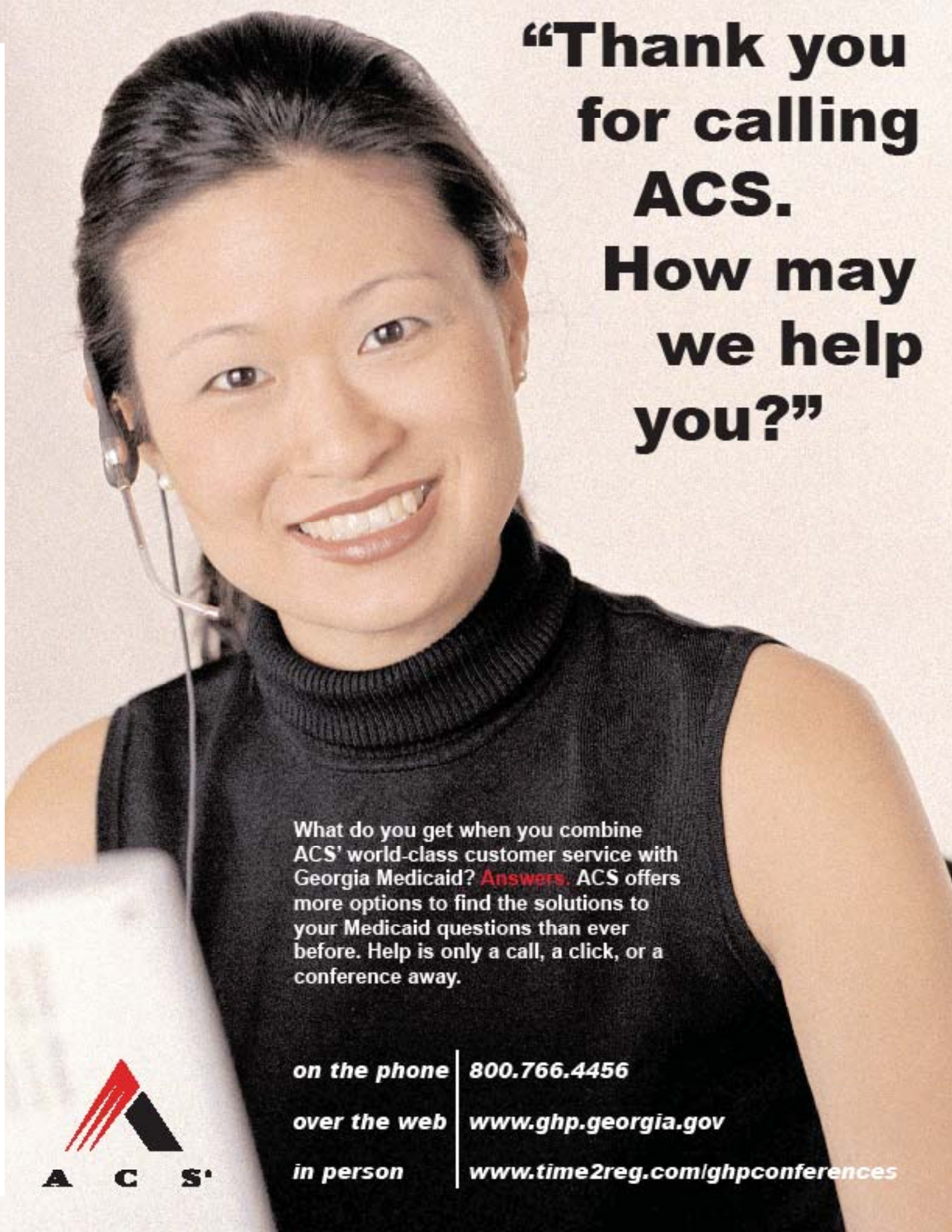
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trauma care saved Regina's life.**

10 A.M., SATURDAY, OCTOBER 9, 2004:

Regina, then 16, was driving her 1992 Infiniti G20 on Harmony Grove Road in Lilburn when she collided head on with a Ford Explorer. Her car did not have air bags.

The EMS response was as fast as Regina, a speedy 4'11" leadoff hitter and outfielder for Parkview High School's softball team. Gwinnett County Rescue Unit #2 rushed her to the Level II trauma center at Gwinnett Medical Center in nearby Lawrenceville.

Just as quickly, surgeon Barry M. Renz, M.D. and the Center's trauma team assessed her injuries. There was damage to the vena cava, the large vein which returns blood to the heart from the head, neck and upper limbs. Two injured kidneys, one of which was eventually removed. A lacerated liver. Shattered ribs. Severely bruised and bleeding lungs. A broken right femur. A brain contusion that caused 19 seizures and raised her temperature to 106.

Regina toughed it out. She scolded her sobbing mother, Debbie Murphy, and sister, Amber. "Shut up," she told them. "I'll be fine."

Renz rushed her to surgery.

"If Gwinnett Medical did not have Dr. Renz and the rest of the trauma specialists, I know that my daughter would not be here today," says Murphy. "He knew what injuries to go after first. Regina came close to death a few times and would have died if not for the care she received."

REGINAS

**UPGRADING GEORGIA'S TRAUMA SYSTEM
COULD SAVE HUNDREDS OF LIVES A YEAR**

SURVIVING TRAUMA MEANS WINNING A RACE AGAINST TIME AND DISTANCE.

Regina Purvis was lucky, in one sense, because the EMS unit responded within minutes and got her to a trauma center within the “golden hour.” A trauma patient’s chances of survival increase dramatically if they receive care within the “golden hour” immediately following injury.

But the EMS response and trauma care that saved Regina is not available to all Georgians.

Not every hospital with an emergency room is a trauma center. In Georgia, only 15 of the state’s 152 acute-care hospitals are. Georgia would need approximately 30 designated trauma centers in strategic locations to adequately address trauma and emergency preparedness needs. Because there are large geographic gaps in the trauma system Georgians in many areas simply do not have fast access to trauma care.

As a result, of the estimated 40,000 cases of major trauma each year in Georgia, only about 10,000 are treated in designated trauma centers. Georgia’s trauma death rate of 62 of every 100,000 people is significantly higher than the national average of 54 per 100,000 because the state does not have an adequate trauma system.

If Georgia’s death rate improved to the national average, it would mean a difference of 712 more lives saved every year.

THE KEYS TO SAVING THOSE LIVES ARE ESTABLISHING AN INTEGRATED TRAUMA INFRASTRUCTURE THROUGHOUT THE STATE, AND EASING THE FINANCIAL BURDEN ON THOSE WHO PROVIDE TRAUMA CARE BUT OFTEN ARE NOT PAID FOR THEIR SERVICES.

State health officials estimate the cost of uncompensated care by hospitals, physicians and EMS providers at about \$250 million a year. Those losses discourage hospitals from adding new trauma centers, and pressure participating hospitals to close their trauma centers.

Gwinnett Medical Center is not immune to the financial pressure, says Deb Battle, trauma program manager and clinical nurse specialist who is the former chairperson of the Georgia Committee for Trauma Excellence (GCTE).

Last year, Gwinnett Medical Center was reimbursed only about one dollar for every four dollars of trauma care it provided, she says. “I look at the numbers and wonder, ‘Can we still do this? Are we at the point of having to be more cognizant of how much it is costing, not just the hospital, but the physicians?’” says Battle.

Shrinking reimbursements, long hours and the stress of trauma care make it harder than ever to find trauma surgeons and physician sub specialists – such as neurosurgeons, orthopedic surgeons, and plastic surgeons – who are willing to take trauma call, says Battle.

“If the funding is right, you can provide care and service,” explains Gwinnett Health System CEO Phil Wolfe. “Physician staffing is probably the most critical factor. You have to have trauma surgeons on duty 24-7 and it is getting



Georgia has only 15 designated trauma centers scattered throughout the state. Large areas of Georgia, as indicated by the clocks on the map, are inadequately served.

TRAUMA CENTERS IN GEORGIA

1. Grady Memorial Health (Atlanta).....Level 1
2. Medical Center of Central Georgia (Macon)Level 1
3. Medical College of Georgia (Augusta).....Level 1
4. Memorial Health University Medical Center (Savannah)Level 1
5. Archbold Memorial Hospital (Thomasville).....Level 2
6. Atlanta Medical Center (Atlanta).....Level 2
7. Children’s Healthcare of Atlanta - Egleston.....Level 2 Pediatric

8. Children’s Healthcare of Atlanta - Scottish Rite.....Level 2 Pediatric
9. Floyd Medical Center (Rome).....Level 2
10. Gwinnett Medical Center (Lawrenceville).....Level 2
11. Hamilton Medical Center (Dalton).....Level 2
12. N. Fulton Regional Hospital (Roswell)Level 2
13. The Medical Center (Columbus).....Level 2
14. DeKalb Medical Center (Decatur).....Level 3
15. Morgan Memorial Hospital (Madison).....Level 4

more and more difficult to find surgeons as well as other specialists. This is not just about funding and adequate reimbursement for hospitals but also for physicians and EMS providers.”

Wolfe says he’s optimistic that Georgia legislators can come up with a solution to adequately fund a statewide trauma system during the 2007 legislative session.

“It is good policy and it’s the right thing to do,” adds Wolfe. “We could have 700 fewer deaths. That’s 700 Reginas whose story might have been different.”

REGINA WAS IN SURGERY FOR TWO HOURS AS RENZ STOPPED THE BLEEDING IN THE VENA CAVA AND LIVER, AND REMOVED A DAMAGED KIDNEY.

Three days later an orthopedic surgeon inserted a titanium rod in her broken right leg. The stress – Renz calls it “second-hit phenomenon” – caused severe respiratory failure. Renz and a pulmonary specialist saved her with a special high-frequency ventilator.

“I see news every day about teenagers in accidents,” says Murphy. “How do you tell a parent that their child is dead because they did not have the doctors or equipment to provide the best care for trauma?”

IF YOU DREW A LINE FROM COLUMBUS THROUGH MACON AND OVER TO SAVANNAH, THE ONLY DESIGNATED TRAUMA CENTER IN GEORGIA BELOW THAT LINE WOULD BE ARCHBOLD MEDICAL CENTER, A LEVEL II FACILITY IN THOMASVILLE.



“We could have 700 fewer deaths. That’s 700 Reginas whose story might have been different.”

Phil Wolfe - CEO, Gwinnett Health System

Ken Beverly, president and CEO of Archbold, has some ideas about how state legislators can help shore up the existing trauma care network and expand it into every region of Georgia.

“We are looking for legislative recognition of the need for a truly coordinated trauma care system in the state,” says Beverly.

While emergency departments in Albany, LaGrange, Statesboro and Waycross treat trauma cases, it is not the same consistently high level of care offered in a designated trauma center, he notes.

“There’s not the 24 hour a day, seven day a week guaranteed coverage of neurosurgery, orthopedics, ophthalmology and other vital services that designation as a trauma center requires,” Beverly says. “On any given day, those hospitals might be on diversion for those specialties, and an ambulance might drive right past them to get to the nearest trauma center in Thomasville or Columbus or Savannah. That stretches our trauma centers, our physicians, our staff and our financial resources pretty thin.”

The long-term solution is a viable, dedicated funding mechanism that offsets the losses. Funding options used in other states with trauma systems typically are based on activities that cause trauma accidents: surcharges on moving violations and DUI convictions, tag taxes for trauma care, a surcharge on gun licenses and gun sales, and an increased fee on liquor licenses.

Beverly suggests other insurance-related options, such as a \$1 surcharge on every insurance policy issued in Georgia and mandatory automobile insurance coverage for traumatic injuries resulting from car accidents.

A year after her accident and three weeks in the ICU, Regina Purvis was honored by Parkview High School softball teammates during Senior Night.



"The bottom line," says Beverly, "is that we need a trauma care system in this state that coordinates all stakeholders, funding to sustain and expand that system, and skilled physicians and healthcare workers to care for their fellow Georgians."

REGINA PURVIS SPENT THREE WEEKS IN THE INTENSIVE CARE UNIT AT GWINNETT MEDICAL CENTER AND 29 DAYS AT THE HOSPITAL BEFORE GOING HOME.

Trauma care helped her get that far. Regina's toughness took over after that.

First there were two months of rehabilitation. By Christmas Eve she was able to deliver cookies and thank-you notes to the staff at Gwinnett Medical Center. By early January 2005 she was back in school, doing homework, lifting weights, exhausted. Soon after

"Nobody had to tell my Mom and Dad that I died, because trauma care saved my life."

Regina Purvis

she started taking batting practice, then running.

In March she started practicing again with her softball travel team. In April she played in a tournament.

She did it all with a titanium rod in her leg. Regina said it was good to play again because she was tired of people treating her like she was hurt.

She played her senior season at Parkview and graduated in May 2006. Regina delayed starting college in fall 2006 to work – and to have the rod removed – but she plans to attend Gwinnett Tech in 2007 and concentrate on marketing management.

She considers herself blessed.

"Nobody had to tell my Mom and Dad that I died, because trauma care saved my life," she says. "If it's the worst thing I have to go through in life, I'll be lucky."

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Remembering Robert A. Lipson, M.D.

It's difficult to fathom the scope of the accomplishments of Robert A. Lipson, M.D., the president and CEO of WellStar, who died November 10, 2006 at age 60 from injuries suffered from a motor vehicle accident. He excelled as a hospital executive, physician, family man, photographer, fisherman and friend. He was a dynamic leader who built WellStar into one of Georgia's largest not-for-profit systems, developed the first physician executive MBA program in Georgia at Kennesaw State University and was appointed by Gov. Sonny Perdue to the board of the State Department of Community Health. Dr. Lipson also was a member of the Board of Directors of the Georgia Alliance of Community Hospitals, and was involved in many other healthcare, educational, civic and religious organizations. We can think of no better tribute than the words of his friends and family during a service held Nov. 13 at the Kennesaw State University Convocation Center.

"Rob served God by serving humanity as a physician, as a builder, as a visionary, who fixed the broken, healed the infirm and raised up those who had fallen. His was indeed a sacred mission... In the workplace Rob got it right, but he also got it right at home. A loving son, a loving husband, father, brother and grandfather. Rob gave love and received it in abundance."

Rabbi Shalom Lewis
Congregation Etz Chaim, Cobb County

"...I've never known anyone more honest, genuine, true, humble, than Rob was. He was my confidant, my counselor... We shared our successes and our failures. Actually I shared my failures: he never had any... He knew that to learn, to educate, were keys to the future. He was always learning new skills, honing the old ones... He was a born leader. He had the ability to see things from other people's perspectives. He could then create visions so clearly that we could all see them... He was our guide to making these visions become reality... He was a passionate man. He had the mind of a scientist, the resolve of a businessman and the soul of an artist."

Gregory L. Simone, M.D.
Vice Chair, WellStar Health System Board of Trustees
Cardiologist, Cardiovascular Medicine, Marietta



Images from left to right: Portrait of Dr. Lipson;
Photography by Dr. Lipson: "Ukraine Market",
"Vanishing Point", and "The Face of South Africa."

"Dr. Lipson's vision was bigger than WellStar. His vision was for an entire community whose citizens took personal responsibility for healthcare. Where there was access to preventive care. Where schools would provide special screenings for at-risk children. Where employers work with their employees on healthy lifestyles and where every aspect of the community works together to create better health ...his vision was bigger than this community. He was recently appointed by the governor to serve on the board of the Department of Community Health. And that's the board that oversees Medicaid funding for all the recipients of Medicaid in the state. He was concerned about healthcare, especially for the least among us ...his vision was bigger than Georgia. He had joined forces with Newt Gingrich and The Center for Healthcare Transformation to work on changing public policy and improving healthcare at a national level."

Marsha Burke
CFO and interim CEO of WellStar

"My father was a giant. All boys think of their fathers as the greatest of men. And then as they become men themselves, they realize otherwise. When I was five my father seemed larger than life. When I was 25, I realized that I had underestimated him. He was actually a force of nature. He was powerful. He was compelling. You could not deviate him from his course. You could only join him and be swept along in the direction that he knew to be correct... He had an amazing gift in leading people. It didn't matter if you were his patient, his employee, his child. He sat you down. He spoke to you and it seemed like you were the only thing in the world that mattered. We would hear all the options and counsel that he offered and then seemingly on our own, choose what he thought was the best course of action. He was always leading us though, steering us to where we needed to go, whether we knew it or not."

Aaron Lipson
Son



"He had the mind of a scientist, the resolve of a businessman and the soul of an artist."

Gregory L. Simone, M.D.

"Long before Rob Lipson was CEO of WellStar, he was a doctor. He was a successful internist... Rob Lipson was a brilliant physician. His patients were cared for as well as anybody could be cared for... They always remained his patients. To this day, when I see patients in practice I run across those who refer to themselves as Dr. Lipson's patient. Rob's been out of practice for over ten years. But they are still his patient."

Robert Jansen, M.D.
Internal medicine, Marietta

"I had heard that seen from above rainbows are actually circles. Three days ago I learned that this was true. I flew here from my home in Boston and from the airplane I saw one of those rainbows, a complete circle of color without beginning and without end... When I went up north to college and to medical school, there wasn't anyone prouder of me than my father. He had more faith in me than anyone else in this world. And I learned from him that you love the people you love so unconditionally that there is no need to ever forgive them even when they leave you too soon. I'm coming back to Georgia next year, whatever it takes... That's because I have family here and I have love here and I have a small niece who needs to hear about her grandfather until she feels like she knows him too... Because if you are ever lucky enough to see a rainbow from above you see that they don't begin and they don't end. They are hope and they are endless."

Rachel Lipson, M.D.
Daughter



28th Annual Conference Awards

CEO of the Year

Ed Lovern - Piedmont Mountainside Hospital

Each year, the Georgia Alliance of Community Hospitals presents the CEO of the Year award to someone who made extraordinary strides and exhibited exceptional achievement within their hospital, health system, and community. Just two years after being named CEO at Piedmont Mountainside Hospital, Ed Lovern won that award. Lovern took his post in August 2004, two months after the hospital was acquired by Piedmont Healthcare. Under Lovern's leadership, the hospital expanded its services to the north Georgia community and saw its inpatient volume increase by 61 percent. In addition, surgeries have increased by 33 percent, and more than 65 physicians, including hospitalists and radiologists, joined the hospital's medical staff.

Legislator of the Year

Representative Ben Harbin

Over the years, the Alliance has honored a wide variety of Georgia House and Senate members who distinguished themselves by focusing on critical healthcare issues and demonstrated an abiding appreciation for the role played by community healthcare systems. This year's winner, Representative Ben Harbin, prides himself on bipartisanship and being able to build relationships across the aisle.

Harbin, a Republican from Evans, represents House District 118. He is the Chairman of the Appropriations Committee of the Georgia House of Representatives. In that capacity, Rep. Harbin has a key role in all state funding, including the state's Medicaid program and issues such as Medicaid Managed Care, Medicaid Modernization, and the Indigent Care Trust Fund.

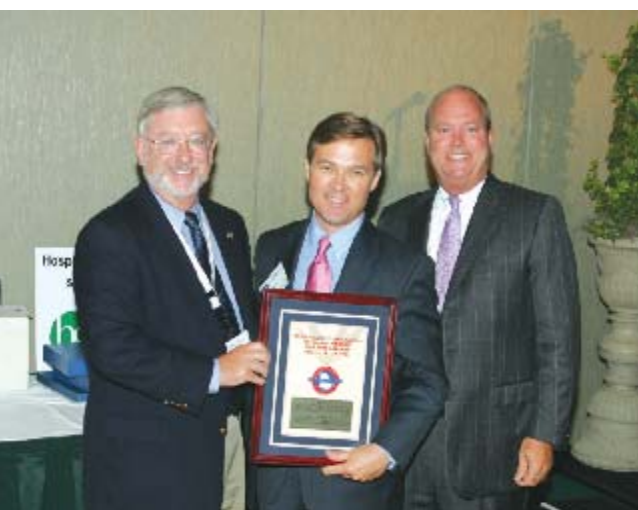
Harbin is involved in various community causes and is a strong supporter of hospitals, including the Medical College of Georgia and University Hospital in Augusta, which are both in his district. He also co-sponsored and was instrumental in passing legislation designed to guarantee treatment for children diagnosed with autism.

AllPAC Contributor Awards

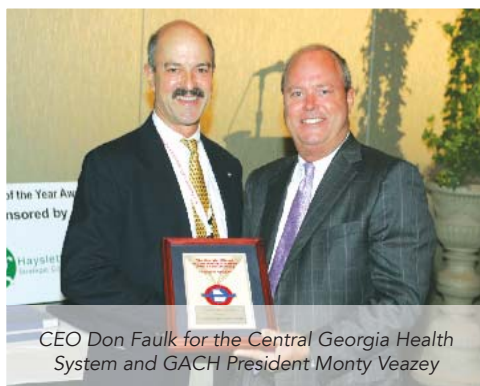
The Top Contributor award goes to Central Georgia Health System for raising the most funds by any hospital to AllPAC - Alliance Political Action Committee. WellStar Health System received the Most Improved Contributor award for improving their funds raised.



CEO of Piedmont Mountainside Hospital Ed Lovern, GACH President Monty Veazey and CEO of Piedmont Hospital Tim Stack.



CEO of University Hospital Larry Read, Representative Ben Harbin and GACH President Monty Veazey



CEO Don Faulk for the Central Georgia Health System and GACH President Monty Veazey



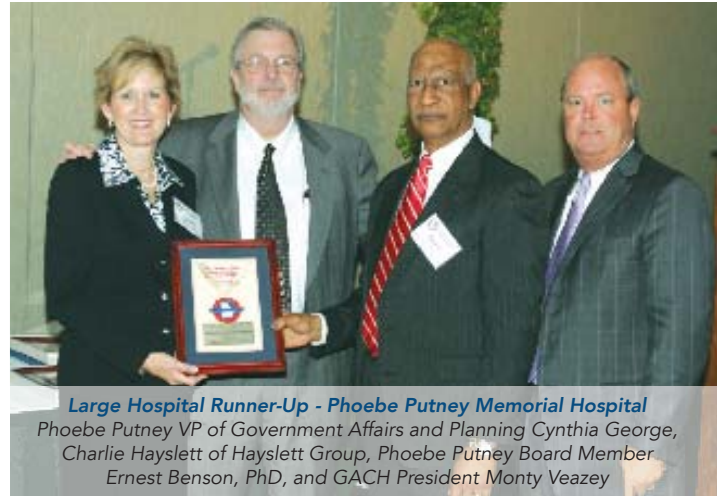
WellStar Senior Executive Kim Menefee and GACH President Monty Veazey

Hospital of the Year



Large Hospital Winner - St. Mary's Health Care System

St. Mary's Vice President of Nursing Services Brenda Dugger, Charlie Hayslett of Hayslett Group and GACH President Monty Veazey



Large Hospital Runner-Up - Phoebe Putney Memorial Hospital

Phoebe Putney VP of Government Affairs and Planning Cynthia George, Charlie Hayslett of Hayslett Group, Phoebe Putney Board Member Ernest Benson, PhD, and GACH President Monty Veazey

Georgia's community hospitals face an incredible array of challenges...

from Medicaid cuts and legislative struggles to nursing shortages and an ever-expanding universe of uninsured patients. With the Georgia Alliance of Community Hospitals' "Hospital of the Year" award, we seek to salute the entire industry for its perseverance in meeting these and other challenges, and particularly, to honor those institutions whose creativity, innovation and effectiveness set new standards of performance and service.

Each year the Hospital of the Year Award is presented to two facilities that have made extraordinary strides and exhibited exceptional achievement within their health system and community. Winners are selected in two categories: Small Hospital (150 licensed beds or less) and Large Hospital (151 licensed beds or more). Hospitals nominated for this award must support direct patient care through improving access for indigent populations, demonstrate support for and from the local community and be innovative in the range of services offered.

The winners shown here and highlighted in the stories on page 2-6 exemplify what the Hospital of the Year award is all about.



Small Runner-Up - Southeast Georgia Health System, Camden Campus

Vice President, Administrator Camden Campus Howard Sepp Jr., Charlie Hayslett of Hayslett Group, GACH President Monty Veazey and President and CEO of Southeast Georgia Health System Gary Colberg



Small Hospital Winner - Piedmont Mountainside Hospital

Front, l-r: VP/CFO Sheryl Klink, CNO/VP of Nursing Services Linda Stead and President/CEO Ed Lovern. Back, l-r: Jay Potter of Jasper Physical Therapy, VP of Operations Mike Robertson, Vice President of Medical Staff Folsom Proctor, MD, GACH President Monty Veazey and Charlie Hayslett of Hayslett Group

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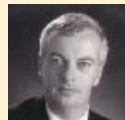
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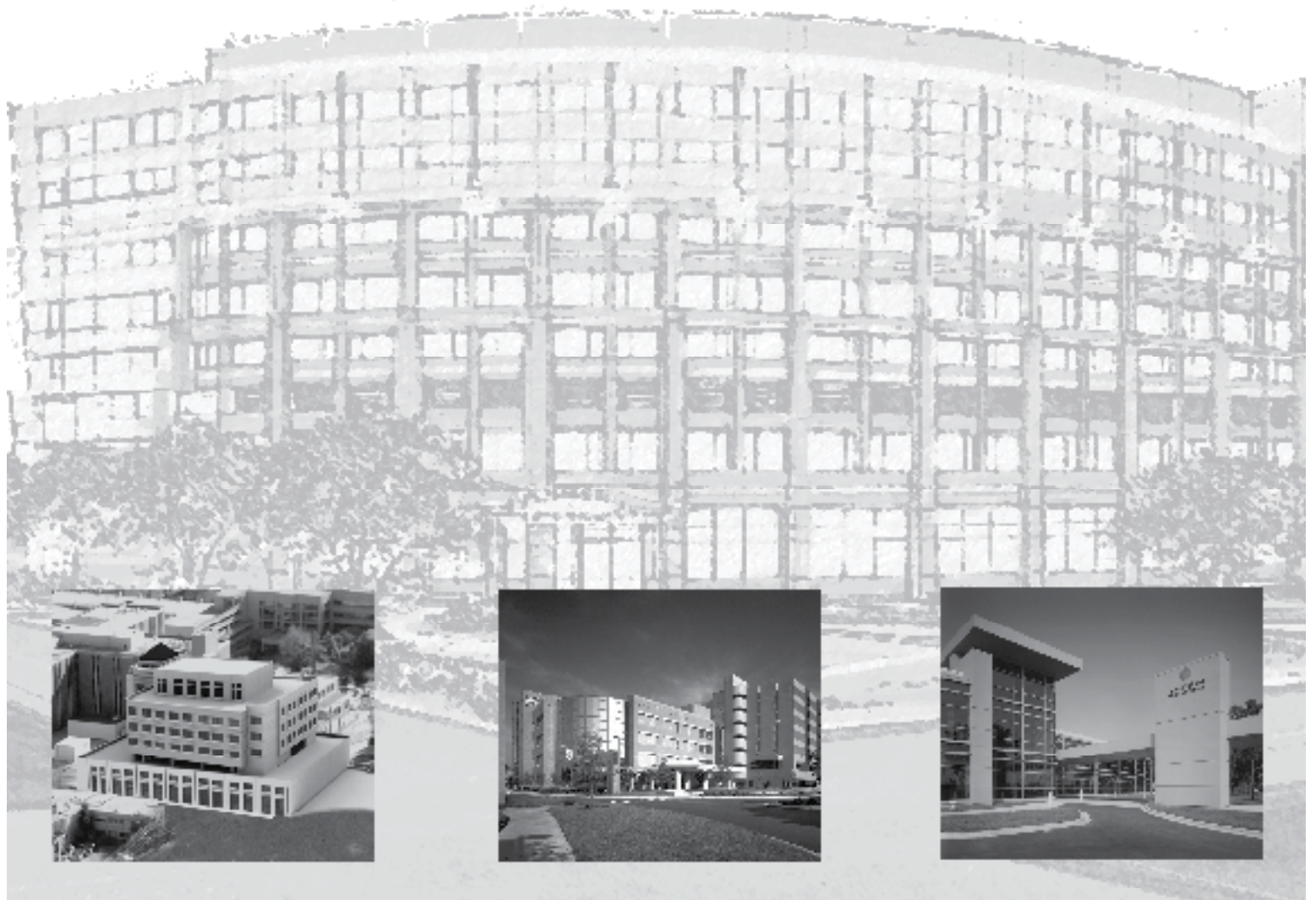
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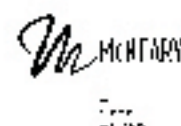


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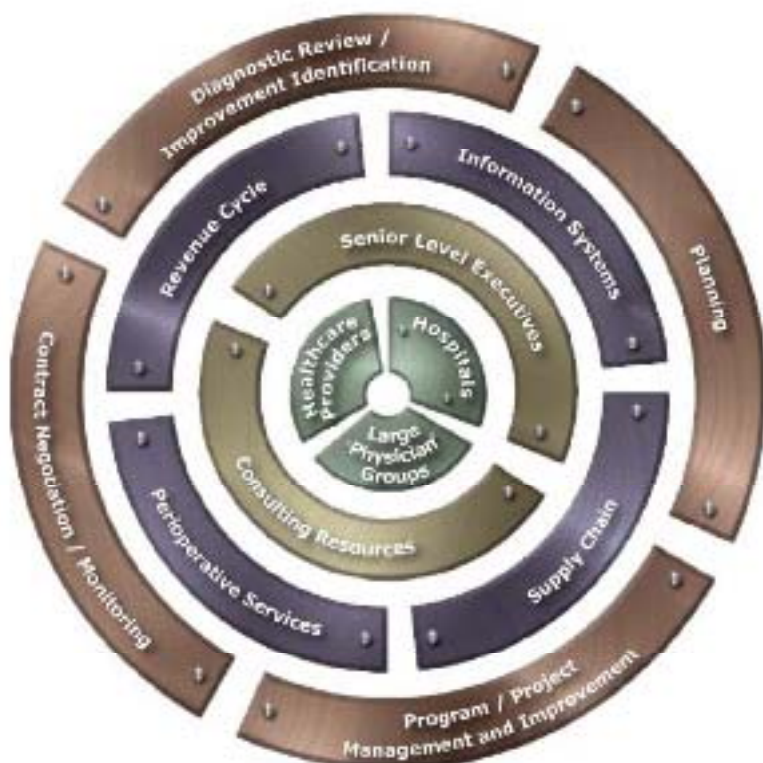


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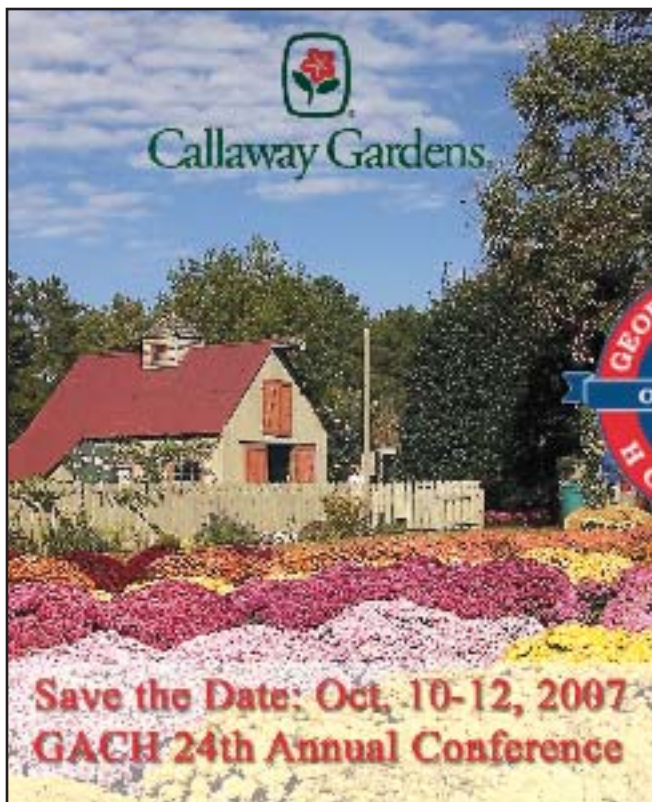
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