



Annual
Report

2013

This report contains financial statement excerpts based on the audited consolidated financial statements of UC Health for the fiscal year ended June 30, 2013. UC Health senior management believes that the financial and operating information contained herein is complete and accurate as of the date of this report. Please contact Rick Hinds, Executive Vice President and Chief Financial Officer at (513) 585-8720 for questions or additional information.

**For the Fiscal
Year Ended
June 30, 2013**

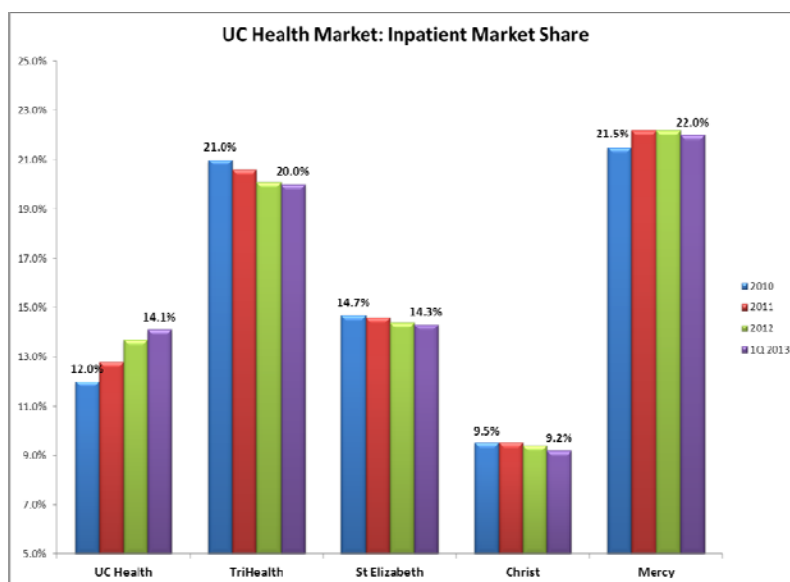
Introduction

UC Health is a physician-led, integrated health system serving primarily Cincinnati and the Ohio, Kentucky, and Indiana Tristate region with national and international referrals for tertiary services. Affiliated with the University of Cincinnati and sponsored by UC Healthcare System, UC Health includes the 726-licensed bed University of Cincinnati Medical Center (UCMC), the largest hospital in Cincinnati and the region's only university-based academic medical center; the 170-licensed bed West Chester Hospital, one of the Region's newest hospitals serving the northern suburbs of Cincinnati; University of Cincinnati Physicians, the University of Cincinnati College of Medicine's multi-specialty physician group; the Daniel Drake Center for Post-Acute Care (Daniel Drake Center), a specialized medical and rehabilitative hospital; and other related facilities and services. (Daniel Drake Center is not a member of the Obligated Group.)

Market Position

UC Health continues its trend of increasing market share faster than any other system in the region from 12.0% in

calendar year 2010 to 13.6% in calendar year 2012. The growth relates both to West Chester Hospital, whose market share increased from 1.7% to 2.8% over the same period, and UCMC which continues to show growth in market share with an increase of 0.5% since calendar year 2010. The table on the following page reflects inpatient discharges and market share for UC Health and its competitors in the Tri-state region. This data,



provided from the Ohio Hospital Association, reflects the market share for certain organizations within UC Health and certain competitors in Southwestern Ohio and Northern Kentucky and is based on the number of patient discharges.

| Greater Cincinnati Health Systems Market Share of Inpatient Discharges Calendar Year 2010 to Calendar Year 2012 | | | | | | | | |
|---|-----------------|--------------|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| | # of Facilities | # of Beds | CY 2010 | | CY 2011 | | CY 2012 | |
| | | | Inpatient Discharges | Inpatient Share | Inpatient Discharges | Inpatient Share | Inpatient Discharges | Inpatient Share |
| UCMC | | 479 | 28,326 | 10.0% | 29,279 | 10.2% | 29,852 | 10.5% |
| WCH | | 162 | 4,752 | 1.7% | 6,347 | 2.2% | 8,042 | 2.8% |
| Daniel Drake Center | | | 1,009 | 0.4% | 1,054 | 0.4% | 757 | 0.3% |
| UC Health | 3 | 641 | 34,087 | 12.0% | 36,680 | 12.8% | 38,651 | 13.6% |
| Mercy Hospital Fairfield | | 206 | 16,941 | 6.0% | 17,594 | 6.2% | 18,191 | 6.4% |
| Mercy Hospital Anderson | | 180 | 12,588 | 4.4% | 13,944 | 4.9% | 14,849 | 5.2% |
| Jewish Hospital | | 209 | 11,263 | 4.0% | 11,168 | 3.9% | 10,808 | 3.8% |
| Mercy Hospital Western Hills | | 181 | 6,769 | 2.4% | 6,794 | 2.4% | 5,736 | 2.0% |
| Mercy Hospital Mt. Airy | | 160 | 6,679 | 2.4% | 6,729 | 2.4% | 6,295 | 2.2% |
| Mercy Hospital Clermont | | 119 | 6,617 | 2.3% | 7,110 | 2.5% | 7,020 | 2.5% |
| Mercy Health System | 6 | 1,055 | 60,857 | 21.5% | 63,339 | 22.2% | 62,899 | 22.2% |
| TriHealth | 2 | 882 | 59,515 | 21.0% | 58,917 | 20.6% | 56,772 | 20.0% |
| St. Elizabeth's | 4 | 810 | 41,565 | 14.7% | 41,632 | 14.6% | 40,832 | 14.4% |
| The Christ Hospital | 1 | 451 | 26,825 | 9.5% | 27,119 | 9.5% | 26,581 | 9.4% |
| Dayton-Kettering Medical Center | 7 | 1,334 | 20,646 | 7.3% | 20,098 | 7.0% | 20,472 | 7.2% |
| Dayton-Premier Health Partners | 5 | 1,722 | 17,011 | 6.0% | 16,620 | 5.8% | 16,551 | 5.8% |
| Other In-Market Hospitals | 2 | 172 | 6,314 | 2.2% | 6,203 | 2.2% | 5,723 | 2.0% |
| Other Outside-Market Hospitals | | | 16,732 | 5.9% | 15,190 | 5.3% | 15,373 | 5.4% |
| Total | | | 283,552 | | 285,798 | | 283,854 | |

Source: Ohio Hospital Association (OHA)

Utilization Trends

UC Health continues to experience positive growth within its acute care hospitals – UCMC and West Chester Hospital – over the past three fiscal years. During the fiscal year ended June 30, 2013, UCMC increased its capacity by 68 operating beds through various renovation projects. Additionally in July 2012, the operations of UC Health Surgical Hospital, an 8-bed ambulatory care licensed hospital, were integrated into the adjacent West Chester Hospital operations to better facilitate patient flow throughout the campus. This was followed up with a legal merger in July 2013. The following table presents a three-year trend of utilization statistics for fiscal years ended June 30, 2011 through 2013.

| Utilization UCMC | | | |
|--------------------------------|----------------------|----------------------|----------------------|
| | <u>June 30, 2011</u> | <u>June 30, 2012</u> | <u>June 30, 2013</u> |
| Licensed beds | 648 | 726 | 726 |
| Staffed beds | 479 | 493 | 561 |
| Admissions | 30,079 | 31,609 | 31,897 |
| Outpatient registrations | 318,067 | 375,556 | 366,485 |
| Patient days | 142,317 | 157,126 | 158,181 |
| Average length of stay (acute) | 4.70 | 4.97 | 4.96 |
| Case mix index (acute) | 1.63 | 1.69 | 1.69 |
| Emergency room visits | 85,302 | 86,800 | 86,932 |
| Inpatient surgeries | 8,487 | 8,817 | 8,560 |
| Outpatient surgeries | 8,485 | 8,193 | 8,919 |
| Total surgical cases | 16,972 | 17,010 | 17,479 |

| West Chester Hospital | | | |
|--------------------------------|----------------------|----------------------|----------------------|
| | <u>June 30, 2011</u> | <u>June 30, 2012</u> | <u>June 30, 2013</u> |
| Licensed beds | 162 | 162 | 170 |
| Staffed beds | 126 | 126 | 170 |
| Admissions | 6,280 | 7,242 | 9,494 |
| Outpatient registrations | 21,184 | 39,791 | 86,757 |
| Patient days | 22,826 | 28,543 | 34,879 |
| Average length of stay (acute) | 3.60 | 3.94 | 3.67 |
| Case mix index (acute) | 1.67 | 1.54 | 1.55 |
| Emergency room visits | 27,524 | 31,629 | 35,561 |
| Inpatient surgeries | 2,105 | 2,522 | 3,078 |
| Outpatient surgeries | 1,954 | 2,381 | 4,369 |
| Total surgical cases | 4,059 | 4,903 | 7,447 |

| Daniel Drake Center | | | |
|------------------------|----------------------|----------------------|----------------------|
| | <u>June 30, 2011</u> | <u>June 30, 2012</u> | <u>June 30, 2013</u> |
| Licensed beds | 371 | 371 | 269 |
| Staffed beds | 269 | 269 | 202 |
| LTAC admissions | 1,160 | 980 | 839 |
| SNF admissions | 788 | 662 | 513 |
| Admissions | 1,948 | 1,642 | 1,352 |
| LTAC patient days | 28,664 | 28,172 | 25,165 |
| SNF Patient days | 28,348 | 25,924 | 24,398 |
| Patient days | 57,012 | 54,096 | 49,563 |
| Average length of stay | 29.30 | 32.95 | 36.70 |
| Case mix index (acute) | 1.04 | 1.10 | 1.15 |

| University of Cincinnati Physicians | | | |
|-------------------------------------|----------------------|----------------------|----------------------|
| | <u>June 30, 2011</u> | <u>June 30, 2012</u> | <u>June 30, 2013</u> |
| Visits | * | 1,206,725 | 1,231,121 |

* University of Cincinnati Physicians integrated with UC Health effective July 1, 2011.

University of Cincinnati Medical Center

Admissions

UCMC admissions have grown an average of 3.0% per year since fiscal year 2011 with 30,079 admissions compared to fiscal year 2013 admissions of 31,897.

Outpatient Visits

Outpatient registrations increased on average 7.6% per year from fiscal year 2011 through fiscal year 2013.

Emergency Department Visits & Surgical Cases

Emergency department visits increased on average 1.0% per year from fiscal year 2011 through fiscal year 2013. UCMC operates the only Level 1 trauma facility in greater Cincinnati. Surgical cases increased on average 1.5% per year from fiscal year 2011 through fiscal year 2013. During the same time period, the average increase per year for inpatient and outpatient surgeries was 0.4% and 2.6%, respectively.

West Chester Hospital

Admissions

West Chester Hospital admissions have grown an average of 25.6% per year since fiscal year 2011, from 6,280 admissions to 9,494 admissions in fiscal year 2013.

Outpatient Visits

Outpatient registrations increased on average 154.8% per year from fiscal year 2011 through fiscal year 2013. There was a significant increase (118.0%) in fiscal year 2013 as the operations of the adjacent ambulatory surgical hospital were integrated with the main hospital. Excluding the integration of the ambulatory surgical hospital, outpatient registrations increased 51.3% which was attributable to several hospital-based clinics which were added to the campus in late fiscal 2012 and radiology services.

Emergency Department Visits & Surgical Cases

Emergency department visits increased on average 14.6% per year from fiscal year 2011 through fiscal year 2013. Surgical cases increased on average 41.7% per year from fiscal year 2011 through fiscal year 2013. During the same time period, the average increase for inpatient and outpatient surgeries was 23.1% and 61.8%, respectively. Surgical growth, excluding the integration of the ambulatory surgical hospital, increased 20.7% in fiscal 2013. The increase is consistent with the general growth of West Chester Hospital along with additional surgical cases from University of Cincinnati Physicians and community physicians.

Daniel Drake Center

LTAC and SNF admissions declined from fiscal year 2012 to fiscal year 2013. The LTAC admissions reflect a twelve month impact of the sale in late 2011 of rehabilitation unit to HealthSouth (NYSE-HLS). In an effort to align the costs of operations and resources, Daniel Drake Center limited SNF admissions during fiscal year 2013, as evidenced by a decline of 149 SNF admissions from fiscal year 2012.

University of Cincinnati Physicians

Visits increased 2.0% from fiscal year 2012 to fiscal year 2013 primarily due to the addition of 65 new physicians.

Operating Performance

The following table is reflective of the audited consolidated financial results of UC Health.

| Summary Statements of Income (\$ in thousands) | | |
|---|-------------------------------|-------------------|
| | Fiscal Year Ended June 30, | |
| | <u>2013</u> | <u>2012</u> |
| Operating Revenues: | | |
| Net patient service revenue | \$1,193,453 | \$1,108,981 |
| Provision for doubtful accounts | 107,175 | 79,552 |
| Net patient service revenue less provision for doubtful accounts | <u>1,086,278</u> | <u>1,029,429</u> |
| Tax levy revenue | 20,900 | 23,450 |
| Other revenue | 97,980 | 88,053 |
| Contributions and net assets released from restrictions for operations | <u>1,082</u> | <u>14,401</u> |
| Total revenue | <u>1,206,240</u> | <u>1,155,333</u> |
| Expenses: | | |
| Salaries and fringe benefits | 696,273 | 631,627 |
| Purchased services | 171,882 | 157,302 |
| Supplies expense | 199,822 | 191,948 |
| Insurance | 3,134 | 1,884 |
| Impairment of long-lived assets | - | 4,145 |
| Depreciation and amortization | 57,150 | 53,702 |
| Interest | 14,157 | 13,858 |
| Other operating costs | <u>71,822</u> | <u>68,022</u> |
| Total expenses | 1,214,240 | 1,122,488 |
| Operating (loss) Income | <u>(8,000)</u> | <u>32,845</u> |
| Operating margin | -0.7% | 2.8% |
| Operating EBIDA | 5.2% | 8.7% |
| Other Income (Loss) | | |
| Investment income | 17,654 | 11,530 |
| Change in fair value of swap transactions | 547 | 45 |
| Net realized gains on investments | 5,818 | 3,805 |
| Change in unrealized gains and losses on investments | 11,202 | (8,898) |
| Pre March 2010 recoveries net of settlements | <u>(962)</u> | <u>1,496</u> |
| Total other income | <u>34,259</u> | <u>7,978</u> |
| Excess of revenue over expenses before UCP integration | 26,259 | 40,823 |
| Fair value of assets acquired less liabilities assumed from UCP integration | <u>-</u> | <u>123,322</u> |
| Excess of revenue over expenses | <u>\$ 26,259</u> | <u>\$ 164,145</u> |

The consolidated results for fiscal year 2013 reflected an operating loss of \$8.0 million and operating margin of -0.7%. Operating results included \$21.1 million in costs (primarily purchased services) for the implementation of the Epic Electronic Health Record system. The normalized operating margin without these one-time costs is 1.1%. Operating results were driven by strong performance at West Chester Hospital accompanied by consistent and steady growth at UCMC and University of Cincinnati Physicians. Other notable variances in operating expenses such as salaries and fringe benefits relate to a focused increase on physician recruitment.

Investment income and realized and unrealized gains and losses on investments for the period totaled a gain of \$34.7 million. Unrestricted net assets increased \$85.3 million, totaling \$581.1 million as of June 30, 2013. In addition to investment results, the increase is attributable to the decline in UC Health's retirement plan liability of \$60.0 million resulting from offering a one-time lump sum payout in December 2012 to select participants and utilizing a higher discount rate assumption in the actuarial valuation as of fiscal year end.

| Summary Balance Sheets | | | | |
|--|--------------------|--------------------|--|--------------------|
| (\$ in thousands) | | | | |
| | 2013 | 2012 | 2013 | 2012 |
| ASSETS | | | LIABILITIES | |
| Current assets | | | Current liabilities | |
| Cash and cash equivalents | \$43,291 | \$44,784 | Current portion of debt | \$12,295 |
| Current portion of assets whose use is limited | 14 | 651 | Accounts payable | 40,066 |
| Investments | 390,414 | 394,519 | Estimated amts due to third-party payors | 14,310 |
| Patient accounts receivable – net | 149,888 | 136,597 | Accrued salaries and amounts withheld | 42,846 |
| Other current assets | <u>50,563</u> | <u>39,345</u> | Other current liabilities | <u>38,038</u> |
| Total current assets | 634,170 | 615,896 | Total current liabilities | 147,555 |
| | | | Reserve for professional and general liabilities | 18,242 |
| Assets whose use is limited | 64,610 | 87,728 | Long-term debt | 319,898 |
| | | | Other liabilities | <u>144,117</u> |
| PP&E – net | 489,313 | 470,318 | Total liabilities | <u>629,812</u> |
| | | | | |
| | | | NET ASSETS | |
| Other assets | <u>33,250</u> | <u>24,020</u> | Unrestricted | 576,038 |
| | | | Noncontrolling interest | <u>5,080</u> |
| | | | Total unrestricted net assets | 581,118 |
| | | | Temporarily restricted | 6,386 |
| | | | Permanently restricted | <u>4,027</u> |
| | | | Total net assets | <u>591,531</u> |
| TOTAL | <u>\$1,221,343</u> | <u>\$1,197,962</u> | TOTAL | <u>\$1,221,343</u> |
| | | | | <u>\$1,197,962</u> |

Unrestricted cash and investments were \$454.1 million at June 30, 2013 as compared to \$460.0 million at June 30, 2012 for the consolidated UC Health. During fiscal year 2013, UC Health made \$12.1 million of principal payments on outstanding debt. UC Health incurred additional debt of \$17.1 million primarily as the result of entering into a new capital lease for two new

helicopters for the expansion of UCMC's Air and Mobile Care services (\$14.4 million). The net increase in debt for fiscal year 2013 was \$5.3 million.

| UC Health Summary of Total Cash & Investments (\$ in thousands) | | |
|---|------------------|------------------|
| | June 30, 2013 | June 30, 2012 |
| Cash and cash equivalents | \$101,625 | \$104,644 |
| Government obligations | 19,701 | 52,633 |
| Corporate obligations | 18,106 | 57,990 |
| Mortgage-backed securities | 2,386 | 4,715 |
| Mutual funds | 229,573 | 197,785 |
| Pooled investments | 104,269 | 87,623 |
| Certificates of deposit | 18,803 | 18,688 |
| Accrued interest receivable | 1,819 | 1,774 |
| Other | 2,047 | 1,830 |
| Total Cash and investments | <u>\$498,329</u> | <u>\$527,682</u> |
| Less: Excluded investments | | |
| Under indenture agreement | \$115 | \$115 |
| By Board for specific action | - | 1,632 |
| By Board for self-insurance | 42,541 | 64,499 |
| Temporarily restricted | 20 | - |
| Permanently restricted | 1,538 | 1,438 |
| Total Unrestricted Cash and Investments | <u>\$454,115</u> | <u>\$459,998</u> |

* In accordance with the Master Trust Indenture, unrestricted cash and investments include funds under Debt Service Reserve requirements.

Payor Mix

| UC Health Payor Mix (% of gross revenue) | | |
|---|---------------|---------------|
| | June 30, 2012 | June 30, 2013 |
| Medicare | 24.0% | 23.9% |
| Medicare managed care | 8.6% | 9.2% |
| Total Medicare | <u>32.6%</u> | <u>33.1%</u> |
| Medicaid | 9.3% | 8.1% |
| Medicaid managed care | 12.5% | 11.8% |
| Total Medicaid | <u>21.8%</u> | <u>19.9%</u> |
| Commercial | 28.5% | 29.6% |
| Self-Pay | 10.3% | 10.5% |
| Other | 6.8% | 6.9% |
| Total | <u>100.0%</u> | <u>100.0%</u> |

Obligated Group Key Financial Ratios

Summary liquidity, debt service coverage and capital ratios for the members of UC Health that comprise the Obligated Group under the Master Trust Indenture are provided below.

| Summary Liquidity Obligated Group (\$ in thousands) | | |
|---|----------------------|----------------------|
| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
| Days Cash on Hand | | |
| Unrestricted operating cash and investments | \$452,018 | \$448,226 |
| Average daily operating expenses | 2,999 | 2,922 |
| Days cash on hand | <u>151</u> | <u>153</u> |
| Unrestricted Cash & Investments to Debt | | |
| Unrestricted operating cash and investments | \$452,018 | \$448,226 |
| Total debt outstanding | 309,950 | 300,965 |
| Ratio of unrestricted cash to total debt | 145.8% | 148.9% |

| UC Health Debt Service Coverage Ratio Obligated Group (\$ in thousands) | | |
|--|----------------------|----------------------|
| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
| Excess of revenues over expenses | \$26,581 | \$166,094 |
| Less: Change in fair value of swap transactions | (547) | (45) |
| Plus: Change in unrealized gains (losses) on investments | (12,160) | 9,343 |
| Plus: Depreciation and amortization | 54,168 | 50,402 |
| Plus: Interest expense | 13,580 | 13,137 |
| Plus: Change in value of joint venture | 790 | - |
| Less: Contribution of UCP net assets | - | (123,322) |
| Less: Gain on joint venture for fair value of UCPHA | - | (2,146) |
| Less: Asset released from restriction by donor | - | (12,765) |
| Net Income available for debt service | <u>\$82,412</u> | <u>\$100,698</u> |
| Maximum Annual Debt Service (1) | 23,119 | 22,615 |
| Debt Service Coverage Ratio | 3.56 | 4.45 |

(1) Net Income Available for Debt Service, Maximum Annual Debt Service, which includes \$28 million of guaranteed debt, and Debt Service Coverage Ratio are defined in accordance with the Master Trust Indenture.

| UC Health Debt to Capitalization Obligated Group (\$ in thousands) | | |
|---|---------------|---------------|
| | June 30, 2013 | June 30, 2012 |
| Series 2001C bonds | \$60,220 | \$63,495 |
| Series 2010 bonds | 206,570 | 208,250 |
| Notes payable | 28,591 | 29,031 |
| Lease payable | <u>14,569</u> | <u>189</u> |
| Total debt | \$309,950 | \$300,965 |
| | | |
| Unrestricted net assets | \$576,038 | \$486,754 |
| | | |
| Total capitalization | \$885,988 | \$787,719 |
| | | |
| Total debt to capitalization | 35.0% | 38.2% |

Significant Transactions

- In April 2013, UC Health opened its Women’s Center on the West Chester Campus. The Women’s Center utilizes a “one-stop-shop” model of care that houses multiple core, connected services in the same convenient setting. This model is wholly unique to the Greater Cincinnati market. Led by renowned women’s health expert Lisa Larkin, MD, the Women’s Center gives patients a team-based, comprehensive health care experience. The Women’s Center features primary and specialty care and offers services for OB/GYN, integrative medicine, breast health, menopause and sexual health, osteoporosis (including a bone center), plastic surgery, skin care and much more. The 26,000 sq. ft. Women’s Center is supported by 20 physicians and boasts 47 exam rooms, an education classroom, café and other amenities.
- West Chester Hospital received provisional status as a Level III trauma center by the State of Ohio in July 2013. Level III trauma centers are capable of initial stabilization and definitive management of most trauma cases.
- In August 2013, management communicated a board-approved decision to freeze non-union employee participation and benefit accruals in UC Health’s defined benefit pension plan as of December 31, 2014. In its place, UC Health announced that it will provide a company-match to its 401(k) defined contribution savings plan effective July 1, 2014.

Governance

- In September 2012 Margaret Buchanan, Publisher of the Cincinnati Enquirer, was elected Chair of the boards of both UC Healthcare Systems and UC Health.
- In November 2012, the UC Health Board of Directors appointed William C. Portman, III to a vacant seat on the UC Health Board of Directors. Mr. Portman is the Director of Renewable Energy for Pon North America, a Dutch family company.
- In May 2013, UC Health President & CEO James A. Kingsbury announced his retirement at the end of calendar year 2013. The UC Health board appointed a Search Committee to conduct the preliminary search. An announcement naming Kingsbury’s successor is expected by the end of calendar year 2013, if not sooner.
- In May 2013, UC Health appointed Lee Ann Liska as the President and CEO of UCMC and Senior Vice President of UC Health. Ms. Liska also has system-wide responsibilities for the further integration and coordination of UC Health’s clinical services and will serve on the UC Health Policy Council and chair the health system’s Clinical Operations Council.

Awards and Recognitions

- UCMC received *Get With the Guidelines® Heart Failure Silver Quality Achievement Award* from the American Heart Association. The recognition signifies that UCMC has reached an aggressive goal of treating heart failure patients according to the guidelines of care recommended by the American Heart Association/American College of Cardiology.
- UC Health was named a finalist for the *Green Business Awards* by the *Cincinnati Business Courier*. The annual awards program celebrates companies that demonstrate leadership in sustainable practices related to both projects and facilities. UC Health was specifically recognized for its green practices. These include participating in the “Greening the OR” (operating room) initiative, a six-month plastic recycling program that saw UC Health successfully eliminate 11.5 tons of packing material from entering local landfills.
- In November 2012, the UC Health Surgical Hospital (now known as the West Chester Hospital Surgical Hospital) received the 2012 Press Ganey Summit Award, a distinction earned by sustaining consistently high levels of excellence in patient satisfaction. Each Summit Award winner must achieve and maintain patient satisfaction rankings in the 95th percentile or above by Press Ganey for a minimum of three consecutive years. For the first time, Press Ganey also included HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) criteria for winning a Summit Award. Winning facilities met the criteria established for Press Ganey data, or the criteria established for HCAHPS results.
- For the second consecutive year, West Chester Hospital was named a recipient of the *HealthGrades® Outstanding Patient Experience Award*. This distinction ranks West Chester Hospital among the top 10% of hospitals nationwide based on an analysis of patient satisfaction data for 3,837 U.S. hospitals by HealthGrades. The Outstanding Patient Experience Award™ recognizes hospitals for patient satisfaction based on answers to 27 survey questions that incorporate the following attributes: doctor and nurse communication, hospital cleanliness, staff responsiveness, medication instruction, post-discharge care education and the patient’s likelihood to recommend the hospital to others. HealthGrades identified 332 hospitals performing in the top 10% in the nation for patient satisfaction, based on survey responses from patients treated at those facilities.
- Daniel Drake Center’s Skilled Nursing Facility received ranking in *U.S. News & World Report* as “Best Nursing Homes” for 2013.
- In June 2013 Jim Kingsbury, the President and Chief Executive Officer of UC Health, received the Ohio Hospital Association’s highest recognition, the Donald R. Newkirk Award, which recognizes a leader who has made a significant lifetime contribution to the health care field in Ohio.
- West Chester Hospital was named one of America’s 100 Best Hospitals for Spine Surgery™ for 2012-2013 from Healthgrades. The findings are part of “American Hospital Quality Outcomes 2013: Healthgrades Report to the Nation,” which evaluates

the performance of approximately 4,500 hospitals nationwide across nearly 30 of the most common conditions and procedures.

- In June 2013 West Chester Hospital was named a Blue Distinction Center in both Spine Surgery and Knee and Hip Replacement, with a Quality Distinction in both, by Anthem Blue Cross and Blue Shield. The Blue Distinction Centers for Specialty Care® program is a national designation awarded by Blue Cross and Blue Shield companies to medical facilities that have demonstrated expertise in delivering quality specialty care.
- The Leapfrog Group, an independent patient safety analysis organization, recently released its Hospital Safety Score “report cards” rating more than 2,500 healthcare facilities throughout the United States. West Chester Hospital was one of a few Cincinnati-area hospitals to receive top honors with an “A” rating. This is the third consecutive year that the hospital has achieved this designation.
- Several UC Health executives received national and local awards for their accomplishments: UCMC’s CFO (Doug Arvin) received the *Cincinnati Business Courier’s CFO of the Year Award*; West Chester Hospital’s President & CEO (Kevin Joseph, MD) was named as one of the nation’s “Rising Stars” in the health care industry and has been included on the *25 Healthcare Leaders Under 40* list published annually by *Becker’s Hospital Review*; UC Health’s Chief Marketing Officer (Anthony Condia) was named *CMO of the Year* by *Lead Magazine*, a Cincinnati-based business publication. *Lead Magazine* also named UCMC’s COO (Nancy Barone) *COO of the Year* and West Chester Hospital’s CNO (Patrick Baker) *CNO of the Year*.

Other Highlights

- In December 2012, UC Health changed the name of University Hospital to University of Cincinnati Medical Center. The change was made to better distinguish the hospital nationally and internationally and to tie it more directly to the University Of Cincinnati College Of Medicine.
- UCMC unveiled its two new state-of-the-art EC145 helicopters that joined the UC Health Air Care and Mobile Care fleet providing advanced transport medicine to the Tristate. The first helicopter replaced one of Air Care’s current BK117 helicopters and is stationed at UCMC. The second, identical EC145 is stationed at the Butler County Airport and primarily serves the West Chester Hospital service area. The helicopters are secured through capital lease financing arrangement over five years, resulting in an addition of \$14.4 million in additional debt.
- In November 2012, UCMC launched a new lung cancer screening program for Tristate residents who are at an increased risk for lung cancer. Individuals who have smoked a pack of cigarettes a day for more than 20 years and those with a prior lung cancer diagnosis are considered at the highest risk. The UC Cancer Institute Lung Cancer Screening Program—the first of its kind in Cincinnati and among a handful nationwide—uses low radiation dose chest computed tomograph scans for screening. Screening is used to identify unrecognized disease in people who have no signs or symptoms in an

attempt to intervene earlier when the disease is generally more treatable. Scans are performed under a strict clinical protocol that capitalizes on the expertise of the entire multidisciplinary UC Cancer Institute Lung Cancer Team to produce the most accurate results for patients.

UC Health launched a mobile diagnostics program after previously purchasing and outfitting a van with imaging technology. The mobile diagnostics program offers patients outside of UC Health's primary service areas with convenient access to diagnostic services and wellness screenings such as breast tomosynthesis (a 3-D mammogram image of the breast), bone density testing, and screenings for blood pressure, EKG and body mass index. Additional services to be added include ultrasounds for peripheral arterial disease, abdominal aorta aneurysms and stroke/carotid artery, along with wellness panels (lab testing).

- West Chester Hospital launched a job shadowing program that provides health care career-immersion opportunities to junior high, high school and adult students. In 2013, West Chester Hospital has collaborated with the Lakota Local School District, Butler Tech, Sinclair Community College (Dayton), and the Junior Achievement program through a number of programs tailored to the interests and needs of the students. Students are either partnered one-on-one with hospital associates or are taught in small group settings to learn more about various hospital and health care careers.
- UCMC launched a new hematologic malignancies and bone marrow transplant program – the only academic-based program of its kind in the Greater Cincinnati area. As part of this effort, Elias Anaissie, MD, was recruited from the Myeloma Institute for Research and Therapy at the University of Arkansas for Medical Sciences. The hematologic malignancies team includes hematology oncology specialists focused on blood cancers and other highly-trained clinicians. Inpatient care is rendered on the newly-renovated eighth floor of UCMC while outpatient care is seamlessly delivered in a “one stop” setting at the George L. Strike Bone Marrow Transplant Center.
- UC Health physicians opened a clinic on the West Chester campus aimed at providing preventive HIV care and prescribing Truvada for those with high risk of contracting HIV. UC Health is the only system in the area to provide this critical service.
- UC Health's Daniel Drake Center was one of 20 facilities in the world to offer the Ekso™ bionic exoskeleton device to patients with paralysis, enabling them to stand and walk again. Developed by Ekso Bionics, the wearable robot was recently named a Top 10 invention by CNN and Wired, one of Five Big Ideas for the Next 15 Years by Inc. Magazine, and one of the Best Inventions by TIME.

Appendix A

UC Health Medical Staff

UC Health consists of three primary medical facilities (UCMC, West Chester Hospital and Daniel Drake Center). Although Daniel Drake Center is a member of UC Health, it is not a member of the Obligated Group under the Master Trust Indenture. Each of these facilities has an open medical staff model and has its own medical staff with separate privileges at its respective facilities. These facilities do not have automatic medical staff privileges at each facility; however, there are a number of the physicians that are on the staffs of each hospital. Below is the number of medical staff at each medical facility.

| UCMC Medical Staff | | | |
|------------------------------|---------------------|------------------------|--------------------|
| % Board Certified Physicians | Total Medical Staff | Number Board Certified | Active Average Age |
| 86% | 964 | 830 | 48.6 |

Physicians by Department

| Department | Active/ Attending | Active/ Courtesy | Other | Total |
|--------------------------------|----------------------|---------------------|-------|-------|
| Adolescent Medicine | 2 | - | - | 2 |
| Allergy/Immunology | 5 | 1 | 3 | 9 |
| Anesthesiology | 40 | 14 | - | 54 |
| Cardiac Electrophysiology | 2 | - | - | 2 |
| Cardiology | 1 | 1 | - | 2 |
| Cardiology Interventional | 5 | 3 | - | 8 |
| Cardiovascular Disease | 12 | 2 | 3 | 17 |
| Clinical Genetics | - | 7 | - | 7 |
| Clinical Genetics (M.D.) | - | 2 | - | 2 |
| Colon/Rectal Surgery | 5 | - | - | 5 |
| Critical Care Medicine | 5 | - | - | 5 |
| Dentistry, General | 7 | 1 | - | 8 |
| Dermatology | 10 | 2 | 8 | 20 |
| Emergency Medicine | 44 | 9 | - | 53 |
| Endocrinology/Diabetes/Metabol | 8 | 2 | - | 10 |
| Endocrinology/Metabolism | 2 | - | - | 2 |
| Endodontics, Dentistry | 2 | - | - | 2 |
| Family Medicine | 1 | 2 | 12 | 15 |
| Gastroenterology | 10 | 2 | 3 | 15 |
| General Surgery | 12 | 3 | - | 15 |
| Geriatric Medicine | - | - | 2 | 2 |
| Gynecologic Oncology | 1 | 2 | 1 | 4 |
| Hand Surgery | 2 | 3 | 2 | 7 |
| Hematological Pathology | - | 1 | - | 1 |
| Hematology | 5 | - | - | 5 |
| Hematology/Oncology | 1 | - | - | 1 |
| Infectious Diseases | 16 | - | - | 16 |
| Internal Medicine | 68 | 2 | 8 | 78 |
| Internal Medicine/Cardiology | - | 1 | - | 1 |
| Maternal/Fetal Medicine | 5 | 1 | 1 | 7 |
| Medical Oncology | 6 | - | 23 | 29 |
| Medical Toxicology | - | 1 | - | 1 |

UCMC Medical Staff (continued)

Physicians by Department

| Department | Active/ Attending | Active/ Courtesy | Other | Total |
|--------------------------------------|----------------------|---------------------|------------|------------|
| Neonatal-Perinatal Medicine | 9 | 11 | - | 20 |
| Neonatology | - | 1 | - | 1 |
| Nephrology | 15 | 3 | 2 | 20 |
| Neurological Child Neurology | - | 2 | - | 2 |
| Neurological Surgery | 9 | 9 | 2 | 20 |
| Neurology | 25 | 1 | - | 26 |
| Neuropathology | 1 | - | - | 1 |
| Neuroradiology | 2 | - | - | 2 |
| Nuclear Medicine | 2 | 1 | - | 3 |
| Obstetrics & Gynecology | 12 | 24 | 11 | 47 |
| Occupational Medicine | - | - | 1 | 1 |
| Ophthalmology | 11 | 28 | 3 | 42 |
| Oral & Maxillofacial Pathology | - | - | 1 | 1 |
| Oral & Maxillofacial Surgery | 3 | 4 | 5 | 12 |
| Orthopaedic Surgery | 11 | 4 | 9 | 24 |
| Otolaryngology | 14 | 7 | 7 | 28 |
| Otolaryngology Neurotology | 2 | - | - | 2 |
| Pain Medicine | 3 | 1 | - | 4 |
| Pathology | 1 | - | - | 1 |
| Pathology Anatomic | 2 | - | - | 2 |
| Pathology Anatomic & Clinical | 7 | 1 | - | 8 |
| Pediatric | 2 | 15 | 1 | 18 |
| Pediatric Cardiology | - | 17 | 1 | 18 |
| Pediatric Dermatology | - | 1 | - | 1 |
| Pediatric Gastroenterology | - | 1 | - | 1 |
| Pediatric Hematology-Oncology | - | 3 | 1 | 4 |
| Pediatric Infectious Disease | - | 8 | - | 8 |
| Pediatric Nephrology | - | 1 | - | 1 |
| Pediatric Pathology | 1 | - | - | 1 |
| Pediatric Pulmonary | 1 | 1 | 1 | 3 |
| Pediatric Radiology | 6 | 13 | - | 19 |
| Pediatric Surgery | 1 | 3 | 3 | 7 |
| Pediatric Urology | - | 4 | - | 4 |
| Periodontist, Dentistry | 1 | - | - | 1 |
| Physical Medicine & Rehabilitation | 1 | 2 | 1 | 4 |
| Plastic & Reconstructive Surg | 1 | - | 1 | 2 |
| Plastic Surgery | 6 | 5 | - | 11 |
| Podiatric - Foot & Ankle Surgery | 1 | - | - | 1 |
| Podiatric - Foot Surgery | 2 | 6 | 1 | 9 |
| Podiatric Medicine | - | 3 | 1 | 4 |
| Podiatric Surgery | - | 2 | - | 2 |
| Prosthodontics | - | - | 1 | 1 |
| Prosthodontics, Dentistry | 1 | - | - | 1 |
| Psychiatry | 24 | 5 | 4 | 33 |
| Pulmonary Disease | 18 | - | - | 18 |
| Radiation Oncology | 6 | 1 | - | 7 |
| Radiology Diagnostic | 42 | 5 | - | 47 |
| Reprod. Endocrinology & Infert | - | 2 | - | 2 |
| Rheumatology | 7 | 1 | 1 | 9 |
| Sleep Medicine | 2 | - | - | 2 |
| Sports Medicine | 2 | - | 1 | 3 |
| Surgery Critical Care | 12 | - | 1 | 13 |
| Surgery, Cardiovascular and Thoracic | 1 | 1 | - | 2 |
| Surgical Oncology | 5 | - | - | 5 |
| Thoracic Surgery | 3 | 11 | - | 14 |
| Transplant Surgery | 5 | - | - | 5 |
| Urology | 6 | 1 | - | 7 |
| Vascular Surgery | 4 | - | - | 4 |
| Total | 567 | 271 | 126 | 964 |

West Cheter Hospital Medical Staff

| | | | |
|---|------------------------------------|---------------------------------------|-----------------------------------|
| % Board Certified Physicians | Total Medical Staff | Number Board Certified | Active Average Age |
| 88% | 714 | 626 | 46.9 |

Physicians by Department

| Department | Active/ Attending | Active/ Courtesy | Other | Total |
|--------------------------------|------------------------------|-----------------------------|--------------|--------------|
| Allergy/Immunology | - | 2 | 4 | 6 |
| Anesthesiology | 13 | 8 | - | 21 |
| Cardiac Electrophysiology | 3 | 4 | - | 7 |
| Cardiology | - | 1 | - | 1 |
| Cardiology Interventional | 7 | 2 | - | 9 |
| Cardiothoracic Surgery | 1 | - | - | 1 |
| Cardiovascular Disease | 13 | 16 | - | 29 |
| Colon/Rectal Surgery | 2 | 3 | - | 5 |
| Critical Care Medicine | 1 | - | - | 1 |
| Dermatology | 1 | 1 | 1 | 3 |
| Emergency Medicine | 23 | 26 | 2 | 51 |
| Endocrinology/Diabetes/Metabol | 3 | 2 | - | 5 |
| Endocrinology/Metabol | - | 2 | - | 2 |
| Facial Plastic & Rec. Surgery | - | 1 | - | 1 |
| Family Medicine | 6 | 5 | 12 | 23 |
| Gastroenterology | 4 | 10 | - | 14 |
| General Surgery | 14 | 7 | 1 | 22 |
| Geriatric Medicine | - | 1 | - | 1 |
| Geriatric Psychiatry | - | 1 | - | 1 |
| Gynecologic Oncology | 1 | 2 | - | 3 |
| Hand Surgery | 1 | 1 | - | 2 |
| Hematology | 2 | 3 | - | 5 |
| Hematology/Oncology | 1 | - | - | 1 |
| Infectious Diseases | 3 | 7 | - | 10 |
| Internal Medicine | 35 | 19 | 10 | 64 |
| Medical Oncology | 6 | 32 | - | 38 |
| Nephrology | 7 | 47 | - | 54 |
| Neurological Surgery | 2 | 14 | - | 16 |
| Neurology | 10 | 14 | - | 24 |
| Neuropathology | - | 1 | - | 1 |
| Neuroradiology | - | 2 | - | 2 |
| Nuclear Medicine | - | 1 | - | 1 |

West Chester Hospital Medical Staff (continued)

Physicians by Department

| Department | Active/ Attending | Active/ Courtesy | Other | Total |
|--------------------------------------|------------------------------|-----------------------------|--------------|--------------|
| Obstetrics & Gynecology | 10 | 21 | - | 31 |
| Ophthalmology | - | 3 | - | 3 |
| Orthopaedic Surgery | 20 | 28 | - | 48 |
| Otolaryngology | 7 | 8 | - | 15 |
| Otolaryngology Neurotology | 1 | 1 | - | 2 |
| Pain Medicine | - | 7 | - | 7 |
| Pathology | - | 1 | - | 1 |
| Pathology Anatomic | - | 1 | - | 1 |
| Pathology Anatomic & Clinical | - | 3 | - | 3 |
| Pediatric Pulmonary | - | 1 | - | 1 |
| Physical Medicine & Rehabilita | 1 | 2 | - | 3 |
| Plastic & Reconstructive Surg | - | 2 | - | 2 |
| Plastic Surgery | - | 7 | - | 7 |
| Podiatric- Foot & Ankle Surgery | - | 1 | - | 1 |
| Podiatric- Foot Surgery | 2 | 5 | - | 7 |
| Podiatric Medicine | - | 2 | - | 2 |
| Podiatric Surgery | - | 1 | - | 1 |
| Psychiatry | 1 | 5 | - | 6 |
| Pulmonary Disease | 2 | 7 | - | 9 |
| Radiation Oncology | - | 11 | - | 11 |
| Radiology Diagnostic | 4 | 62 | 13 | 79 |
| Reprod. Endocrinology & Infert | 1 | 2 | - | 3 |
| Reproductive Endocrinology | - | 1 | - | 1 |
| Sleep Medicine | 1 | 1 | - | 2 |
| Sports Medicine | 1 | 1 | - | 2 |
| Surgery, Critical Care | 4 | 1 | - | 5 |
| Surgery, Cardiovascular and Thoracic | 1 | - | - | 1 |
| Surgery, Transplant | - | 1 | - | 1 |
| Surgery, Oncology | 2 | 3 | - | 5 |
| Thoracic Surgery | 2 | 3 | - | 5 |
| Transplant Surgery | 2 | 2 | - | 4 |
| Urology | 5 | 10 | - | 15 |
| Vascular Surgery | 3 | 3 | - | 6 |
| Total | 229 | 442 | 43 | 714 |

Daniel Drake Center Medical Staff

| % Board Certified Physicians | Total Medical Staff | Number Board Certified | Active Average Age |
|------------------------------------|---------------------------|------------------------------|--------------------------|
| 84% | 216 | 181 | 46.2 |

Physicians by Department

| Department | Active/ Attending | Active/ Courtesy | Other | Total |
|------------------------------------|----------------------|---------------------|----------|------------|
| Cardiology | - | 1 | - | 1 |
| Cardiovascular Disease | 2 | 6 | - | 8 |
| Clinical Neurophysiology | 1 | - | - | 1 |
| Clinical Neuropsychology | 2 | - | - | 2 |
| Critical Care Medicine | 1 | - | - | 1 |
| Emergency Medicine | 2 | 47 | - | 49 |
| Family Medicine | 1 | - | - | 1 |
| General Surgery | 1 | 1 | - | 2 |
| Infectious Diseases | 1 | 8 | - | 9 |
| Internal Medicine | 19 | 7 | - | 26 |
| Nephrology | 5 | 11 | - | 16 |
| Neurological Surgery | - | 2 | - | 2 |
| Neurology | 2 | 3 | - | 5 |
| Neuroradiology | - | 2 | - | 2 |
| Otolaryngology | 1 | 3 | - | 4 |
| Pathology Anatomic & Clinical | 1 | 1 | - | 2 |
| Pediatric Pulmonary | 1 | 1 | - | 2 |
| Physical Medicine & Rehabilitation | 5 | 2 | - | 7 |
| Plastic Surgery | 1 | 1 | - | 2 |
| Podiatric Orthopedics | - | 1 | - | 1 |
| Psychiatry | 3 | 2 | - | 5 |
| Psychology | 1 | 1 | - | 2 |
| Psychology Clinical | 1 | - | - | 1 |
| Pulmonary Disease | 3 | 8 | - | 11 |
| Radiology Diagnostic | 1 | 35 | - | 36 |
| Sleep Medicine | - | 1 | - | 1 |
| Surgery Critical Care | - | 5 | - | 5 |
| Thoracic Surgery | - | 3 | - | 3 |
| Transplant Surgery | 2 | - | - | 2 |
| Undersea & Hyperbaric Medicine | 1 | - | - | 1 |
| Urology | 2 | 2 | - | 4 |
| Vascular Surgery | - | 2 | - | 2 |
| Total | 60 | 156 | - | 216 |