

Community Responsibility & Sustainability

2016 Report



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DEAR FRIENDS,

Health care is an indispensable social necessity that has been on an increasingly unsustainable path due in part to rising costs and inconsistent outcomes. Add to that political and regulatory challenges, and you have all the makings for uncertainty about what the future holds. But with these concerning trends comes the opportunity for change. Employers, business leaders and everyday North Texans are demanding it. And so are we.

That's why Texas Health Resources and other leading health systems around the country have spent the last decade preparing for and shaping this new environment. We completed a significant transformation over the last ten years to shift from a great acute care hospital

system to a health system focused on well-being and prevention, along with caring for the sick and injured. This work will fortify our ability to fulfill our Mission of improving the health of the people in the communities we serve. To continue this progression, we unveiled a new 10-year strategy in 2016 that shifts our focus to earning the trust and lifetime loyalty of North Texans. We are supporting consumers throughout their lifetime of health and wellness needs, while continuing to safely and reliably deliver incomparable care and experiences. We also are taking steps to make the care we deliver more seamless, efficient and affordable.

Some key ways we advanced our strategy during the year included:

- Collaborating with Aetna to create a new health plan company that will streamline consumers' health care experience and deliver more affordable, high-quality and better-coordinated care.
- Identifying the most effective health interventions and applying them to the people we serve through Southwestern Health Resources, the integrated health network we formed with UT Southwestern Medical Center®.
- Adding 30-plus freestanding emergency departments and a 50-bed urgent care hospital to provide more convenient access to these services.
- Investing in additional tools, processes and training for our employees to reliably deliver safe and quality care.
- Improving the well-being of people living in Fort Worth as part of the city's five-year plan to transform into a certified Blue Zones Community®.

Our commitment to organizational excellence has not gone unnoticed. For three years in a row, Texas Health has made the Fortune 100 Best Companies to Work For® list and ranked No. 1 on the list of Best Workplaces in Health Care. We have also been nationally honored as the No. 1 Best Workplaces for Women and Diversity and ranked No. 1 on the inaugural list of Best Workplaces in Texas. Having a great place to work is a constant journey, and our unwavering commitment to listening to our people and continuing to make improvements remains stronger than ever.

As we look to the coming year, we will be relentless about improving outcomes for every individual we have the privilege of treating. The people we serve every day deserve nothing less. We also will make investments in innovative health programs that our citizens need as well as initiatives that will sustain our system for decades to come. Thank you for supporting our Mission.

Sincerely,

A handwritten signature in black ink, appearing to read "Barclay E. Berdan".

Barclay E. Berdan, FACHE
Chief Executive Officer

 **OUR PATIENTS**

We seek to deliver safe, reliable and compassionate care.

 **OUR PEOPLE**

We seek to provide a safe and inclusive workplace where our people can thrive and do their best work.

 **OUR COMMUNITIES**

We identify and address community health needs and support vital programs.

 **OUR ENVIRONMENT**

We strive to create a sustainable environment of care.

 **OUR LEADERSHIP**

We hold leaders accountable for sustained performance.

WHY IT MATTERS

To remain competitive, we are committed to improving patient satisfaction and health outcomes.

- Affiliated with Aetna to create a new health plan company to offer more affordable, high-quality and better-coordinated care
- 90%+ rated their overall care and likelihood to recommend our hospitals to others as good or very good
- Achieved Magnet® or Pathway to Excellence® designation at 100% of wholly owned hospitals
- Received five-star ratings from CMS Hospital Compare at 14 hospitals
- Earned "A" safety rating from Leapfrog Group at 13 hospitals
- Deployed high reliability learning tools to help prevent and more accurately capture safety incidents
- Joint ventured with a leading operator of freestanding emergency rooms to increase access to high-quality emergency medical care

WHY IT MATTERS

To accomplish our Mission, we must be able to find and keep the right people.

- Ranked No. 1 on FORTUNE's 20 Best Workplaces in Health Care, 100 Best Workplaces for Women and 50 Best Workplaces for Diversity lists
- Certified as the largest Blue Zones Project® Approved™ worksite in the world
- Received National Business Group on Health's "Best Employer for Healthy Lifestyles" Platinum Award
- Saved \$11.4 million in employee medical costs
- Reduced employee slips, trips and falls by nearly 25%
- Paid out \$10+ million in incentives to frontline employees for achieving key performance indicators and \$1.8+ million in employee recognition awards
- Achieved top decile employee engagement results for four consecutive years

WHY IT MATTERS

Our communities need access to quality health care, education and tools to enhance well-being.

- Provided nearly \$864 million, or more than \$2.4 million a day, in charity care and community benefit
- Named to FORTUNE's Best Workplaces for Giving Back list
- Received \$16.9 million in gifts through the Texas Health Resources Foundation
- Volunteered 10,538 hours on 650 community service projects
- Raised more than \$1.8 million through Texas Health's annual employee giving campaigns
- Awarded \$2.2 million in Texas Health grants and sponsorships to worthy charitable organizations
- Provided pastoral care to 130,476 patients, their families and loved ones

WHY IT MATTERS

Our goal is to reduce operational costs, environmental impacts and service disruptions.

- Spent \$29.5 million with minority- and women-owned enterprises
- Saved \$30.2 million on supply expenses
- Invested \$5.5 million on 44 projects to reduce energy use
- Reduced electricity and natural gas consumption by 5.3%
- Recycled 3.4 million pounds of paper
- Enhanced how we maintain continuity of operations for all critical clinical, financial and operational functions
- Formed a Cyberthreat and Incident Response Team to monitor daily threats and incidents

WHY IT MATTERS

To fulfill our Mission, leaders must demonstrate PromiseSM-based values and guiding principles.

- Launched a new 10-year strategy centered on consumers, affordability, innovation and reliability
- Generated \$4.5 billion in revenue
- Received the Pinnacle of Excellence AwardSM for excellence in engagement and clinical quality
- Preserved critical state and federal funding to deliver exceptional care
- Complied with operational and clinical requirements
- Elected Wesley R. Turner as incoming chair of our board of trustees
- Continued investing in innovation and growth to support increases in population

INTRODUCTION

ABOUT THIS REPORT

Texas Health's 2016 Community Responsibility & Sustainability Report provides a high-level overview of our citizenship and sustainability programs, commitments and goals, as well as progress being made to enhance our workplace, our environment of care and to improve the health of the people in the communities we serve. The report serves to:

- Capture progress being made in a transparent and meaningful manner.
- Identify opportunities to streamline processes, reduce costs and improve efficiencies.

- Compare our performance and achieve a competitive advantage as a faith-based, nonprofit health care system.
- Provide a clear picture of our economic, social and environmental investments to help internal and external stakeholders better understand our Mission, Vision and Values.
- Enhance Texas Health's long-standing reputation as a good corporate citizen and leader in the community.

The content sheds light on our 2016 calendar year operational areas of excellence. The report helps us identify opportunities for improvement, advance our Mission, and prioritize sustainability strategies and investments for the future. The information presented in this report covers our wholly owned facilities unless otherwise noted. Some programs and benefits described in this report may be applicable only to wholly owned facilities and/or the employees of the wholly owned affiliates.



Contributors

The following key internal teams provided direction and scope, and helped in identifying relevant topics that reflect Texas Health's economic, environmental and social impacts, or issues of interest to our stakeholders:

- Brand Experience
- Community Affairs
- Multicultural & Community Health Improvement
- Faith & Spirituality Integration
- Governance Services
- Government Affairs & Advocacy
- Environmental Services
- Environment of Care & Emergency Management
- Information Services
- Information Systems & Application Management
- Performance Improvement
- Quality Outcomes
- Quality & Patient Safety
- Real Estate Engineering
- Service Excellence
- Strategy & Planning
- Supply Chain Management
- System Engineering
- Texas Health Physicians Group
- Texas Health Population Health, Education & Innovation Center
- Texas Health Research and Education Institute
- Texas Health Resources Foundation
- Texas Health Resources University

Based on these contributions, we describe critical sustainability strategies, programs and performance indicators that we believe are most relevant to communicate at this time. All financial figures are quoted in U.S. dollars, unless noted otherwise. References to "Texas Health," "the organization," "we" and "our" refer to Texas Health Resources. For more information about this report, please contact Felicia Williams, program director, Community Responsibility at THRCommunityAffairs@TexasHealth.org.

ABOUT TEXAS HEALTH

Texas Health is one of the largest faith-based, nonprofit health systems in the U.S. We serve a diverse population, and respect and welcome all faiths that are represented by our patients, employees and volunteers. With more than 350 points of access in North Texas, the health system includes 29 hospital locations which we own, operate or joint-venture. We also are sole shareholder of [Texas Health Physicians Group](#)¹, a 5.01(a) physician organization. Our [nonprofit hospitals](#) are exempt from federal taxes under the Internal Revenue Code.

In 2016, we announced three joint-venture partnerships to make health care more affordable and expand access to services:

- Collaborating with [Aetna](#) to create a new health plan company, Texas Health Aetna, that will streamline consumers' health care experience and deliver more affordable, high-quality and coordinated care.
- We teamed with the University of Texas Southwestern Medical Center to begin operating Southwestern Health Resources, an [integrated care network](#). This physician-led organization of nearly 3,000 doctors will provide North Texans with preventive care, as well as highly specialized care.

- We created a [joint venture](#) with one of the nation's leading operators of freestanding emergency rooms to increase access to high-quality, convenient emergency medical care in the Dallas-Fort Worth area. More than 30 freestanding ERs and a hospital in Carrollton became aligned with Texas Health.

The organization is guided by:

- Our Mission to improve the health of the people in the communities we serve.
- Our Vision to "partner with you for a lifetime of health and well-being."
- Our Values of respect, integrity, compassion and excellence.
- The foundation of our culture, Our Texas Health PromiseSM: Individuals Caring For Individuals, Together[®].

Where We Operate

Headquartered in Arlington, Texas, we serve 7 million people in 16 counties.



¹ Physicians on the medical staff of Texas Health's hospitals practice independently and are not employees or agents of the hospital or Texas Health. Texas Health and some of its controlled affiliates participate with physicians and non-physicians to operate hospitals and other health related ventures. Some of those ventures are considered a physician-owned hospital under federal law.

OUR SERVICES:

- Acute and inpatient care
- Outpatient diagnosis and treatment
- Emergency services
- Recovery and rehabilitative care
- Community-based care
- Prevention and wellness education
- Short-stay and long-term care
- Behavioral health
- Rehabilitation, transitional care and home health

2016 FACTS

29 HOSPITAL LOCATIONS



~1.7 MILLION
physician office
patient visits



350+ community access points

166,529 INPATIENTS

6,000+
PHYSICIANS
with active staff privileges



100+
OUTPATIENT FACILITIES



890+ PHYSICIANS & CLINICAL STAFF
AT TEXAS HEALTH PHYSICIANS GROUP



3,900+
licensed hospital beds

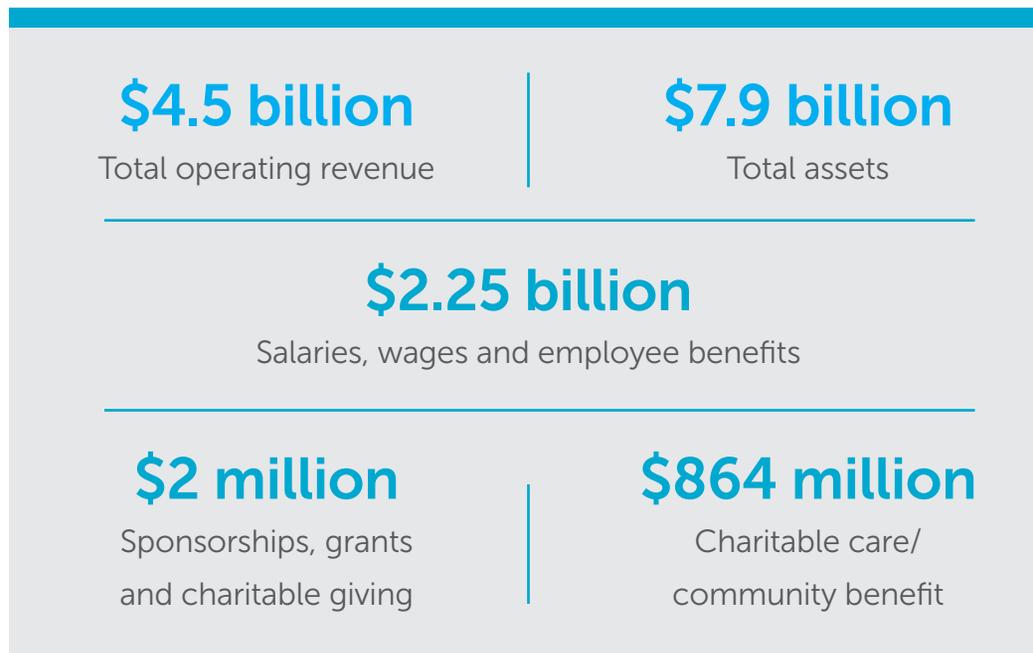
1.5 MILLION+
OUTPATIENTS

Our Fiscal Health

As a critical economic engine that provides wages and jobs, taxes and local business development to suppliers in our 16-county service area, Texas Health is a key contributor to local economic growth.

By 2050, the population of Texas Health’s service area is projected to increase by 68.7 percent, more

than double the national growth rate.² To meet this demand, we are building deep financial reserves to maintain adequate operating capital, and to invest in innovation and growth. Simultaneously, we are preparing for and counterbalancing declines in revenue resulting from health care reform.



Our Vision for Sustainability

As a faith-based, nonprofit health system with a Mission to improve the health of the people in the communities we serve, Texas Health recognizes that fulfilling its Mission is only possible by being a thriving and healthy organization itself. We are taking steps to reduce our own environmental footprint and improve population health by:

- Demonstrating our core Values of Respect, Integrity, Compassion and Excellence each day.
- Maintaining strong financial and operational performance.
- Providing safe, high-quality and innovative care.
- Attracting, developing and retaining top performers.
- Maintaining high standards of conduct and integrity.
- Embracing diverse ideas and facilitating teamwork.
- Ensuring ongoing patient, employee and physician satisfaction.
- Recognizing and rewarding employees for achieving organizational goals.
- Delivering increased value, while lowering costs.
- Reducing or eliminating environmental and safety risks.
- Wisely using natural, financial and human resources.
- Forging strategic and mutually beneficial community relationships.
- Advocating for the needs and rights of our patients, employees and communities.

² Dallas-Fort Worth Hospital Council "The Economic Impact of the Texas Health Resources System on the Dallas-Fort Worth Area," November 2013.

A New Vision Statement Unfolds

While developing our new 10-year strategy, we asked ourselves: What do health care consumers and the community want from Texas Health?

In addition to affordability, innovation and reliability, we felt our neighbors wanted a partner that could support them in lifelong well-being, not simply through an illness or injury. In response, we updated our Vision statement to “Partnering with you for a lifetime of health and well-being.”



Our PromiseSM

Texas Health's board members and senior leaders adhere to and advocate for our Mission, Vision, Values, Our Texas Health PromiseSM as well as our Code of Business Ethics and Governance Plan.

Our leadership expects accountability from each other, clinicians and employees alike, and guides improvement in the quality of care our patients receive, manages deadlines and budgets and drives continuous improvement. We put a number of strategies in place to drive accountability throughout the system—from adopting standards of the Sarbanes-Oxley Act that call for stronger board independence and fiscal oversight—to evaluating progress being made on business priorities and strategic plans, the quality of care being delivered and whether our patients' needs are being met.

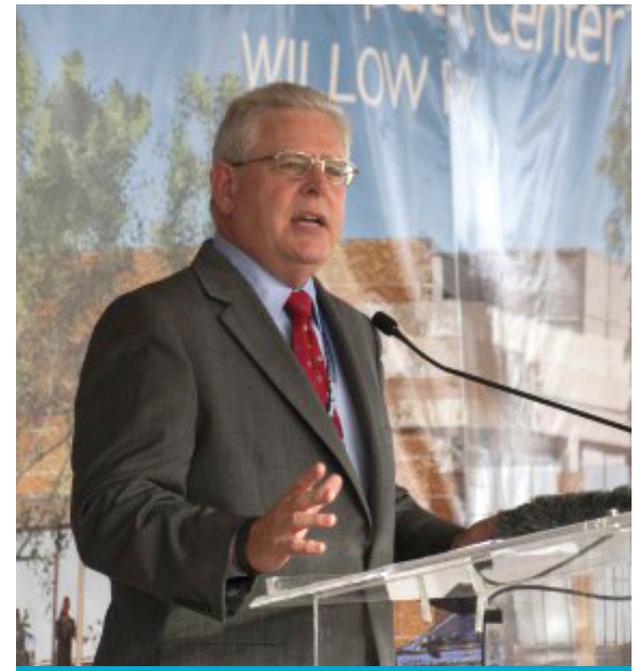


Building Trust

Trust grows when stakeholders understand how Texas Health operates and what we are doing to meet community expectations. Our leaders regularly discuss and address performance shortfalls, expectations and actions that key employees at all levels can take to improve organizational performance. To align patient care with best practices and to identify improvement opportunities, Texas Health routinely assesses and annually reports detailed information in its [Quality and Safety Report to the Community](#). Updated monthly, the report contains performance data on:

- Cancer
- Childbirth
- Emergency department
- Infection prevention
- Heart attacks/failure/procedures
- Patient satisfaction
- Physician office care
- Medical imaging
- Patient safety
- Pneumonia
- Preventive care
- Stroke
- Surgery
- Other indicators

We believe this information drives continuous performance improvement through accountability. We also recognize that patients expect to know whether or not a provider delivers exceptional care prior to receiving services. By making data publicly available, we empower patients to make informed decisions to actively participate in their care, which improves their satisfaction and health outcomes.

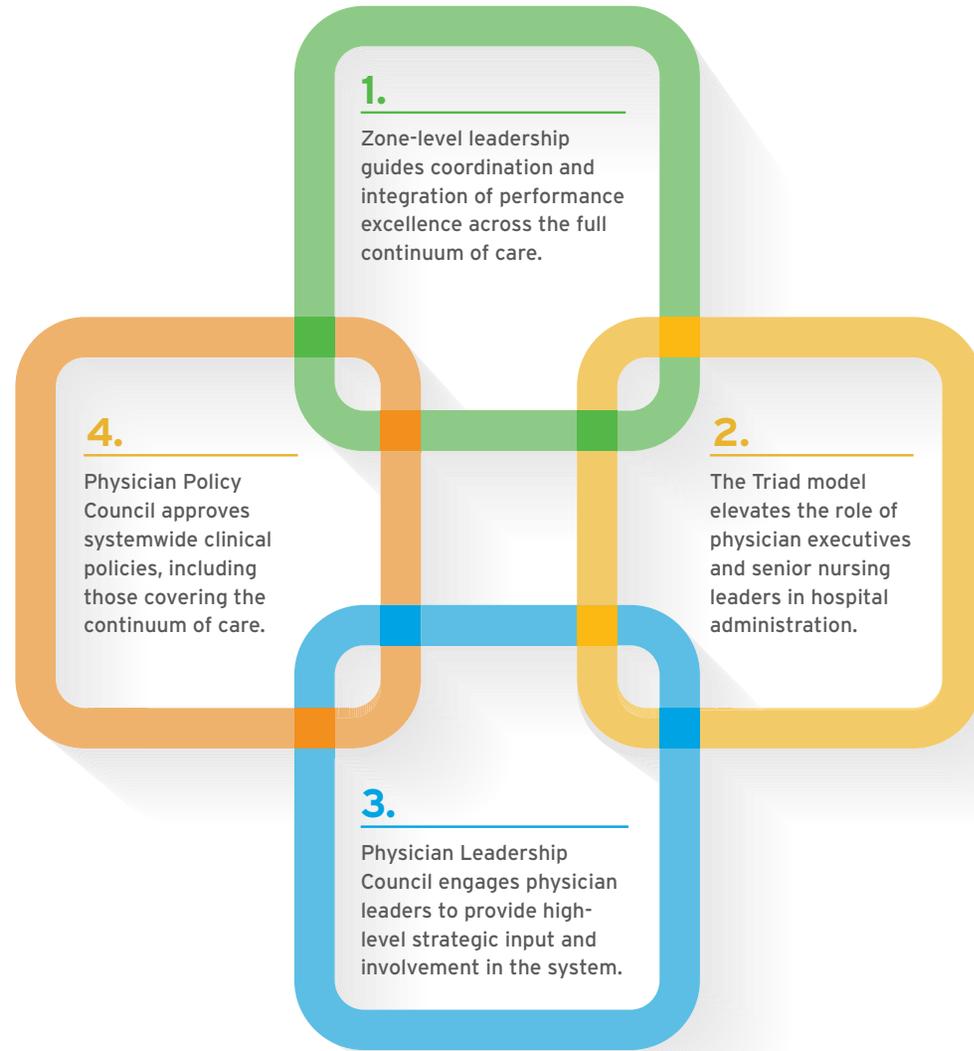


LEADERSHIP AND GOVERNANCE

Our Leadership

Our leaders are responsible for guiding the execution of our Mission, Vision, Values and Our Texas Health PromiseSM so that we can maintain organizational and financial sustainability. Each year, our leaders develop strategic plans, operationalize business objectives, engage employees and patients on key issues, evaluate performance and track outcomes to strengthen our health system.

Texas Health's leaders bring tremendous clinical, business and operational expertise to our organization. They have various perspectives and competencies, possess an unwavering commitment to excellence, embed uncompromising values, aspirations and expectations throughout the system, and consistently evaluate and communicate our performance. Our executive management team is responsible for all facets of forward-looking strategy and current operational performance, leading our transformation into a fully integrated health system, and for improving financial and organizational sustainability.



TEXAS HEALTH RESOURCES LEADERSHIP

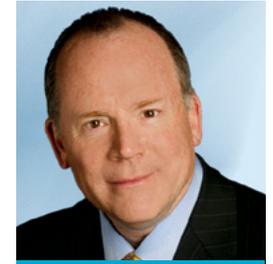
Read more about our leaders at TexasHealth.org/Leadership



Barclay E. Berdan
Chief Executive Officer



Jeffrey L. Canose, M.D.
Senior Executive
Vice President, Chief
Operating Officer



Daniel Varga, M.D.
Senior Executive
Vice President, Chief
Clinical Officer



Harold Berenzweig, M.D.
Executive Vice President,
Southwest Zone Clinical
Leader



Joan Clark
Senior Vice President,
Chief Nurse Executive



Kirk King
Executive Vice President,
Southwest Zone
Operations Leader



Michelle Kirby
Senior Vice President,
Chief People Officer



Ken Kramer
Executive Vice President,
General Counsel



Mark C. Lester, M.D.
Executive Vice President,
Southeast Zone
Clinical Leader



Ronald R. Long
Executive Vice President,
Chief Financial Officer



Brett McClung
Executive Vice President,
North Zone Operations
Leader



Winjie Miao
Executive Vice President,
Chief Experience Officer



Shawn Parsley, D.O.
President, Texas Health
Physicians Group



Elizabeth Ransom, M.D.
Executive Vice President,
North Zone Clinical Leader



John Warner, M.D.
Executive Vice President,
Southeast Zone
Operations Leader

Governance Structure

Texas Health designed its governance structure, board composition and policies to protect stakeholder and systemwide interests. Our governance structure achieves standardization, follows best practices and facilitates systemwide decision making, accountability and efficiency. Our governance system and leadership teams work hand-in-hand to align all parts of our organization toward quality and value, to integrate clinical services and to provide a continuum of care. The Joint Commission and the American Hospital Association Center for Healthcare Governance's Blue Ribbon Panel have commended our well-established governance program.

Board of Trustees

Texas Health's board of trustees is responsible for review and approval of all operational and financial strategies, as well as success measures for the entire system. The diverse group includes independent health care, business and community leaders who offer a range of professional competencies.

Together, they make strategic policies and decisions, oversee organizational performance and nurture stakeholder relationships. As befits our culture of servant leadership, our trustees are successful community leaders who are so passionate about health care in North Texas that they volunteer their time on the board out of a sense of community commitment and a desire to give back.

ETHICS AND COMPLIANCE

As a faith-based, nonprofit community health care provider, Texas Health is committed to operating ethically and conducting business safely, fairly, legally and with integrity. Since our inception, we have integrated our Values of Respect, Integrity, Compassion and Excellence into our expectations for legal and ethical conduct. By so doing, we earn and maintain the trust of those we employ and serve.

Our Business Ethics and Compliance Program is designed to meet and exceed regulatory, legal and accreditation requirements. It is overseen by our chief compliance officer, Executive Leadership Committee, the board's Audit and Compliance Committee, our System Compliance Committee and Business Ethics Council.

We provide mandatory ethics and compliance training for employees, volunteers, employed physicians, physician leaders and our board of trustees. Physicians agree to abide by medical staff bylaws and our Physician Code of Conduct, and we provide ethics and compliance materials at initial credentialing and at each recredentialing. Suppliers also must agree to comply with our ethics and compliance policies.

BOARD OF TRUSTEES

2014-2016

Board Chair: John R. Ferguson III

Vice Chair: Wesley R. Turner

2017-2018

Board Chair: Wesley R. Turner

Vice Chair: W. Dennis Stripling, M.D.



Reporting

Employees and patients can anonymously report allegations of improprieties to supervisors, patient advocates, our chief compliance officer or CEO, or through a toll-free hotline without fear of retaliation. Per our policy, we investigate all incident reports and respond to actionable issues with the appropriate disciplinary action, including termination, if warranted. Confirmed violations are reported to senior leaders and the board. Physician violations are handled through disciplinary action under medical staff rules and regulations.

Compliance

Texas Health operates in a complex legal and regulatory environment with numerous strict regulations and standards that are designed to ensure access to care, protect privacy, promote patient and workforce safety, and enforce public responsibility. Our Audit and Compliance Committee and senior leaders oversee compliance to avoid legal, financial, personal and reputational harm. In 2016, Texas Health fully complied with HIPAA training, supplier agreements, conflict of interest disclosures and other related requirements.

Privacy

Texas Health is committed to responsibly and proactively safeguarding our patients' health information from inappropriate use or disclosure. Federal and state privacy laws and regulations also govern how we use, disclose and protect health information. We have a privacy compliance program that provides for the management, oversight and coordination of our privacy policies. It also oversees training, auditing, monitoring, investigating and reporting unsecured information breaches. When privacy breaches occur, we notify applicable regulatory agencies and potentially impacted individuals. In 2016, no significant privacy breaches occurred.

More information about Texas Health's ethics, compliance and privacy performance can be found in the [appendix](#).

INVESTING IN CYBERSECURITY

Texas Health is committed to making significant investments to protect and preserve information exchanged through our electronic health record, internet and intranet sites, web-based portals and emergency notification systems. To combat the growing number of computer-based threats exchanged through these channels, we responsibly:

- Deploy proven technologies, monitor all alerts and address all possible breaches and threats.
- Install firewalls, intrusion detection tools, and email monitoring and anti-phishing software.
- Encrypt health information, credit card data, and automate security patches.
- Limit access to information based on employees' role.

OUR PATIENTS

Texas Health strives to be recognized nationally as an excellent and innovative health care system that provides integrated, coordinated care across the continuum. Putting patients first and improving their health outcomes is at the heart of everything we do.

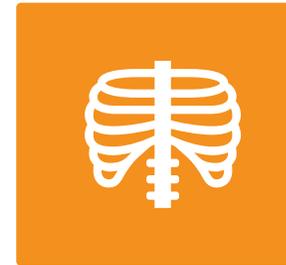


2016 HIGHLIGHTS

AFFILIATED WITH AETNA
to create a new health plan company to offer more
**AFFORDABLE, HIGH-QUALITY AND
BETTER-COORDINATED CARE**

**13 hospitals received an
"A" safety rating from
The Leapfrog Group**

**Deployed high reliability learning tools
to prevent and capture safety incidents
MORE ACCURATELY**



Achieved Magnet® or Pathway to Excellence® designation at
100% of wholly owned hospitals

90%+ rated their overall
care and likelihood to
recommend our hospitals to
others as good or very good



**14 HOSPITALS
RECEIVED HIGH
RATINGS FROM**
from the Centers for
Medicare & Medicaid
Services' Hospital
Compare website

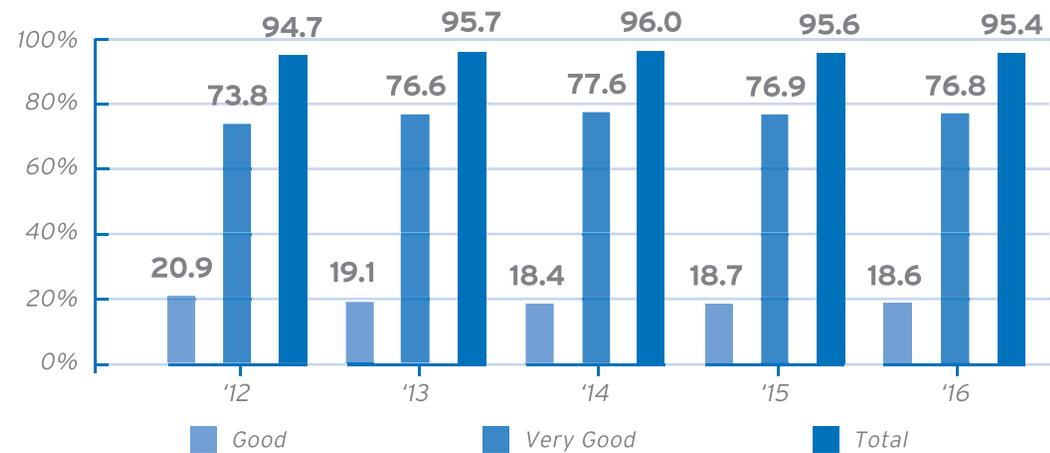
PATIENT EXPERIENCE

As a faith-based nonprofit, Texas Health is in the business of caring for people in need; we put patients at the center of everything we do. Delivering an exceptional patient experience characterized by compassion, clear communication and helpful navigation through each step of the care process not only earns our patients' trust, it also improves health and outcomes and lowers readmissions and costs—all things that are essential to our Mission, Vision and Values.

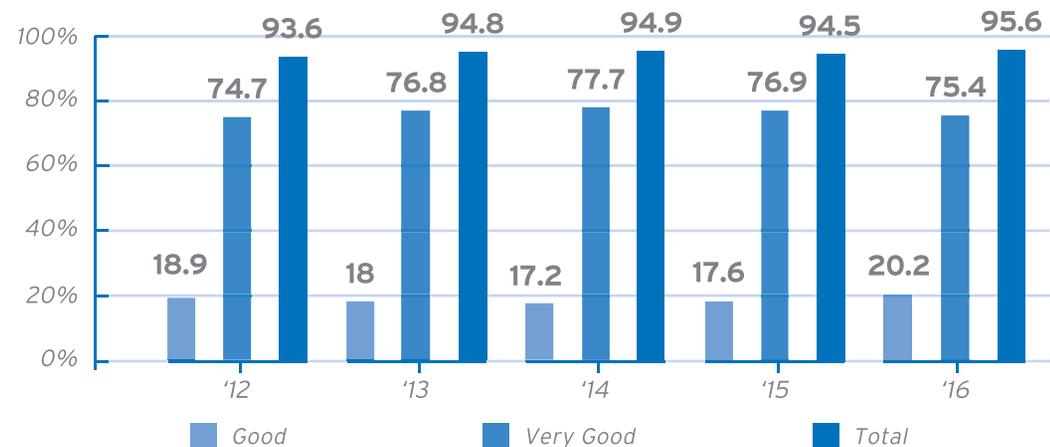
Each year, we deliver award-winning service to our patients and families and have a systemwide goal of achieving top decile performance. To measure this, we use a comprehensive patient satisfaction survey administered by Press Ganey Associates Inc., which benchmarks patient satisfaction scores against national, customized and local databases. More than 90 percent of Texas Health's patients rated their overall care and likelihood to recommend our hospitals to others as good or very good.

Texas Health provides leaders and staff with coaching and other resources needed to reliably provide exceptional patient experiences throughout the system's facilities and medical practices. In 2017, Texas Health will continue its focus on patient experience in three areas: caring behaviors, clinical excellence and operational efficiency.

PATIENTS' OVERALL RATING OF CARE



PATIENTS' LIKELIHOOD TO RECOMMEND TEXAS HEALTH



Extending Patient Experience to the Entire Continuum of Care

An exceptional patient experience is critical to Texas Health no matter where a patient is seen across the care continuum. For example, at Texas Health Physicians Group (THPG), which comprises more than 800 physicians and other clinical professionals, extensive training has been provided over the last few years to reduce variation in services and standardize its culture of excellence.

THPG began using Press Ganey's Compassionate Connected Care™ framework in 2015 to address unmet patient needs by delivering optimal care. The model organizes care providers' activities into four aspects of patient care—clinical, operational, behavioral and cultural—which allows caregivers to target improvement efforts and resources. Physician leadership is critical to raising the bar on core metrics of our patients' experience, and THPG leaders enhanced physician engagement and coaching in 2016.

THPG's use of this framework, together with physician coaching, improved the overall patient experience in 2016 as evidenced by:

- Nearly 92% of patients saying they would recommend their provider's group to others.
- 93.6% of patients being pleased with the extent of physician communication.
- 92.7% of patients being satisfied with the quality of communication from office staff.

THPG's commitment to improving the patient experience also was formally recognized by Press Ganey Associates, which bestowed the [2016 Success Story Award](#)® to the organization for demonstrating innovation and leadership.



SAFE & QUALITY CARE

Texas Health's ability to fulfill its Mission to improve the health of the people in the communities it serves and preserve its reputation is based on providing safe and high-quality care that is evidence-based and scientifically sound. After all, it is our clinical expertise and innovation of care that earns patient trust and loyalty.

Considering the following statistics, it is incumbent on not only Texas Health, but the entire health care industry, to keep patients from being harmed while under our care. According to the National Patient Safety Foundation¹:

- Medication errors harm an estimated 1.5 million Americans each year, resulting in more than \$3.5 billion in additional medical costs.
- About 1 in 25 U.S. patients suffers at least one hospital-acquired infection during their hospital stay.
- About 1 in 10 U.S. patients experiences an adverse condition, such as a pressure ulcer or a fall, during hospitalization.

As part of our journey to become a high-reliability organization, Texas Health is working to consistently provide a safe, quality experience to our patients each time they visit any of our hospitals, wellness centers or physician offices. This work is intentional and strategic, requires extensive research and literature reviews to identify evidence-based best practices, and involves the expertise of our leaders, clinical leaders, employees, as well as safety and quality improvement teams across all of Texas Health facilities.

Care Design

To reliably deliver safe and quality care, Texas Health is making significant investments to provide its teams with the tools, processes and training to succeed. A care design and deployment initiative—called Reliable Care Blueprinting—is facilitating this effort. This initiative has been led by our caregivers working in design teams, involving more than 220 people from various disciplines. They share and review evidence-based practices and develop processes that would enable our system to achieve the outcomes we desire.

These groups are tackling our most significant safety and quality issues in hospitals and will continue over the next few years to create reliable processes for our entire care continuum. In 2016, we launched more than 16 modules, ranging from falls to obstructive sleep apnea, at all Texas Health wholly owned hospitals. These modules provide an evidence-based plan related to specific conditions or processes.

Delivering care safely and coordinating treatment are key ways to improve health outcomes and reduce the likelihood of a hospital readmission. Readmissions typically occur when patients do not understand how to manage their condition, do not adhere to discharge instructions, or fail to receive timely physician follow-up. Texas Health's care delivery mechanisms include:

- **Patient engagement:** Using clinical analytic tools and the patient intake process, we deliberately identify the types of individuals at risk for poor self-management and readmission based on their health history. This allows us to more closely monitor and aggressively communicate with medium- and high-risk patients in real-time.
- **Care management:** Clinical nurse managers and bedside nurses effectively manage patient care by confirming the medical services and care being provided are appropriate, and coordinating care to help verify patients see the right health professional at the right time.

“We have an ethical and moral obligation to consistently and reliably provide the highest level of care, safety and best possible customer experience to every single person we care for...every single time.”

— JEFFREY CANOSE, M.D., FACHE

*Chief Operating Officer
and Senior Executive Vice President*

¹http://cymcdn.com/sites/www.npsf.org/resource/resmgr/PDF/NPSF-Progress-Rpt-2014-15_Fi.pdf

As a result, there has been a decline in the length of patient stays and number of readmissions, which has improved overall patient satisfaction.

- **Care transition:** Care transition managers evaluate patients and plan an appropriate post-acute transition based on clinical criteria, funding sources, social support and patient choice. They also share patients' health history, care plans and treatment needs with all post-acute providers to improve quality of care and reduce the likelihood of readmission.

Our top priority is to effectively manage the care transition from the hospital to home, so that we can improve health outcomes and reduce patient length of stay and readmissions. Appropriate care transition planning and coordination helps us direct patients to the right level of care or services they need—when they need it the most.

Clinical Leadership

Strengthening nursing leadership at the point at which care is delivered reduces readmissions, improves patient satisfaction and safety, drives compliance with core measures and saves money². Texas Health's team of clinical nurse leaders manages the clinical care given to groups of 12 to 16 patients at a time.

Some of the ways clinical nurse leaders enhance communication between the care team and influence quality patient outcomes is by providing continuity of care, leading interdisciplinary care briefings, and reviewing clinical data to provide optimum acute care coordination. Additionally, they mentor, share evidence-based practices at the bedside, assist patients with health decision planning and collaborate with the care transition team to provide patient support upon discharge.

All of Texas Health's wholly owned hospitals have achieved the Magnet[®] designation for nursing excellence and high-quality care or the Pathway to Excellence[®] designation for creating positive work environments where nurses can flourish.



² American Association of Colleges of Nursing

Snapshot: Collaborative Rounding Reduces Length of Stay and Improves Patient Satisfaction

It's common for nurses and physicians to round on their patients, stopping by throughout their shift to check patients' vitals, test results and to discuss needs or treatment plans. Oftentimes, however, these clinicians work alone or in silos, which can negatively affect not only communication with patients and their caregivers, but also extend the length of patients' stays within the hospital.

Extended hospital stays not only cost patients and health systems more money, they also increase the risk for patients to acquire an infection. Yet discharging patients too soon increases the likelihood of readmission.

To address this issue and increase communication among patients, physicians and clinical staff, Texas Health's Clinical Nurse Leader Program proposed a collaboration rounding routine in which two Texas Health hospitals participated in 2016.

For three months, a physician, clinical nurse leader and the primary nurse made rounds together on select groups of patients and their families. They discovered that by collaborating, they got up to speed on each patient much faster and became better aligned on care plans. This, in turn, helped patients and their loved ones better understand the goals for the day, test results or treatment options. More importantly, having these conversations together significantly reduced patients' length of stay and readmissions, and improved their overall satisfaction. Using this model as a blueprint, Texas Health will begin having clinical teams systemwide take this same approach to rounding in 2017.

75% ↓

Reduction in average length of stay

↑ 90th percentile

Satisfaction with nursing communication, up from 72nd percentile

87% ↓

Reduction in 30-day re-admissions

↑ 91st percentile

Satisfaction with physician communication, up from 54th percentile

Snapshot: Taking a Four Eyes, Four Hands Approach to Infection Control

Catheter-associated urinary tract infections (CAUTI) are one of the most commonly reported hospital-acquired conditions. These infections—which may affect the urethra, bladder, ureters or kidney—can lead to extended hospital stays, increased health care costs and even patient death. Therefore, catheters should be used only when medically necessary and removed once they are no longer needed.



At Texas Health, nurses began taking a four-eyes, four-hands approach to appropriate utilization of urinary catheters in 2016. We began requiring two staff members who are experienced in inserting urinary catheters to work together. They each verify that a catheter is medically necessary. Then, while one inserts the catheter, the other observes to make sure the catheter is inserted using an aseptic technique. Each day, nursing reviews the indications for the catheter and when the patient no longer needs it, it is promptly removed.

Performance Improvement

To drive ongoing clinical improvements, Texas Health continuously reviews industry benchmarks, identifies internal and external best practices, shares lessons learned and sets performance goals. We also monitor how well we deliver reliable care that is safe, outcome-focused and provided in a kind and compassionate way. Comparing our progress against publicly reported clinical, safety and efficiency measures enables us to assess our progress against other organizations of our size and scope as well.

Patient Safety

Texas Health is committed to the health and safety of our patients. We work tirelessly to refine our practices, reduce risks, strengthen our safety culture, and promote a safe and healing environment while aligning our patient safety goals with the goals of The Joint Commission. Our goal is zero harm.

Texas Health is actively working to consistently provide safe patient experiences as part of our journey to become a high reliability organization. We are accomplishing this goal by strengthening our processes to reduce system failures and respond effectively when they occur. While we have deployed evidenced-based tools and strategies to protect patient safety and enhance care quality since the organization's inception, we routinely assess these approaches to make necessary refinements and to introduce new methods that are proven to be more effective.

In 2016, we deployed and trained caregivers on a new reliability learning tool to help us more accurately capture safety events and incidents—such as falls, sepsis or hospital-acquired infections—so that we can accelerate improvements where needed. Having robust data helps us identify the root cause of these events so that we can act to prevent their reoccurrence. It also helps us design learning programs to drive high reliability in a standard manner across the organization.

Additionally, we trained physicians, clinicians and staff on error prevention strategies that remind them to consider safety in all they do and speak up when they see unsafe behaviors. In 2017, high reliability coaches will observe clinical teams to encourage adoption of these strategies and assess their effectiveness.

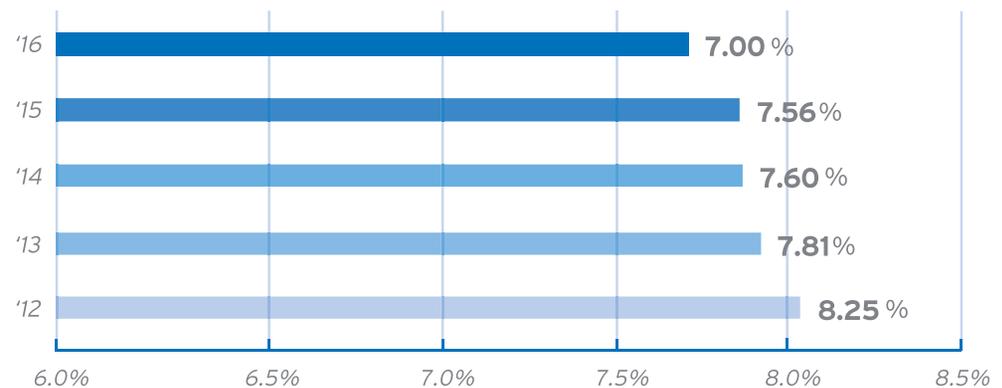
By using and sharing best practices, increasing how often patients receive evidence-based care and reducing variation across the organization, Texas Health has made progress in recent years in advancing clinical quality. Additional data can be found in our [Quality and Safety Report](#), which is updated monthly.

Snapshot: Standardizing Care to Reduce COPD Readmissions

Chronic Obstructive Pulmonary Disease (COPD) is a disease that occurs in the lungs and obstructs the airways. It's the third leading cause of death and a leading cause of hospital readmissions in the U.S. In 2016, clinical nurse leaders at Texas Health Denton piloted an intervention to reduce readmission rates for patients with COPD. They discharged patients by giving them a care action plan and checklist, appropriate medications and instructions about following up with their primary care physician. In six months, readmission rates dropped from 22 percent to 17 percent.

Partnering with the reliable care blueprinting team, Texas Health is now implementing these evidence-based best practices—along with addressing root causes of readmission, providing other appropriate interventions and encouraging patients to ambulate four times a day—to reduce rates across the organization.

ALL-CAUSED READMISSION RATE



IMPROVING POPULATION HEALTH

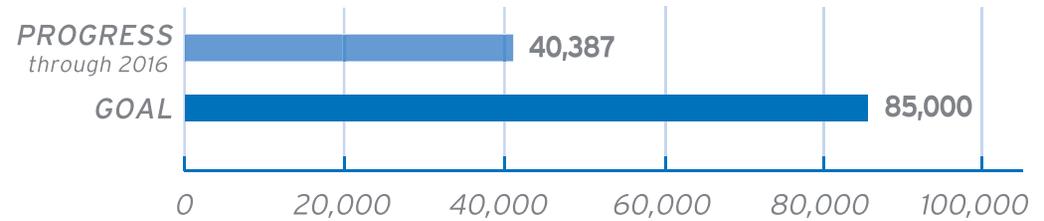
To fulfill Texas Health’s Mission, we must not only care for people when they are ill, but also work to keep them healthy and out of the hospital. Through our Population Health, Education & Innovation Center, teams are identifying, developing and implementing innovative population health strategies, tools and programs to help North Texans achieve greater overall health and well-being. Some of these include:

Developing Blue Zones® Communities

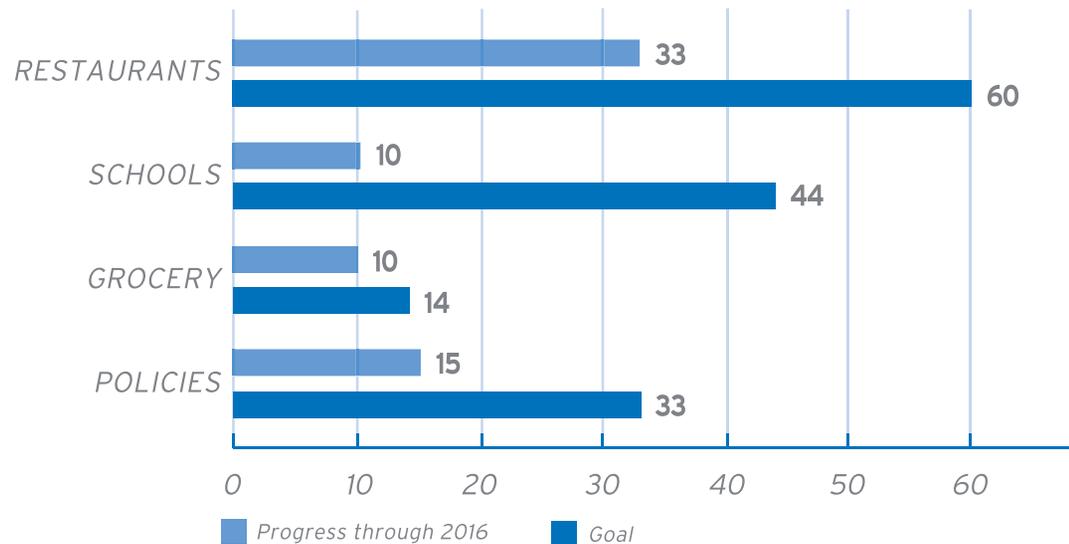
Since 2013, Texas Health has been collaborating with the City of Fort Worth, the Fort Worth Chamber of Commerce and many community partners and sponsors to transform the city of Fort Worth into a certified Blue Zones Community® by 2018. It was originally estimated that residents’ poor health could potentially cost the city \$5 billion in lost productivity and health care costs over the next 10 years, which would undermine its economic viability and quality of life.

[Blue Zones Project Fort Worth](#) makes healthy choices easier for residents by optimizing the city’s physical surroundings, policies and social connections. The project is engaging with those who live, work, play and pray in all ZIP codes throughout the city. Since the initiative began, Texas Health has provided strategic direction and counsel, funding and support.

INDIVIDUAL ENGAGEMENT



BLUE ZONE PROJECT APPROVED



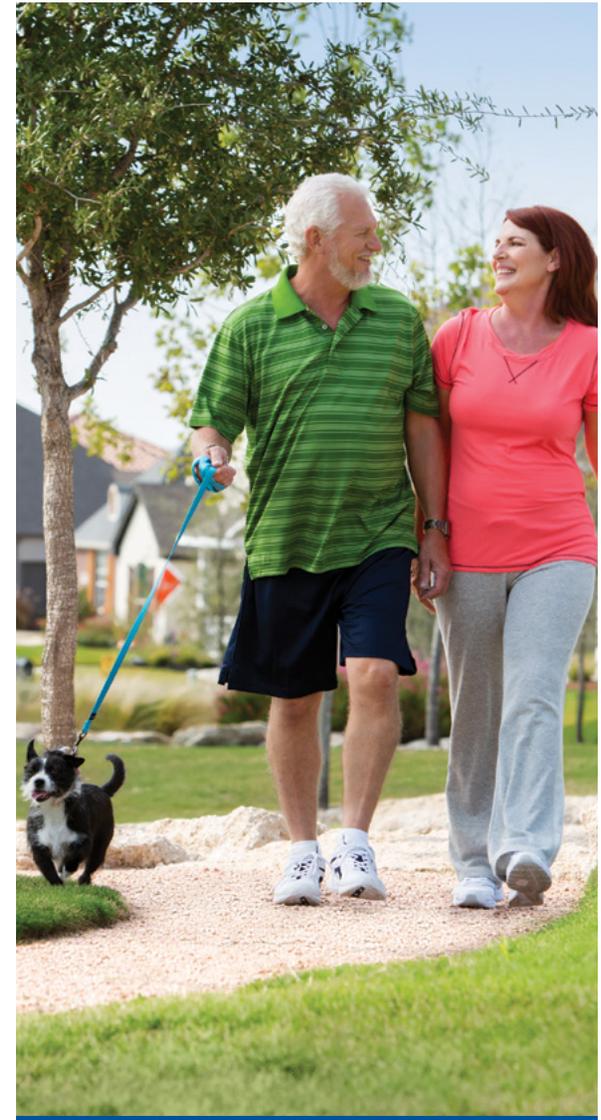
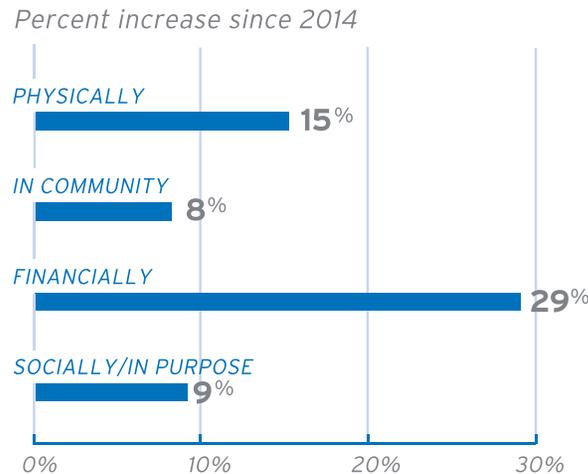
The city of Fort Worth has been implementing changes in these key areas:

- Policy:** Advance community policy work to ensure surroundings and infrastructure support healthy lifestyles, such as making the city more walkable and bikeable, improving access to fresh fruits and vegetables and supporting the development of an active transportation plan. To date, the project team has completed 15 policies and initiated 10 more.
- People:** More than 18,250 individuals committed to improving their personal well-being by taking the Blue Zones® Personal Pledge in 2016 and more than 40,000 people have engaged in the project, either by attending an event or volunteering.
- Places:** In 2016, 58 Fort Worth employers of all sizes, including Texas Health, became Blue Zones Project Approved™ worksites, including four faith-based organizations. These organizations are taking steps to make their businesses healthier for employees and members. For example, across Texas Health, you will see designated parking spots painted blue that are purposely far away from the front door to encourage people to get more steps in their day.

- Presence:** The Blue Zones Project team partners with local media, civic and private organizations, and like-minded community initiatives to increase the visibility, awareness, effectiveness and impact across the city. Through a multi-faceted influencer campaign featuring some of the city’s most familiar faces, including Texas Health CEO Barclay Berdan and Mayor Betsy Price, familiarity with Blue Zones Project is now up 100 percent over the prior year; those with a favorable impression increased to 79 percent.

The city of Fort Worth has seen improvements in its Gallup/Healthways Well-Being Index score since the program began. Scores increased from 58.8 percent in 2014 to 61.4 percent in 2016, which makes the city’s ranking now on par with the nation.

FORT WORTH POPULATION WHO ARE THRIVING



Snapshot: Southwestern Health Resources

Southwestern Health Resources is an integrated health [network](#) that combines about 1,200 primary care doctors and 600 advanced practitioners affiliated with Texas Health with about 1,500 specialists from UT Southwestern to help consumers receive more convenient and appropriate care—when they need it. The two organizations also are expanding medical education and research initiatives to identify the most effective health interventions and apply them to the people we serve.

- Assessing how we can bundle payments to offer a set of services for a flat fee.
- Helping consumers navigate the system so they get the services they need and avoid those they do not.

In 2016, we partnered with [Aetna](#) to create a new health plan company that will provide employers and consumers in North Texas with more affordable, high-quality and better-coordinated care. This agreement is the first of its kind in North Texas to fully align the incentives and capabilities of a national insurer and major health system. Sharing ownership and accountability equally will help eliminate redundancies of care, reduce administrative burdens and may save employers 15 percent.

Expanding Access to Care

Texas Health has been transforming its model of health services to one that designed to keep people healthy and out of hospitals except when they are acutely sick or injured. To support this transformation, we are building a clinical network of size, scale and capability to provide North Texans with the right care at the right time and in the right setting. From forming accountable care organizations to aligning with specialty providers, our goal is to make care seamless and convenient for our consumers.

We created a [joint venture](#) with one of the nation's leading operators of freestanding emergency rooms to increase access to high-quality, convenient emergency medical care in the Dallas-Fort Worth area. More than 30 freestanding ERs and a hospital in Carrollton became aligned with Texas Health.

We also continued expanding [behavioral health services](#) by offering inpatient and outpatient mental, psychiatric and behavioral services throughout the North Texas region.

Making Care More Affordable

Texas Health is taking several steps to make health care more affordable. These include:

- [Advocating](#) for reasonable insurance plans for Texans as well as for compensation for providing care to the indigent, uninsured and underinsured.
- Improving care coordination to reduce duplication, costs and readmissions.
- Providing wellness and preventive services to avoid costly hospital visits.



Preventing Issues Before They Escalate

Texas Health is helping consumers make healthier choices and is providing services that help prevent health issues from occurring and/or escalating. For example, we:

- Implement various [community health](#) programs—from wellness education to behavioral health management—that address the whole person in his or her own unique environment.
- Sponsor [Faith Community Nurses](#), who provide health education and resources to thousands of people in congregations and North Texas communities.
- Affiliate with [national nonprofit health organizations](#) to make a greater impact on specific health issues, such as heart health or diabetes.
- Offer preventive health services and behavior management to help people make healthier choices.

Snapshot: How Faith Informs our Mission and Work

“Our Mission at Texas Health is widely recognized by leaders and staff as a very special, a very sacred and a very humbling ministry—one in which God uses our hearts, heads and hands to manifest His healing power,” said Jeffrey Canose, M.D., FACHE, senior executive vice president and chief operating officer. “We think it is a calling from almighty God for us to be doing this work. We have a very daunting obligation to the people who entrust their care to us at the most vulnerable moments of their life. It doesn’t get any more intensely personal than that.”



OUR PEOPLE

At faith-based Texas Health, we feel called to do the work we do and we're humbled to care for people at their most vulnerable moments. The work that we do every hour of every day is special, sacred and heroic in terms of the interactions we have with every individual who entrusts us to partner with them to restore health and achieve well-being—body, mind and spirit.

For us, this starts with being the employer and workplace of choice. And the way we get there is by living and breathing our Texas Health PromiseSM: Individuals Caring For Individuals, Together[®]. At the heart of this is our compassion for people and our Values of respect, integrity, compassion and excellence that we live by to fulfill our Mission to improve the health of people in the communities we serve.

In 2016, our 23,000 employees made Texas Health the number one organization on Fortune's 20 Best Workplaces in Health Care and one of the largest employers in North Texas.



2016 HIGHLIGHTS

Distributed
\$1.8 MILLION
 in gift awards and sent
90,237
 thank you cards to
 recognize employees



INCLUDED ON
 Great Place to Work[®]
 and Fortune.com's

"100 Best Companies
 to Work For" (#46)

"100 Best Workplaces
 to Gen Xers" (#4)

"100 Best Workplaces
 for Women" (#1)

"50 Best Workplaces
 for Diversity" (#1)

INCREASED EMPLOYEE
 ENGAGEMENT SCORES TO THE
93RD PERCENTILE

Earned top honors (Platinum Award)
 from the National Business Group on
 Health for being a "Best Employer
 for Healthy Lifestyles"

PAID
\$10+ MILLION
 in incentives

REDUCED SLIPS, TRIPS AND FALLS BY
24.6 percent

Certified as a 
Blue Zones Project[®]
 Approved™ worksite

TALENT ACQUISITION

As one of the largest employers in the region, Texas Health is blessed to have a large pool of candidates knocking on our door—more than 150,000 each year. Having a workforce that embodies our values and forges respectful, compassionate and trusting relationships with each other and the people in the communities we serve drives our hiring practices.

In 2016, we transformed how we look for and source talent. We modified our pre-employment assessment to identify candidates who would fit the best within our culture. Why? Our employment data revealed that when we hire employees who placed high on our cultural assessment, it improved engagement, as well as employee and patient satisfaction.

We also increased how quickly we fill positions. For example, if we post a job that doesn't get enough qualified applicants within 21 days, we ask our sourcing team to actively search for ideal candidates instead of waiting for people to come to us. Previously, this search didn't begin until 60 days after a job was posted. This change improves recruitment efficiency and costs, as well as new hire satisfaction.

Also, we continued seeking creative ways to fill a shortage of essential positions, such as qualified physicians and nurses and culinary professionals. The influx of people coming to live in North Texas has increased demand—and competition for—top talent.

To address this, we are:

- Advocating to increase residency programs for physicians statewide.
- Planning to expand the family medicine residency at Southwestern Health Resources.
- Funding a physicians' assistant development program.
- Working to identify faculty who can create and expand nursing programs.
- Educating restaurant and culinary professionals on the benefits of applying their craft within a hospital environment.

- Expanding our nursing residency program to include specialized perioperative pipeline for critical positions.

In 2017, we plan to reduce the number of days between the publication of a job and getting an offer accepted by 20 percent, which is essential to sustaining revenue and growth plans.

RETENTION

Employee retention is a key performance measure and a strategic focus throughout Texas Health. Preserving our reputation as a best place to work helps us retain the brightest talent in the region.

Texas Health employees reported on the **Great Place to Work Reviews** site that we have:

Great Challenges:

97%

Great Pride:

99%

Great Communication:

97%

Great Atmosphere:

98%

Great Rewards:

97%

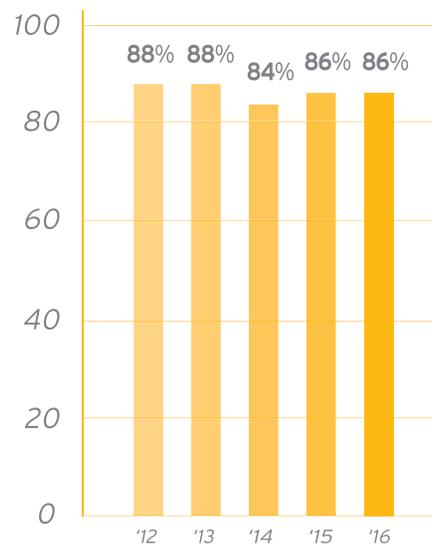
Great Bosses:

96%

Ask our people why they're loyal to Texas Health, and you're bound to hear stories about our culture and people, our dedication to excellence, the many opportunities they receive to develop and grow—and the feeling that here, they are family.

We continually track and assess employee retention to ensure that we are maintaining our top talent. We openly communicate with our employees, assess their feedback and meet with high-performers who voluntarily leave the organization to identify potential issues. We review this information to make course corrections and craft improvement plans. In 2016, 17 percent of our workforce had 25 years or more of service with Texas Health. Our retention rate remained stable at nearly 86 percent.

SYSTEMWIDE RETENTION



LEARNING & DEVELOPMENT

We wholeheartedly believe that as part of our commitment to becoming a high reliability, consumer-focused organization it is our duty and our privilege to help our employees to continually develop their talents, gain new skills, build knowledge and expand their experience.

Developing our employees increases their value within the health care industry and also improves our ability to deliver excellent care in service of our Mission "To improve the health of the people in the communities we serve." We also believe that it's just the right thing to do.

We empower employees to stay current and to drive their career development through our expansive cutting-edge educational resources, Texas Health Resources University, and career development programs and opportunities. From assessment tools and thousands of targeted learning courses and training programs to leader development programs and tuition reimbursement, we provide a plethora of opportunities, tools and resources for employees to discover and develop their talents.

In 2016, we made several enhancements to our development structure and strategies. We began:

- Putting the framework in place to begin to offer customized training based on each employee's role, skill sets and career plan to make development more meaningful and relevant.
- Revamping our talent acceleration program by assessing high-potential employees for their leadership potential. The evaluation helps us identify what skills are needed to advance, for example, from a manager to an executive. Armed with this knowledge, we then examine an individual's leadership capabilities with potential growth opportunities. We also explore an employee's interest in advancement as well as create a plan to achieve it.
- Shifting away from delivering annual performance reviews to instead moving leaders into coaching roles. This will set the stage for leaders to more regularly engage and mentor employees to ascertain what skills are needed to improve their existing jobs or to help them advance to another position within the system.

89%

My job makes good use of my skills and abilities

84%

This organization provides career development opportunities

- Providing more hands-on opportunities for employees to practice a skill, e.g., public speaking, instead of simply taking an online course.
- Advancing efforts to become a highly reliable organization by delivering training on new leadership behaviors to about 23,000 employees.
- Mapping employees' skills to help us identify what they need to know and by when. This also allows us to retain valuable employees by identifying a variety of jobs that align with their key interests and areas of expertise.

In 2017, we will pilot the use of new competency frameworks with leaders to identify their key leadership skills by level. This will help us identify and close development gaps where needed and support transitions between roles.

COMPENSATION & BENEFITS

Texas Health's compensation and benefits packages demonstrate our investment in the caring professionals who help us achieve our Mission. We design these to enable employees to take care of their body, mind and spirit—today and in the future.

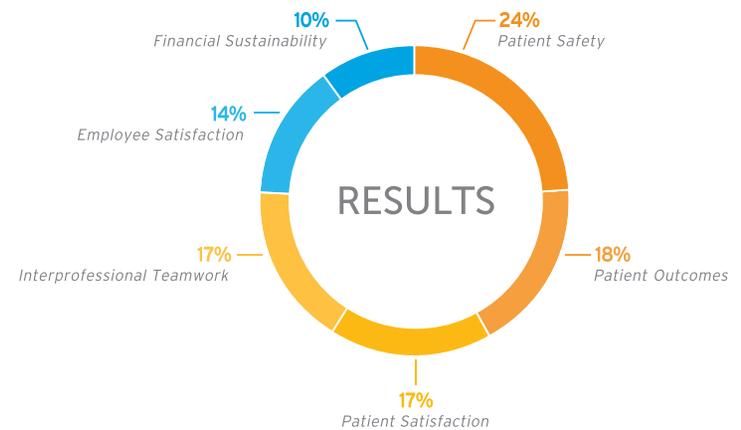
We pay more than 80 percent of medical insurance premiums and tier employees' costs based on their salary to make coverage even more affordable. Employee-only coverage is available for as low as \$2.50 per month for those with a salary under \$25,000. We also subsidize health plan costs for older workers moving from full- to part-time status.

Our 401(k) retirement plan increases what we match of employee contributions as their years of service increase. We contribute up to \$1.25 for every dollar that employees contribute and up to 6 percent of their salary after 10 years of service, which gives us a competitive advantage. Additionally, we offer unique

Snapshot: Error Prevention Tool Training

Texas Health advanced efforts to become a highly reliable organization in 2016 by delivering training on new error prevention tools for employees to use when caring for patients or to reduce errors in our business office.

Over nine months, more than 23,000 employees and some affiliated physicians participated in learning more about the science of error prevention and tools to use. A post-training survey revealed that 94 percent employees more fully recognized the impact their role and actions had on their colleagues and 92 percent had successfully applied the knowledge/skills they learned. Employees also reported how the tools improved their work in specific areas (see Results chart).



employee benefits from on-site child care services and discounted fitness centers, to chapels in each hospital and employee discounts on various products and services.

In 2016, 98 percent of our employees were satisfied with our benefits offerings, which contributes to our high retention rate.

Equal Pay for Equal Work

We take equality—in wages and how we treat each other—very seriously. We audit our systems each year to verify equitable compensation among all employees.

ENGAGEMENT

Robust employee, volunteer and physician engagement is critical to fulfilling Texas Health's Mission, Vision and Values, and for achieving our strategic objective of becoming nationally recognized as an excellent and innovative health care system of choice.

Highly engaged and satisfied people are better able to collaborate to improve patient care, are more loyal and productive, and are more likely to recommend Texas Health as a best place to work and receive care—all of which are critical to our long-term sustainability.

We leverage multiple communication channels to engage teams on their roles and responsibilities, our expectations and to gather their feedback. This helps us better understand why employees, volunteers and physicians feel the way they do and how we can address opportunities for improvement.

To benchmark satisfaction and engagement performance, we use a national survey administered by Press Ganey,¹ as it allows for comparisons against similar organizations outside Texas Health. Individual department managers review survey results and develop appropriate action plans as needed.

Our goal is to rank in the 90th percentile or better, which we achieved in 2016 by ranking in the 93rd percentile.

In 2017, Texas Health will be changing the way we gather employee feedback. We will evolve from our traditional approach to more frequent targeted surveys and pulse checks. Additionally, we will be deploying an "always on feedback" survey so that employees can provide their feedback anytime. This new approach will help us understand employees' perceptions about specific initiatives so we can refine them appropriately and quickly.



Employee engagement scores have risen from the 63rd percentile in 2008 to the 93rd percentile in 2016.

"I feel like the 'powers that be' really do care for us. They see us as individuals, not just a faceless group. We are treated with respect. I feel pride that I work in a hospital with such a good reputation and respect of the community. I feel this is a great place to work."

—Registered nurse

¹Press Ganey is an organization that supports health care providers in understanding and improving the entire patient experience.

Physician Engagement and Alignment

Texas Health engages affiliated physicians to help improve and facilitate their participation and alignment in key strategic and operational decisions systemwide.

Not only do we collaborate on ways to improve our collective value in the health care marketplace, we also share the economic benefits that come from improved performance against quality and safety metrics. Working as partners allows us to deliver better care and satisfy our patients.

Whenever possible, physicians communicate with other doctors to strengthen peer-to-peer alignment. In 2016, a survey of 1,405 physicians found their engagement ranked in the 81st percentile and alignment was at the 88th percentile, an improvement over 2015.



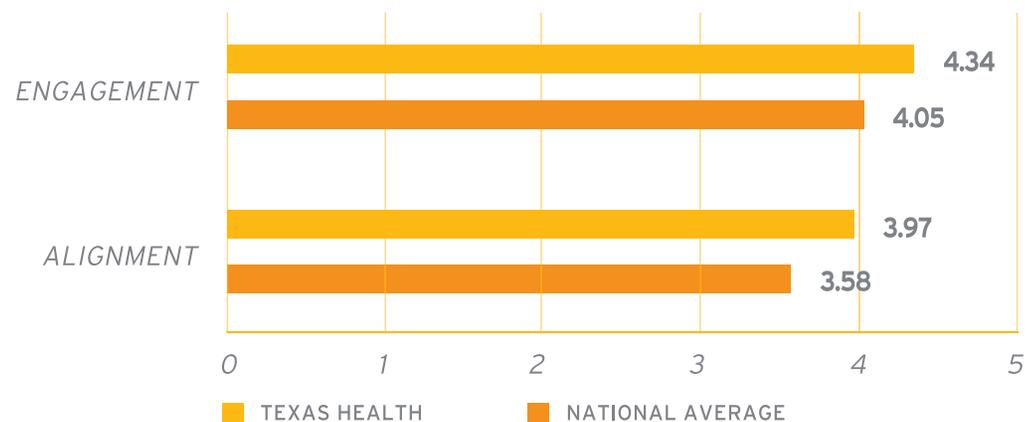
WORKPLACE SAFETY

Our most frequent injuries result from patient lifting as well as slips, trips and falls, and strains and sprains.

Because workplace injuries can be costly to employees' well-being and to Texas Health, we take a comprehensive approach to providing a safe, clean and healthy operating environment and to keep employees free from harm. This includes:

- Robust safety management system, programs, standards, controls, policies and procedures.
- Rigorous reporting and corrective action plans.
- In-depth training and education on how to spot and resolve workplace hazards and potential violence.
- Workplace assessments and dashboards to quickly identify issues and trends.
- Analysis of injury frequency, cost and severity.

2016 PHYSICIAN ENGAGEMENT & ALIGNMENT



- Comprehensive safety campaigns, committees and champions.
- Specialized equipment and safety management teams.

Texas Health has been delivering crisis intervention training to help employees mitigate and respond to issues in a non-violent way before they occur or escalate. Advanced training also was provided to behavioral health and security personnel.

Unfortunately in 2016, we experienced a 23 percent increase in patient attacks on employees. We believe that one attack is one too many so training is being expanded to other high-risk areas to help reduce this in the future. Part of the increase also may be attributable to our robust program that identifies these issues so we can better prevent them in the future.

We also trained staff on how to protect themselves from bloodborne pathogens, to properly wear personal protective equipment and to use error prevention tools. Recently introduced, the tools help employees deploy safety strategies, consider safety in all they do and speak up when they see unsafe behaviors.

Overall, Texas Health’s workplace safety performance improved in 2016. Our Occupational Safety and Health Administration (OSHA) incident rate was 4.3, which is substantially lower than the national average of 6.0 for hospitals and our lowest since 2009. We did experience a 9.5 percent increase in employee injuries caused by handling patients and will work to reduce strains from lifting in the coming year.

In 2017, we will continue providing safe workplace refresher training, increase safety awareness and provide hands-on learning opportunities to reinforce safety practices. We also will implement a new tracking system for employees to report safety concerns, errors, injuries and near-misses. This will more accurately capture safety data to identify trends.

24.6%
Reduction in slips/trips/falls

11.7%
Reduction in bloodborne pathogen exposures

SAFETY PERFORMANCE



OCCUPATIONAL HEALTH & WELLNESS

Texas Health has two roles: caring for our patients and caring for those who care for our patients. In our high-stress environment, there has to be a strong culture of support beneath and behind our caregivers, making them feel cared for—just as they care for others. This is the core of Our Texas Health PromiseSM: Individuals Caring for Individuals, Together[®].

Our Total Health benefits program is designed to motivate employees to move from health awareness to action to inspiration. We combine individual and organizational strategies to reduce the risk of disease, absenteeism and associated insurance and workers' compensation costs. We also take innovative steps to inspire change in the way employees and their families think about their own health. We then assess employee health data to develop or refine targeted interventions where they are needed most.



Snapshot: World's Largest Blue Zone ApprovedTM Worksite

Texas Health became the [largest Blue Zone Approved Worksite](#) in the world in 2016. Studies have found that integrating purpose, movement, nutrition and other healthy living habits enhance longevity and overall well-being. Part of the approval criteria was to have at least 25 percent of our employees pledge to incorporate the [Power9[®]](#) habits into their lives. In



2017, Texas Health will make healthy food choices easier by offering discounts on healthy options and placing healthy foods at checkouts and eye-level, along with more plant-based selections that contain less sugar in our cafeterias.

63%

Completed biometric screenings

94.3%

Completed health assessments

31.8+ billion

Steps employees have walked since 2014

41%

Quit tobacco

\$213.9 million

Savings from contracts with in-network providers

The connection between good health and the bottom line is indisputable:

- Our employee medical costs have only increased 47 percent since 2003 compared to the marketplace average of 104 percent.
- Our medical and prescription drug costs per employee are 9.6 percent lower than the industry.
- Our per employee costs were \$11,256 in 2016, while the national average was \$12,339. This \$1,083 savings per employee equates to an \$18-million cost advantage.

Wellness

Texas Health's award-winning Be Healthy employee wellness program promotes the benefits of healthy lifestyle choices, and offers strategies and rewards to help them make changes that reduce risk factors and improve well-being. Participants have reduced their prevalence of obesity, smoking, stress and other high-risk categories. In 2016, highly engaged employees had 29 percent fewer emergency room visits (per 1,000) and 28 percent fewer inpatient admissions than non-engaged employees.

We also launched Real Appeal, a weight management program available at no cost to eligible employees. About 1,913 participated—84 percent of whom had high health risks—and lost a collective 8,267 pounds.

Snapshot: Texas Health Earns Top Honor for Employee Wellness

Texas Health received Platinum-level recognition in the 2016 Best Employers for Healthy Lifestyles® awards, sponsored by the National Business Group on Health. This is our eighth year to appear on the list, but the first time to receive the Platinum award, the highest level of recognition. Texas Health is one of only 13 organizations nationally—and only one of two health care providers—to receive it.



DIVERSITY

Woven into the fabric of Texas Health’s culture is the inclusion, respect and compassion we have for all the ways we are different. Here, people of all backgrounds have an opportunity to fully contribute and share in our success.

North Texas has a wide representation of people who make up different races, ages and ethnicities, and who speak more than 200 languages and have different health care needs. Providing effective health care for each person requires a thoughtful and inclusive approach. To meet this goal, we train and assess bilingual employees to help communicate and interpret in clinical and/or business interactions. All of Texas Health’s hospitals and clinics have a Diversity Advisory Council and qualified bilingual interpreters to support caregivers and patients.

To maximize our commitment to equality, we have written policies, hiring practices and programs that embrace diversity and emphasize tolerance. We also establish diversity-focused hiring goals through our annual affirmative action plan and grow our multicultural and multi-aged workforce through a number of strategies.

In 2016, Gen Xers represented 41 percent of our employees, Baby Boomers accounted for 29 percent of our team and Millennials represented 30 percent. Ethnically diverse employees comprised 40.9 percent of our workforce, and we hired 7 percent more military veterans and disabled staff than 2015.

No. 1

50 Best Workplaces
for Diversity

No. 1

100 Best Workplaces
for Women

No. 4

20 Best Workplaces
for Gen X'ers

2016 EMPLOYEE DEMOGRAPHICS

POPULATION	All Employees	Managers & Above	System/Hospital Officers	Board of Trustees
 MEN	21.3%	34.2%	50.8%	83.0%
 WOMEN	78.7%	65.8%	49.2%	17.0%
 AGE <30	16%	1.2%	0%	0%
 AGE 30-50	52.1%	49.5%	32.8%	11.0%
 AGE 50+	31.9%	49.3%	67.2%	89.0%
 ETHNIC MINORITIES	40.9%	20.4%	11.9%	6.0%

**Snapshot: Veterans Share
 Texas Health's Values**

U.S. military veterans, like Texas Health employees, are motivated to serve something greater than themselves. Recognizing that we share this value, our recruitment team created a full-time role to focus on recruiting and hiring veterans.

Jacob Massacci, a leadership recruiter for Texas Health and a West Point graduate who served five years as a U.S. Army officer, spearheads this program.

"We are focused on hiring more veterans and partnered with several organizations to help them find jobs," he said. "We also visit local military bases. We truly value what veterans bring to the table and are excited to hire more into our family."

RECOGNITION

Health care is a hands-on, human-centered business. Relationships are everything. As we work to fulfill our Mission to improve the health of the people in the communities we serve, how we show respect for our employees affects how they, in turn, treat the people they serve.

What our employees do—behaving in caring and compassionate ways and making decisions that could potentially affect another person's life—is important work. Equally important is thanking them for their dedication and commitment to excellence. Doing so helps them feel valued and appreciated, enhances their pride in their work and strengthens their commitment to Texas Health.

Texas Health rewards employees for:

- Improving quality and working safely.
- Strengthening culture and driving innovation.
- Reducing costs and increasing efficiencies.
- Achieving key performance indicators and other milestones.

Our Applause! recognition system allows employees to send thank you and gift cards to honor their peers and leaders. Recipients earn points based on the impact of their contribution, which they can redeem for gifts ranging in value from \$5 to \$10,000.



\$1.8 million

Gift awards distributed

90,237

Thank you cards sent

\$10+ million

Paid out in incentives to frontline employees for achieving key performance indicators

OUR COMMUNITIES

The Mission of Texas Health is to improve the health of the people in the communities we serve. We rely on this Mission and our faith-based culture to develop strategies that improve societal well-being, determine service offerings and design programming that empowers consumers to take charge of their health. This includes health education and outreach, and numerous [well-being](#) resources.



2016 HIGHLIGHTS

PROVIDED PASTORAL CARE
 TO 130,476 PATIENTS, FAMILY
 MEMBERS AND LOVED ONES

RECEIVED HIGH PATIENT SATISFACTION SCORES
 BASED ON SUPPORT GUIDANCE OFFERED



RAISED MORE THAN
\$1.8 MILLION

through Texas Health's annual
 employee giving campaigns

Advocated for public policies
 that protect the health needs of our
**PATIENTS, EMPLOYEES
 and COMMUNITIES**



AWARDED **\$2.2 MILLION**
 in Texas Health grants and sponsorships
 to worthy charitable organizations

RECEIVED 
\$16.9 MILLION

in gifts through the
**TEXAS HEALTH
 RESOURCES FOUNDATION**
 to support strategic initiatives



VOLUNTEERED **10,538 HOURS** to complete
650 community service projects

Named the **ONLY**
 health system on
FORTUNE'S
 Best Workplaces
 for Giving Back list

Provided nearly
\$864 MILLION
 or almost **\$2.4 million**
 a day in charity care
 and community benefit

SUPPORTED
129,649 PEOPLE



through the
 Faith Community
 Nursing program

COMMUNITY ENGAGEMENT

Texas Health has a strong philanthropic history and is proud of our employees and their commitment to giving back to the community. Being a good corporate citizen is how we do business as a faith-based, nonprofit health care system. As representatives of Texas Health, employees are encouraged to become actively involved in the community by sharing their time, talent and expertise. All communities need access to quality health care, education and tools to enhance well-being. That's why we work hard to identify and address community health needs through:

- **Strategic giving:** Texas Health is committed to investing in programs and services that help North Texas residents improve their health.
- **Community collaboration:** To thrive, Texas Health must connect and build strong relationships with key stakeholders who affect how we deliver care.
- **Employee volunteerism:** We believe all employees should have the opportunity to make a positive contribution to nonprofit organizations that align with Texas Health's Mission, Vision and Values.

To learn more about public health concerns and desired health services, we seek input from community board of trustee members, community stakeholders and health councils, patient advisory groups and other forums. We share findings with our leaders so they can refine strategies and tactics to improve our programs and services. As an active member of local business, civic and industry groups, Texas Health also assesses the most pressing health issues facing the communities of North Texas. This helps us identify nonprofits with which to collaborate and enables us to invest in the critical programs and services our communities need most.



FAITH & SPIRITUALITY INTEGRATION

As a faith-based health care system, Texas Health is committed to providing health care for the whole person—body, mind and spirit. We believe there is something greater than both ourselves and medicine that can provide hope and healing to our patients.

We deliver care in many ways, respecting and welcoming the diversity of religious faiths and the different ways people nurture their spirits. We provide spiritual support throughout our health system and in North Texas congregations.

Pastoral Care

Texas Health’s Pastoral Care Department comprises 28 full-time, board-certified chaplains, 43 chaplains who work as needed and 40 community on-call clergy. These professionals provide healing and hope to patients and their families making sense of momentous health care events. For employees, our chaplains provide a safe place to talk about professional or personal concerns, and to grieve and manage their emotions after loss or trauma.

In 2016, our chaplains provided spiritual care services to 130,476 patients, family members, hospital employees and medical staff members. Moreover, Texas Health reorganized its chaplaincy program to delegate administrative responsibilities more effectively, evenly distribute chaplains across the system and establish a full-time position to support the Attending Clergy Association.

Clergy Education

Texas Health’s Clinical Pastoral Education program is accredited by the Association for Clinical Pastoral Education, Inc. Students participate in an annual residency program that helps them develop and enhance their pastoral and theological knowledge, skills, abilities and experience. Over the course of their study at a Texas Health hospital, these chaplain students are provided opportunities that allow them to learn from physicians, nurses and clinical care teams, who empower them to integrate the skills they develop to better care for patients in a clinical setting.

In 2016, 300 percent more applicants applied for this highly selective program than the prior year, and

130,476

People who received
pastoral care

111

Full-time, as needed
and on-call chaplains

only 33 individuals were selected to participate. In fact, a new director was appointed to help extend pastoral outreach to smaller communities, and the department continued to establish a pastoral training center at Texas Health Presbyterian Hospital Plano, which will give the organization three training centers.



Faith at Work

Texas Health’s faith-based Values are woven into the cultural fabric at each of our facilities. Caregivers are encouraged to nurture their spirit and live out their faith at work. To help employees integrate spirituality and find ways to deliver compassionate care, we offer:

- Chapels that provide a quiet place to pray, worship, meditate and find serenity.
- Meditation gardens that offer a natural, sacred space to clear minds.
- Chimes that remind employees to say a short prayer and invite them to see their work as holy as they care for themselves and others.
- The Texas Health Resources Prayer Book, which contains prayers from each of the world’s major faith traditions.
- Blessing of the Hands, a routine blessing event that recognizes the sacred work of our employees.

Faith Community Nursing

Through the Faith Community Nursing program, faith community nurses (FCNs) integrate care of the spirit as part of caring for our neighbors’ overall physical, mental and emotional health. Faith community health promoters (FCHPs) are non-nurses who are professionally trained in a health-related field and/or have an interest in health and healing. They use their gifts and talents to serve the needs of congregations throughout the North Texas region.

FCNs and FCHPs help faith communities develop health ministry programs to meet the needs of congregation members, such as flu vaccine clinics, blood pressure screenings, health presentations, A Matter of Balance classes (a fall prevention program) and Stanford University’s Chronic Disease Self-Management program. Congregations receive resources and support free of charge. Since beginning at one Texas Health hospital in 2001, the Faith Community Nursing program is now in 13 of 14 wholly owned hospitals.

129,649

People in North Texas
CONGREGATIONS REACHED

5,200 

FREE FLU VACCINES GIVEN

238 Unpaid professional
NURSES

who serve covenant congregations;
81 are training specifically in
FAITH COMMUNITY NURSING

89 **FAITH COMMUNITIES**

129,000+

PEOPLE REACHED

2,000+

EVENTS 

COMMUNITY AFFAIRS

Texas Health's Community Affairs team develops and maintains community partnerships with stakeholders whose Mission, Vision and Values are aligned with our own. In cooperation with executive management, senior leadership and multiple System Services departments, our community investments help us fulfill our Mission, preserve our nonprofit status, differentiate us from our competitors and allow us to improve the health of North Texans.

Community Engagement Programs

Every year, Texas Health mobilizes people and resources to drive change and support vital community health programs. We award more than \$2.2 million in community benefit grants and sponsorships, and on average, our employee volunteers serve more than one million people through community service projects.

In 2016, we continued to implement a multi-faceted strategy to identify and respond to the diverse needs of the communities we serve.

Strategy

Through our charitable contributions, community benefit grants and community service, Texas Health supports more than 300 nonprofit organizations. Our community investment decisions are made based on Texas Health's [Community Health Needs Assessment](#), which was first conducted in 2013 and continues every three years. We also consult with local business groups, civic leaders and industry associations to gather additional perspectives on pressing community health needs and how we can best support them. To make a more meaningful impact in North Texas, we

also fund community benefit grants, sponsor health-related programs and events and offer a paid-time off employee volunteer program.

Memberships and Community Involvement

Texas Health actively participates in more than 25 local, state and national health care industry associations, including the American Hospital Association, Premier Inc., Texas Hospital Association, Dallas-Fort Worth Business Group on Health and the Dallas-Fort Worth Hospital Council. We also are actively involved with several area chambers of commerce, diversity councils and health care collaborations within our 16-county service area. This allows us to serve, participate, engage, sponsor and share best practices with vital community organizations.

Nonprofit Collaboration

To extend Texas Health's culture across the care continuum and into the community, we strategically collaborate with nonprofit organizations to make a greater impact. We select these organizations based on their alignment with our Mission, Vision and Values; community health improvement needs; and stakeholder feedback.

Through multi-year investments, we not only provide financial support, but also donate our time, talent and resources through employee volunteerism, executive engagement and strategic planning. Each year, these nonprofits provide an annual community benefit report to assist Texas Health with meeting federal and state requirements. These reports share measurable outcomes of our community investments.

We team with community nonprofits that meet one or more of these focus areas:

- Health and well-being
- Disease prevention
- Health management
- Health disparities
- Health care education
- Diversity and inclusion
- Economic development
- Community building



From supporting projects that provide access to care to funding for social services, economic development and better education in low-income communities, Texas Health supports a variety of outreach programs and health initiatives across North Texas.

- Working with the American Cancer Society, American Diabetes Association, American Heart Association and March of Dimes, Texas Health provided more than \$425,000 in community benefit grants and sponsorships to support vital health programs, community outreach and prevention education to the communities we serve.
- The [Texas Health Grants](#) program provided \$2.2 million in grants and sponsorships to more than 300 nonprofit organizations to support community health improvement programs (45 percent); provide access to care for low-income individuals and families (40 percent); and provide in-kind and financial support (15 percent) to support economic development and strengthen communities.
- Our [Community Time Off](#) (CTO) employee volunteer program compensates every participating full- and part-time employee for one regularly scheduled workday each year to provide community service. Texas Health employees volunteered 10,538 hours in 2016 and participated in 650 community service projects.

Texas Health Gives 2016 Community Impact

1.3 million

People served through employee volunteer program

10,538

Hours employee volunteered

\$2.2 million

Awarded in grants and sponsorships to 300+ nonprofits

650

Skills-based and hands-on volunteer service projects completed

\$300,000

Value of employee volunteering



COMMUNITY HEALTH IMPROVEMENT

Texas Health plays an integral role in helping our communities meet broader health and social needs. Not only is this central to our Mission, but a requirement of our nonprofit status.

Community Benefit

Texas Health uses excess revenues made available via our tax-exempt status to support patients and the community in a variety of ways. Under Texas state law, we are required to allocate 5 percent of our net patient revenue to charity care and community benefit. Our ["community benefit"](#) support includes:

- Caring for and treating uninsured and underinsured patients.
- Absorbing any medical costs that are not reimbursed from Medicare or Medicaid.
- Investing in community health initiatives through community benefit grants and sponsorships.
- Financing our internally driven community health programs.
- Volunteering our employees' time and resources to support meaningful health-related causes.



Framework

To make effective use of our resources for community support, Texas Health and its Community Health Improvement (CHI) team have established a community health framework with the vision of transforming health outcomes by addressing the whole person in his or her own unique environment.

To create a significant public health impact and reduce the cost of care in North Texas, we support community health improvement capabilities through advocate support, communications and a sound analytics framework:

COMMUNICATIONS

Support transformational growth by facilitating internal and external linkages and establishing a culture of transparency and collaboration.

ANALYTICS

Improve value (quality and cost) by developing a culture of excellence that ensures all community health programs result in significant health outcomes.

ADVOCATE SUPPORT

Establish a consumer-focused framework by creating a strong community health advocate network.

PURPOSE STATEMENT

As an industry leader, CHI will transform health outcomes by addressing the whole person in his or her own unique environment.

In 2016, Texas Health provided nearly \$864 million, or almost \$2.4 million a day, in charity care and community benefit, exceeding the Texas nonprofit requirement by nearly 22 percent.

SNAPSHOT: CHARITY CARE AND COMMUNITY BENEFIT

	'12	'13	'14	'15	'16
CHARITY CARE					
Patient charity care ¹	\$184,105,171	\$174,878,698	\$165,719,173	\$242,330,749	\$241,422,458
Cost of unreimbursed government-sponsored indigent health care ²	\$17,705,611	\$30,428,913	\$21,946,439	\$66,133,325	\$58,527,190
Charity care provided through others	\$78,797,336	\$44,053,911	\$49,022,054	\$47,742,611	\$51,056,212
SUBTOTAL CHARITY CARE	\$280,608,118	\$249,361,522	\$236,687,666	\$356,206,685	\$351,005,860
OTHER COMMUNITY BENEFIT CARE					
Unreimbursed Medicare ²	\$486,116,291	\$406,799,283	\$393,753,472	\$467,332,409	\$487,625,002
COMMUNITY BENEFIT³					
(Community Health Improvement program, cash and in-kind donations, and value of employee volunteer hours)	\$16,825,521	\$28,000,808	\$22,545,619	\$24,356,324	\$25,345,815
GRAND TOTAL	\$783,549,930	\$684,161,613⁴	\$652,986,757	\$847,895,418	\$863,976,677

¹ Free or reduced care provided to those who are financially or medically indigent.

² The difference between the treatment costs for these patients and the government reimbursement.

³ Programs or activities that provide treatment or promote health and healing as a response to identified community needs.

⁴ The total amount of charity care provided dropped by more than \$100 million from 2012 to 2013 primarily due to a change in accounting principles, which removed patient bad-debt expense from the calculation of the cost to provide patient care.

Community Health Needs Assessment

In 2016, Texas Health conducted its second [Community Health Needs Assessment](#) (CHNA) to evaluate the health status and needs of the communities we serve. After reviewing the data from our assessment, as well as the key areas of the 2013 CHNA, we selected three priority health needs to address:

1. Behavioral health.
2. Chronic disease, including exercise, nutrition and weight.
3. Awareness, health literacy and navigation.

We will develop strategies around these needs for each facility within our health care system to implement from 2017 through 2019. These strategies will focus on closing identified gaps in community health, addressing social determinants of health, informing the community about health services and other resources available regionally, and developing partnerships and collaborations that improve health and well-being.



40,000 people

Served¹ at 12 Texas Health hospitals through 39 DSRIP² projects

~400 people

Completed chronic disease self-management or diabetes-specific programs³

340+ seniors

Completed A Matter of Balance, an eight-week fall prevention program³

74% increase

In the number of diabetic patients who controlled their blood pressure at the Healing Hands Ministries Clinic⁴

30% reduction

In the number of patients with glycated hemoglobin levels <9.0 at the Caring Clinic⁴

¹ Since October 2012.

² 1115 Medicaid Waiver Delivery System Reform Incentive Payment projects include clinics, emergency department navigation, chronic disease education and management, behavioral health screening/referral, mobile cancer screening, palliative care and medication management.

³ At Texas Health or in partnership with community organizations.

⁴ Over the last three years.

GOVERNMENT AFFAIRS & ADVOCACY

Texas Health is transforming the way health care is delivered in our communities, working with other providers and community stakeholders to build a continuum of care to ensure that every individual gets the right care, at the right time, at the right cost and in the right setting. To continue this transformation and provide patients with the affordable, innovative and reliable care they need, a supportive public policy environment is needed. Texas Health's participation in the public policy process is critical to advancing our Mission, Vision and Values, as well as the interests of our patients, employees and organization.

Our elected and appointed officials depend on information from stakeholders to develop legislation and regulations that facilitate community health and well-being. With numerous policy issues currently affecting health care, it is more important than ever to educate and inform policymakers on the real-life impact of legislation and regulation. Texas Health's proactive [advocacy efforts](#) and initiatives facilitate the removal of barriers and help the organization avoid setbacks, strengthening and sustaining our organization for the long-term. These advocacy efforts are also designed to help ensure we can continue to innovate, flourish and grow within a dynamic and ever-changing health care industry.

Priorities

Our Government Affairs and Advocacy department advocates for public policies at the federal, state and local levels of government to enhance health care delivery and strengthen the capacity of the organization to improve the health of the people in the communities we serve. Every two years, the department develops Texas Health's federal and state [public policy priorities](#) with input from board members, system and hospital leadership, industry trade associations and community stakeholders.

Our primary public policy goals are to:

- Advance transformation and innovation.
- Protect patient insurance coverage and access to care.
- Enhance quality and patient safety.
- Reduce regulatory burdens.
- Deliver affordable and reliable care.

2016 Progress

The most important federal health care legislation passed into law was the passage of the 21st Century Cures Act of 2016, which stimulates drug development and discovery of new cures and treatments. It also contained several key provisions important to Texas Health, including:

- Revising the 2015 Bipartisan Budget Act, which prevented off-campus hospital outpatient departments (HOPDs) from receiving full Medicare reimbursement after a certain date for such services as nursing, laboratory, imaging or chemotherapy. The 2015 legislation also cut funding to HOPDs that were in mid-build, relocating or expanding, which would have impacted Texas Health Neighborhood Care & Wellness Prosper's and Texas Health Harris Methodist Hospital Azle's ability to deliver much-needed care. The 2016 law restored some of the Medicare reimbursement for these two entities.
- Adjusting the Hospital Readmissions Reduction Program to account for socioeconomic status. Previously, hospitals were penalized financially if patients were readmitted within 30 days regardless if that readmission had anything to do with the original condition. There also are factors beyond a hospital's control that can impact readmission rates, such as poorer patients, who often have inadequate access to care and lack resources to improve their health. With the passage of the law, these types of socioeconomic factors will be considered.

- Reversing a 2009 ruling that called for hospitals and physicians to directly supervise outpatient therapeutic services that are provided in critical access hospitals and certain small, rural hospitals. This administrative burden took physician time away from patient care and threatened the ability for rural hospitals to attract the number of physicians they needed.

In Texas, the five-year Medicaid 1115 Transformation Waiver was set to expire in September 2016. Designed to decrease health care costs while improving access, quality and care coordination, the waiver funds more than 1,400 Delivery System Reform Incentive Payment projects statewide—including 39 projects managed by 12 Texas Health hospitals.



Texas Health CEO Barclay Berdan with Congresswoman Kay Granger (TX-12) at her Fort Worth District Office.

These projects include clinics, emergency department navigation, chronic disease education and management, behavioral health screening and referral, mobile cancer screening, palliative care and medication management, among others. Combined, these projects have served more than 40,000 people who are primarily Medicaid beneficiaries and low-income uninsured. The projects also helped Texas Health earn more than \$116 million for achieving outcomes and reporting requirements, and saved the health system more than \$5 million.

Fortunately, the Centers for Medicare and Medicaid Services approved a 15-month extension of the waiver, allowing funding to continue through December 31, 2017. Texas Health's financial sustainability is dependent in part on this waiver, and we will continue to advocate for its long-term extension.

No matter what happens in Austin or Washington, D.C., Texas Health will continue to chart its own course by inspiring change in the way consumers think about their own health and well-being. The most effective health care reform will happen at the local level, where care is delivered through collaboration among health systems, physicians, employers, insurance companies and patients.

As health care reform evolves, our advocacy efforts will continue to draw on the collective strength of Texas Health's senior leadership, employees, clinicians, trustees and volunteers. These strategies will enable our system to lead, and they will be our focus as we move forward in shaping policy to advance health and well-being.

Memberships and Community Collaborations

Texas Health also collaborates with trade associations, industry groups, coalitions, our strategic nonprofit partners and other key stakeholders to maximize our effectiveness in the legislative and regulatory arenas.

Our primary partners include:

- American Hospital Association
- Premier Inc.
- Healthcare Leadership Council
- Texas Hospital Association
- Texas Association of Voluntary Hospitals
- Dallas-Fort Worth Hospital Council
- North Texas Commission
- Dallas Fort Worth Business Group on Health
- Area Chambers of Commerce (e.g., Arlington, Dallas and Fort Worth)

Texas Health Resources Foundation

The Texas Health Resources Foundation partners with generous donors to help fulfill the Mission of Texas Health to improve the health of the people in the communities we serve. Contributions from former patients and their families, employees, corporations and foundations support Texas Health in the delivery of quality patient care, and help meet an ever-growing demand for health care, education, outreach and research, and facility and technology enhancements.

The Foundation's philanthropy supports various clinical and educational projects such as:

- Palliative care serves for terminally ill patients.
- Mobile health outreach providing mammograms and well-woman exams for women in underserved communities.
- Scholarships that allow Texas Health nurses to receive continuing nursing education or pursue advanced degrees.
- The Sexual Assault Nurse Examiner (SANE) Program, which offers multidisciplinary patient-centered care to sexual assault victims who present to a hospital emergency department or clinic across a 16-county region.

Fundraising

The Foundation's [Texas Health 365 Fund](#) helps to close the gap between technological advancements and the organization's ability to provide the critical resources needed to improve the health of the people in our communities. Contributions raised assist in funding nursing education and patient care programs, as well as medical equipment and technologies. In 2016, nearly \$860,000 was raised.

In addition to the Texas Health 365 Fund, the Texas Health Resources Foundation leads two employee-giving campaigns every year:

- Each fall, the Community Employee Giving campaign encourages employees to support local nonprofit organizations—such as the United Way, our strategic nonprofit partners and food drive beneficiaries. In 2016, more than 2,800 employees gave \$866,000.

- Each spring, the Texas Health Associates campaign lets employees financially support Texas Health programs and services they are passionate about. Nearly \$950,000 was raised in 2016—the most in campaign history.
- Together, both campaigns raised more than \$1.8 million in funding to support health care programs inside and outside the walls of Texas Health.

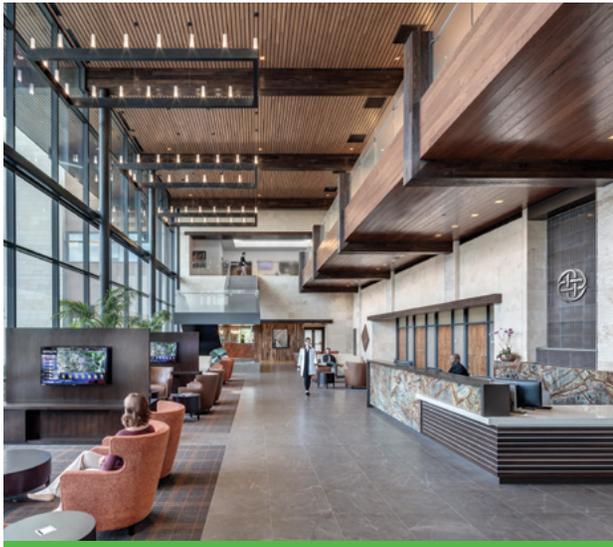
SNAPSHOT: North Texas Giving Day

Left to Right: Daniel Varga, M.D., chief clinical officer and senior executive vice president; Jeffrey Canose, M.D., chief operating officer and senior executive vice president; and Barclay Berdan, chief executive officer, recognize the generous donors who gave more than \$347,000 in 18 hours to help meet our greatest needs. In 2016, Texas Health ranked in the top 10 of most funds raised among the 2,518 nonprofit organizations participating in North Texas Giving Day. For more information, read the [Foundation's 2016 Annual Report](#).



OUR ENVIRONMENT OF CARE

Providing a healthy and healing environment supports our Mission to improve the health of the people in the communities we serve. Texas Health conscientiously manages its environment of care to maintain business functions, promote safety for employees and patients, lower operating costs and reduce negative environmental impacts.



2016 HIGHLIGHTS



Recycled more than **3.4 million** pounds of paper—enough to save **60,360 trees**

SAVED \$30.2 MILLION ON SUPPLY EXPENSES

Reduced electricity use **9.73%** since 2011, saving \$7 million



Significantly enhanced how we maintain continuity of operations

LAUNCHED 44 PROJECTS TO REDUCE ENERGY USE

Incurred zero information and privacy breaches

RECYCLED 143,243 pounds of electronic waste

Spent **\$29.5 million** with minority and women-owned enterprises



INVESTED \$5.5 MILLION on building refurbishment programs

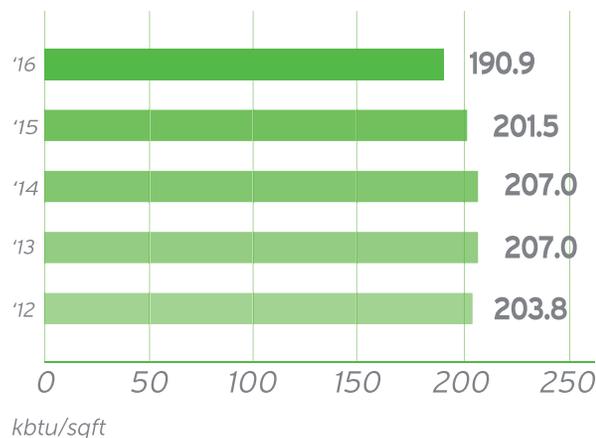
PHYSICAL ENVIRONMENT

Texas Health’s physical environment encompasses campuses and facilities, hospitals, clinics, corporate and administrative offices, and surgical, health and imaging centers. We monitor these facilities to detect and address potential issues so that we can maintain compliance with stringent health and environmental protection standards.

To help keep facilities secure, multidisciplinary threat management teams assess and identify potential issues related to building security or workplace violence. Based on their findings, we implement security controls and train employees to reduce potential risks.

Texas Health uses industry leading tools and guidance to reduce environmental impacts, and makes investments in these critical areas:

ENERGY USAGE



Energy Use

The health care industry is inherently energy-intensive due to the continuous operation of hospitals and other standalone facilities. To reduce both costs and related impacts, Texas Health:

- Invests millions annually in efficiency projects.
- Designs new buildings and retrofits others to be more efficient.
- Operates efficient HVAC systems and equipment.
- Purchases renewable energy.

In 2016, Texas Health continued adding buildings to its portfolio, which impacts annual energy and water consumption. We spent about \$5.5 million in building system upgrades and embarked on 44 efficiency projects to reduce consumption. Overall, electricity and natural gas consumption decreased 5.3 percent, just shy of our 6 percent goal.

We plan to install new software to regulate how much energy, water and natural gas we supply to all facilities in 2017. We also will continue investing in more efficient equipment and strategies to improve efficiency systemwide.

Water

Texas faces the ongoing risk of drought and water rates continue to rise, which is why we use water wisely to preserve this natural resource. Each year, we invest in making our buildings, cooling towers and landscapes water efficient and even co-own a laundry cooperative to reduce water use.



5.34%

Reduction in energy and natural gas use

\$5.5 million

Invested in 44 efficiency projects

81

U.S. EPA’s ENERGY STAR® rating obtained by Texas Health Presbyterian Hospital Dallas



5.46%

Increase in water use



3.4 million

Pounds of paper recycled

60,360

Trees saved

143,273

Pounds of electronic waste recycled

For example, Texas Health Harris Methodist Hospital Forth Worth saved 13 million gallons of water over eight months alone by making a large cooling tower more efficient.

In 2016, water use increased 5.46 percent due to the addition of several buildings to our system footprint. In the coming year, we plan to establish a water conservation program and complete a water system audit to reduce water use and consolidate metering.

WASTE MANAGEMENT

Hospitals produce more than 5.9 million tons of medical, office and electronic waste annually¹, which often ends up in landfills or is incinerated where legally allowed. Texas Health reduces or recycles waste to comply with regulations, protect the environment and reduce costs. Our stringent waste management policies, protocols and training enable us to handle waste responsibly.

Texas Health contracts with a national waste disposal company that provides waste-handling training, and removes hazardous chemicals, pharmaceuticals and waste directly from our facilities. We also:

- Recycle office waste, such as paper, boxes, plastic, aluminum, packaging and steel. We also host community shredding events.
- Distribute older furniture and medical equipment to smaller clinics in need rather than disposing them into a landfill.

- Recycle computer components, medical equipment, telephones, printers, servers and other electronics.
- Reduce linen weight to reduce laundry water and energy use and associated costs.

In 2016, we drafted a systemwide policy to provide a single process for handling, storing, documenting and disposing various waste streams. We also implemented a systemwide pharmaceutical waste program that formalizes collection processes and helps to ensure content and containers are properly disposed. Finally, each hospital completed a pollution-reduction plan as required by the state of Texas' Waste Reduction Policy Act.

Air Quality

As a large health care system, we understand the impact our operations can have on emissions that can aggravate health conditions linked to poor air quality. We implement regulated controls, monitor emissions and ship medical waste off-site for incineration. In 2016, we continued to comply with all local, state and federal air quality regulations.

SUPPLY CHAIN MANAGEMENT

Texas Health's supply chain management team is responsible for purchasing superior yet affordable products, equipment and services systemwide. It monitors suppliers' quality of work, operational practices, and environmental and social impacts to

¹ 2016 Health Facilities Management Sustainable Operations Survey

confirm alignment with our standards and compliance with laws and regulations. Additionally, our supply chain staff identifies ways to increase efficiencies and reduce costs, find backup sources should they be needed, and mitigate natural or manmade risks to our supply chain.

Supply Chain Strategies

Our health system takes a multipronged approach to procurement by:

- Leveraging our buying power to source quality products at a lower price.
- Testing quality prior to purchasing to see that our quality, safety and satisfaction standards are met.
- Standardizing the products and services we use to deliver quality care more consistently and cost-effectively.
- Purchasing locally (when practical and cost-efficient) to stimulate regional economic growth and from minority and women-owned enterprises (MWBEs) to help develop these businesses.
- Buying healthier and environmentally friendly products and services when feasible.
- Distributing, storing and disposing materials responsibly.
- Requiring ethical and lawful [business practices](#) of our business partners.

A key way we help non-acute care providers and other smaller organizations streamline supply chain management and reduce costs is through [Texas Health Supply Chain Services](#). THSCS is a for-profit subsidiary that gives companies access to our discounted purchasing contracts, robust materials management information system and operational expertise. This innovative service is helping to financially sustain not only these organizations, but also our own.

Performance Management

Texas Health evaluates supplier performance using a quantitative tool based on approximately 30 criteria, including cost, quality, responsiveness and assurance of supply on an annual basis. We also discuss what vendors are doing to reduce their own environmental and social impacts, as well as examine their MWBE practices. If needed, we meet with underperforming suppliers to establish improvement plans. If sufficient progress is not made and we see little change in resolving issues, we may terminate a contract.

POTENTIAL RISKS

- Natural or manmade disasters
- Escalating costs
- Unavailability of critical goods and services
- Extreme weather events
- Underperforming or unethical vendors
- Uncertain political and regulatory environments



\$110.5 million

Saved in supply expenses

\$135.5 million

Spent with minority and women-owned enterprises

Cost Containment

Supply costs are the second-largest expense after labor, making it critical that we conscientiously manage procurement processes to maintain competitiveness, financial viability and operational efficiency. We do this while also selecting the highest quality materials and services to deliver outstanding patient care.

Texas Health proactively assesses material use and waste so we can identify best practices, change use and disposal behaviors, identify cost-reduction opportunities large and small, and share best practices throughout the system.

In 2016, Texas Health saved \$30.2 million by reducing variation of supplies and their use, exceeding our \$28 million goal. We hope to

save another \$30 million in 2017. We also awarded \$29.5 million of business to MWBEs, which helped stimulate their growth.

BUSINESS CONTINUITY

Texas Health's ability to continuously maintain business functions is critical in protecting the health and well-being of its patients, managing business risks, and preserving its reputation and long-term sustainability. We designed our business continuity plans to minimize the impacts of unexpected events and execute a quick recovery in case of a natural or manmade disaster, delayed shipment of supplies, technology outages or other unforeseeable factors.

Emergency Management

Preparing for continued operation during a disaster is a key responsibility to our community. Texas Health participates in functional exercises with local partners and conducts internal drills, as well as communication exercises with area hospitals, emergency responders and other authorities to test our emergency response systems. We leverage the robust National Incident Management System, which includes the Hospital Incident Command System to maximize patient and staff safety when activated.

Additionally, each Texas Health hospital:

- Completes a hazard vulnerability analysis annually to proactively identify issues.
- Reviews and tests its emergency operations plan, roles and responsibilities as well as conducts ongoing risk surveillance and reporting.
- Trains select staff on emergency response and communications, and how to maintain compliance.
- Assesses lessons learned to improve surge capacity, fire response, communication, decontamination, patient tracking, evacuation and business continuity processes.

In 2016, Texas Health significantly enhanced how it maintains continuity of operations for all critical clinical, financial and operational functions within each entity. We achieved this by conducting 21 days of intensive assessments and interviewing 459 leaders throughout the system.

Texas Health is one of the few health systems in the nation with a:

- Robust and comprehensive emergency management plan.
- Multidisciplinary team who oversees emergency management and business continuity programs.
- Formal System Emergency Management Cabinet.
- Incident command system training program that incorporates the Federal Emergency Management Agency's curriculum.

We also formed a System Preparedness and Response team comprising professionals in emergency management, business continuity, safety, physical security and risk management. During the year, the team:

- Collaborated with Texas Health entities and external agencies to make the system and North Texas communities more resilient to disasters and crisis events.
- Completed internal risk assessments to align planning and training activities.
- Replaced decontamination equipment within all Texas Health hospitals to help protect patient and employee safety.
- Conducted campus security assessments, trained employees on safe behavior and adopted new strategies to increase fire safety and building evacuation awareness systemwide.

In 2017, we will continue embedding systematic approaches to be robust, reliable and resilient and to move the bar higher on our preparedness.

INFORMATION PROTECTION

Texas Health's comprehensive communications network includes electronic health records, robust Internet and intranet sites, department-specific portals and a web-based emergency notification system. We must protect and preserve information exchanged through these channels to operate legally and responsibly while simultaneously allowing employees to distribute the health and operational data they need to effectively perform their jobs.



To combat the growing number of computer-based threats and other vulnerabilities, we:

- Deploy proven technologies, monitor all alerts, and address all possible breaches and threats in a coordinated and responsible manner.
- Install firewalls, intrusion detection tools, email monitoring and filtering capabilities.
- Encrypt health information and credit card data, and automate security patches.
- Limit access to information based on employees' roles.
- Collaborate with industry peers and the U.S. Food & Drug Administration to help ensure medical devices are protected from advanced threats.

We evaluate the effectiveness of network security by conducting internal audits as well as contracting with independent specialists. When we discover deficiencies, we develop and implement plans to address them.

In 2016, no significant data breaches occurred. Texas Health spent the year:

- Strengthening security controls on medical devices and database infrastructure.
- Enhancing anti-phishing protections and conducting penetration tests to verify that security controls could repel sustained and targeted cyberattacks.
- Improving incident response capabilities by creating a Cyberthreat and Incident Response Team that monitors daily cyberthreats and incidents.

In 2017, Texas Health will improve access to information within the newly established clinical network at Southwestern Health Resources. We also plan to develop and optimize security strategies for consumers, Internet of Things and future data protection.

Backup and Recovery

Texas Health's innovative disaster recovery program strives to support the delivery of highly reliable access to data. In the event a facility's direct network connection is not available, users can securely access critical systems from any location with Internet access. We also have backup power supplies, data centers and alternative telecommunications channels in place.

In 2017, we will complete our multiyear data center transformation project to provide additional offsite backup so that if one system fails, users will automatically be switched to another—with zero downtime or interruption.



OUR COMMITMENT

Texas Health Resources is committed to providing quality health care with respect for the individual, medicine and technology, and the healing power of faith. While this is our fourth public report about our sustainability journey, we will continue to pioneer ways to improve health and well-being. This effort includes enhancing health care coordination across the continuum of care and improving community

access to cutting-edge health services and programs. We recognize that in order to achieve this, we must continue to hold ourselves accountable for driving innovation and improvement inside and outside of our walls.

Additionally, we must carefully and responsibly steward our human and natural resources to address the needs of our communities more

effectively. Through our shared vision, strong leadership, community engagement and strategic health initiatives, we are well positioned to fulfill our Mission to improve the health of the people in the communities we serve.



We respect the dignity of all persons. We foster a corporate culture characterized by teamwork, diversity and empowerment.



We continuously improve the quality of our service through education, research, technology and the responsible stewardship of resources.



We are sensitive to the whole person, reflective of God's compassion and love, with particular concern for the poor.

APPENDIX

Ethics, Compliance and Privacy Performance

PROCESS	TARGET	2012	2013	2014	2015	2016
Internal/external audit findings cleared	100%	100%	100%	100%	100%	100%
OMB Circular A-133* audit report material weakness	0	0	0	0	0	0
Operations/compliance risk assessment**	Annually	Full	Full	Full	Full	Full
Board of trustees, employees and volunteers compliance and HIPAA training	100%	100%	100%	100%	100%	100%
Supplier HIPAA agreements in place	100%	100%	100%	100%	100%	100%
BOT, officer and other conflict disclosures	100%	100%	100%	100%	100%	100%
HIPAA non-compliance resolves †	100%	100%	100%	100%	100%	100%
Employees do not fear retaliation †	>81%**	n/a	n/a	96%	97%	98%
Compliance hotline calls	Investigated	100%	100%	100%	100%	100%
Compliance/privacy dashboards †	Quarterly	Issued	Issued	Issued	Issued	Issued
The Joint Commission/Centers for Medicare & Medicaid Services accreditation review	Full	Full	Full	Full	Full	Full
Magnet/Pathways to Excellence †	Achieved	Issued	Issued	Issued	Issued	Issued
Workplace safety/OSHA citations	0	0	0	0	0	0
Workplace security compliance +	100%	87%	92%	93%	97%	100%
EPA compliance management	100%	100%	100%	100%	100%	92%
Sanction screening (federal and state)	Monthly	100%	100%	100%	100%	100%
Sanctions legal violations †	0	0	0	0	0	0

*Office of Management and Budget's Audits of States, Local Governments and Nonprofit Organizations

** Indicates a voluntary measurement that is not mandated by an external party or agency; full = full accreditation was achieved

† Indicates a voluntary measurement that is not mandatory by an external party or agency

+ 2013 data were incorrectly reported; has been updated