



2008 ANNUAL REPORT TO THE COMMUNITY

55 years
41,000 plus people

For residents of Mitchell, Yancey and surrounding counties, Blue Ridge Regional Hospital is working to keep quality, cost-effective, compassionate healthcare close to home.

Bringing Healthcare Home

For people living in the 18 counties of Western North Carolina, Mission Health System is working to keep quality, cost-effective, compassionate healthcare close to home. That means supporting strong community hospitals that are delivering care at the local level as well as providing nationally recognized specialty care right here in our region.

In this 2008 Report to the Community, we invite you to learn more about the members of the Mission Health System family, which includes Mission Hospital, Mission Children's Hospital, Asheville Specialty Hospital, Blue Ridge Regional Hospital, McDowell Hospital and Mission Healthcare Foundation. Each plays a role in making sure Western North Carolina residents have the information and support they need to live healthier lives, and that they have ready access to high quality care when disease or injury strikes.

Local Roots, Local Leadership

This Mission family has deep, strong roots in Western North Carolina, dating back to 1885 when the ladies of the Flower Mission founded Mission Hospital in Asheville. McDowell Hospital has been serving its community for over a century, and Blue Ridge Regional Hospital has a proud history of service for 54 years. Through the decades, these nonprofit institutions that make up Mission Health System have been governed by local residents – community leaders, employers and physicians—who volunteer their time to ensure that the health needs of our communities are well-served.



Collaborating Across the Region

Today, Mission Health System has evolved into a comprehensive health system that provides the financial strength and resources to help our member hospitals preserve locally based care and keep quality standards at the highest level. As the national economy has declined in the past year, our smaller affiliated hospitals have been able to weather the storm by being part of a larger, financially stable health system.

As Western North Carolina's only provider of advanced-level or "tertiary" care, we also know that our job is to serve the entire region. Mission is committed to working with community hospitals and physicians across Western North Carolina to improve health.

Examples are many. Mission has led providers and paramedics across the region in a statewide initiative to improve protocols for promptly treating heart attack victims. With Mission's active leadership, the Western North Carolina Health Network's DataLink project electronically linked 13 of the 16 hospitals in Western North Carolina to speed access to patient medical records and improve care. We've built on the pioneering work of Mission's traveling "Tooth Bus" to help rural hospitals set up their own dental clinics. And our Mountain Area Medical Airlift (MAMA) helicopters ensure that people in the most rural reaches of Western North Carolina can be linked to lifesaving care in minutes.

The people and communities we serve count on Mission Health System to be innovative, responsive and dedicated to the highest standards in all we do. That is a responsibility we are honored to bear, and a promise we pledge to keep.

Blue Ridge Regional Hospital

Advancing Quality, Facilities and Technology

In 2008, Blue Ridge Regional Hospital made major strides in enhancing quality, expanding facilities and implementing new technology—all aimed at providing the best care to patients in Mitchell and Yancey counties.

- **Largest expansion in history** – The hospital completed the largest expansion in its history—a \$23.6 million construction and renovation project. The improvements include all new private patient rooms, new and expanded Emergency Department and Imaging Services, new facilities for Labor and Delivery and Ambulatory Care, an expanded Chemotherapy Unit and a new chapel, gift shop and coffee shop.
- **An award-winning community hospital** – In addition to reaffirming our full accreditation by the Joint Commission in 2008, Blue Ridge Regional Hospital was also recognized by Cleverley & Associates as a Community Value 5-Star Hospital. We also earned an award from the North Carolina Surgical Care Improvement Program for treatment of blood clots.
- **Running leaner to serve patients better** – Blue Ridge Regional Hospital was among the first group of rural hospitals in the state selected by the North Carolina Hospital Association to participate in “Toyota Lean.” Lean is a process management philosophy derived from the Toyota Production System that aims to improve quality by eliminating delays, waste and frustration in current processes, providing more value to the patient. Simpler Consulting is working with the hospitals for the first three years of the implementation. After that, the hospitals will be self-sustaining and continue the program on their own.
- **Serving as a technology model** – Blue Ridge Regional Hospital was named a Top 20 show site for CPSI, a key provider of information technology for rural hospitals. As part of this Top 20 group, Blue Ridge provides input to CPSI on the feasibility of future application enhancements and hosts hospitals from around the country that are exploring the installation of CPSI’s electronic medical records system.



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Blue Ridge Regional Hospital

A Hospital and Community Supporting One Another

For 54 years, Blue Ridge Regional Hospital has been serving the people of Mitchell and Yancey counties, and the community has always stepped up generously to support the hospital.

- **Foundation gives back** – The Blue Ridge Regional Hospital Foundation in fiscal year 2008 received \$961,970 in grants, \$114,960 in individual gifts, \$463,630 in pledge payments to the Stepping Up Capital Campaign, \$21,695 in special events revenue and in-kind contributions of \$34,608.09. This fundraising success enabled the Foundation to contribute \$2,163,149 to the hospital expansion and another \$214,529 to purchase hospital equipment. In addition, the Foundation awarded grants of \$114,595 for Toe River Project Access, and \$6,990 to purchase equipment for the Fitness and Rehabilitation Center.
- **Providing access to care** – Toe River Project Access (an initiative of the Foundation) provided \$726,521 in free medical, dental, vision and prescription assistance for low-income, uninsured residents of Mitchell and Yancey counties at 150% or less of the federal poverty level. From its launch in 2003 through the end of 2008, this initiative has helped 658 clients and provided \$2,453,220 in care.
- **Delivering benefits to the community** – As a nonprofit community hospital with a mission to serve all in need, Blue Ridge Regional Hospital provided nearly \$14 million in community benefits in fiscal year 2008, including charity care and the unreimbursed cost of treating Medicare and Medicaid patients.



Toe River Project Access provided \$726,521 in free medical, dental, vision, and prescription assistance for low-income uninsured residents.

Mission Health System, Inc., and Affiliates

Combined Balance Sheets

September 30, 2008 and 2007 (in thousands)

Assets	2008	2007
Current assets:		
Cash and cash equivalents	\$ 2,380,915	\$ 3,053,747
Patients accounts receivable, less allowances for uncollectible accounts of approximately \$2,927,000 in 2008 and \$2,301,000 in 2007	5,595,496	6,054,011
Estimated third-party payor settlements	333,104	—
Other receivables	510,713	760,315
Unconditional promises to give, net	106,636	76,101
Inventories	790,957	708,064
Prepaid expenses and other	141,471	430,894
Total current assets	9,859,292	11,083,132
Assets limited as to use	5,656,246	7,437,318
Property and equipment, net	33,477,907	27,548,880
Unconditional promises to give, net	149,783	241,336
Investment in partnership	1,019,222	1,182,692
Intangible assets, net	95,000	155,000
Deferred financing costs, net	142,609	41,190
Total assets	50,400,059	47,689,548
Current liabilities:		
Current maturities of long-term debt	961,845	994,872
Accounts payable	163,389	1,369,140
Accrued salaries and wages	1,087,033	1,066,084
Accrued expenses	942,566	904,209
Estimated third-party payor settlements	16,265	17,202
Total current liabilities	3,171,098	4,351,507
Long-term debt, less current maturities	16,683,954	12,923,414
Total liabilities	19,855,052	17,274,921
Net assets:		
Unrestricted	29,499,496	28,411,339
Temporarily restricted	935,511	1,893,288
Permanently restricted	110,000	110,000
Total net assets	30,545,007	30,414,627
Total liabilities and net assets	50,400,059	47,689,548

Mission Health System, Inc., and Affiliates

Combined Statements of Operations

Years Ended September 30, 2008 and 2007 (in thousands)

	2008	2007
Unrestricted revenues, gains, and other support:		
Net patient service revenue	\$ 35,968,485	\$ 34,555,735
Other operating revenue	635,711	353,649
Net assets released from restrictions for operating purposes	271,661	126,554
Total unrestricted revenues, gains, and other support	36,875,857	35,035,938
Expenses:		
Salaries and wages	16,107,963	15,484,279
Benefits	3,230,045	3,084,248
Contract services	949,213	668,672
Supplies and other expenses	8,990,067	8,474,516
Utilities	999,431	741,369
Depreciation	2,175,217	2,002,783
Interest expense	388,086	92,277
Provision for bad debts	4,613,098	3,548,696
Total expenses	37,453,120	34,096,840
Operating income (loss)	(577,263)	939,098
Non-operating gains, net:		
Interest and dividend income, net	152,335	223,038
Realized gains on investments	50,712	349,326
Equity in earnings of partnership	294,632	559,682
Contributions	24,355	387,648
Other	45,142	316,333
Excess (deficit) of revenues, gains, and other support over expenses	(10,087)	2,775,125
Net unrealized gains (losses) on investments	(1,064,933)	449,078
Net assets released from restrictions used for purchase of property and equipment	2,163,177	455,364
Increase in unrestricted net assets	\$1,088,157	\$3,679,567

The audited financial statements of Mission Health, Inc. and affiliates are available for inspection.