

A Story of Transformation



ANNUAL REPORT FOR 2010

SONOMA VALLEY HOSPITAL

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Sonoma Valley Health Care District

Board of Directors 2010



Bill Boerum

Dick Kirk

Peter Hohorst

Madolyn Agrimonti

Dave Chambers



Bill Boerum,
Chair, 2010

While Sonoma Valley Hospital does not have the word “community” in its name, it truly epitomizes, by the involvement of its many supporters and providers, a community institution held close to the heart. The Hospital touches the full cycle of our lives in a way unlike any other Sonoma Valley public or private enterprise. The voters, our surrogate shareholders, have been discerning but also emphatic in support of the Hospital’s financial requirements. This support reflects the dedication and quality of care provided by physicians, both primary care and specialists, and by Hospital staff at all levels. In addition, corps of volunteers, including the Sonoma Hospital Foundation as well as other donors and helpers, have been open-handed and responsive over many years with support both financial and in-kind.

By the utmost effort, the Hospital’s previous Administration stabilized very challenging financial dynamics, and at the same time, in response to a state-mandated requirement, devised a facilities upgrade which was so path-breaking in its different components that it is truly a model for other hospitals and districts. These accomplishments laid the foundation for the transformative initiatives now underway.

A hallmark of the year’s achievements was the recruitment of our new Chief Executive Officer Kelly Mather, who has not only the vision for what this Hospital can be but has demonstrated the decisiveness to achieve it. She is ably assisted by two new executives, Rob Feldman as Chief Financial Officer and Goni Naidoo, as Chief Nursing Officer.

For my own part, I can think of hardly a more compelling and satisfying position to hold than chair of a health care district. My one term being fulfilled, I turn it over to the capable Peter Hohorst.

THE MISSION OF
SONOMA VALLEY HOSPITAL:

*To improve, restore and maintain the health
of everyone in our community.*

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We are guided by these values in all we do:

COMPASSION

We truly feel for the people we heal.

RESPECT

We honor each of our patients as a valued individual.

ACCOUNTABILITY

We take responsibility for our service.

TEAMWORK

No one can do it alone; together we work miracles.

INNOVATION

We're creative. We welcome change.

NURTURING

We care, we tend, we help our patients heal.

GUIDANCE

We guide our patients through their lifelong healthcare journey.



Kelly Mather,
President/CEO

Like the Phoenix rising from the ashes, Sonoma Valley Hospital is transforming. Last year, thanks to the skill and talent of my predecessor, CEO Carl Gerlach, and his team, SVH pulled out of financial crisis; launched our facility upgrade plans; and saw the arrival of great new doctors into our community. When I came onboard, midway into the year, it was the perfect time to look to the big picture and see what we could be, what we wanted to be, what our mission asks us to be.

Working with the physicians, our board of directors, and our community, along with our SVH leadership, we have been able to articulate a vision to see Sonoma Valley Hospital into the future. There are three major aspects to our vision. First, as a hospital, we are a warm, comfortable, familial place of healing. This is right for our compassionate and dedicated staff and the needs and expectations of our community. Second, we intend to become the lifelong healthcare guide for our District residents, overseeing our patients' healthcare journeys from their first visit with a primary care physician, to their possible stay in our Skilled Nursing Facility or Home Care, and throughout the rest of their lives. Third, through education and compassionate support, we help to restore and maintain physical, mental, emotional and spiritual health.

We see SVH becoming known as a best practice hospital. We have the right players, and the right vision. With these initiatives, I think we can take this hospital into the year 2011, as a leader in the field of healthcare.



I almost died!
Joey Sindelar

Photo courtesy PGA Tour



Life, Golf Swing, Saved By Our ER

It was the first day of the Charles Schwab Cup championship, at the Sonoma Golf Club, and celebrity golfer Joey Sindelar felt a little short of breath. “I remembered saying to my caddie, ‘John, are these hills getting to you?’”

The caddie said, “No.” Sindelar thought maybe it had been all the flying he’s been doing recently, between a couple of tours in Texas then back home to Central New York State and on to Ohio and then to Sonoma. He wasn’t feeling pain, just light-headedness and difficulty breathing. “It felt like I was in Denver,” he says. He thought he would feel better, but he didn’t.

Two days later, through the rear window of an ambulance about to depart for Sonoma Valley Hospital, Sindelar watched his fellow players walking down the fairway in the beautiful Sonoma sunshine. “I remember thinking, Wow. Outside that window, for those people 200 yards away, life is very normal. But inside that ambulance,” he recalls, as the emergency crew labored over him, giving oxygen, taking his vital signs, “it was a whole new reality.”

He remembers, even as his life hung in the balance, being terribly disappointed to have had to leave the game behind. “Because I was playing well – and that’s what I do!”

Nevertheless, next thing he knew, Joey Sindelar was in the Sonoma Valley Hospital emergency room embarking on a diagnostic journey that seemed puzzling to all. “I’ll never forget Dr. Cohen coming in and sitting down and saying, ‘We’ve got to keep looking.’”

“His history was compatible with certain possible diagnoses,” says ED Director Dr. Robert Cohen, “but his physical exam and the results of the studies did not support these diagnoses.”

“We found it!”

Dr. Cohen called in Dr. James Price, the cardio-pulmonary specialist, and the Emergency Room team proceeded with a technique known as “diagnosis by exclusion” wherein they performed a series of tests – the EKG, the lab studies, the chest X-ray, the additional lab studies and finally a CT angiogram of the chest – until they could find the problem. Time was of the essence.

Sindelar remembers one particular moment with emotion. It was after he’d had the CAT scan and Drs. Cohen and Price were looking at the film. He says the relief on their faces told him everything. “You could tell they’d finally found it, and they were really, really happy about it.”

“The sequence,” explains Dr. Cohen, “led to the diagnosis of pulmonary embolus.” A blood clot? In someone fit as Sindelar? Dr. Price explains. “What happens is, if we go on a cross country trip, or we sit for long period of times, as Joey Sindelar had, the blood in the veins stagnates because we’re not up and moving around, and as a result can form clots. And the clots can propagate and get larger. And those can break off and go to your lung. A lot of people die of those things,” he says. “He could have died on the course.”

It wasn’t just the life-saving treatment, it was the way it was delivered Sindelar remembers. “They gave me, right from the start, just the perfect amount of knowledge I needed, and comfort. It felt like home.”

When he was discharged and ready to go home and his wife walked with him out the door, Sindelar did not want to leave right away. “I can remember being incredibly emotional when we left the hospital,” he says. “We got out late in the day, and it was getting dark, and I just needed to look around the hospital and to drive around the Plaza. And I remember saying to my wife, ‘Sue, I almost died.’”



“You saved our ER, and we’re saving lives”



Dr. Robbie Cohen, ER Director and Dr. Jared Hubbell who will assume the director's role in 2011, examine a new state of the art ultrasound machine

Our ER, which sees from eight to nine thousand people a year, has undergone significant upgrades during the past year. We now have all the latest equipment including state of the art ultrasound machines and state of the art monitors for our patients that will add a new degree of safety and will help us provide better care.

Our new building is due to be completed in 2013. Meanwhile, the SVH Foundation has provided us with \$50,000 for a facelift for the ER, so that even as we await our new building, our patients and staff will have a more pleasant experience.

All of our new improvements will increase the quality of our care, and some will save lives. This year, we forged an important relationship with California Pacific Medical Center (CPMC) to provide a telemedicine program for our stroke patients. Now, within minutes of arrival at Sonoma Valley Hospital, a patient with stroke symptoms will be observed by one of the Bay Area's most highly skilled neurologists who will assist in the immediate diagnosis and treatment.

In addition, we have created an exceptional transfer arrangement with Marin General Hospital for our acute heart attack patients so that the time from arrival into our emergency room to the time they are given the proper intervention in the heart catheterization center does not exceed the national standard of 90 minutes. So far, our life-saving record is well within that time limit. Our patients come back to thank us for our good care.

Typically, when a patient comes in with heart or pulmonary symptoms, we can stabilize the patient and treat the condition here, as we did with Joey Sindelar, or, if the patient requires immediate heart surgery, we make it possible to get the patient transferred to the right place, in time. Just a few months ago, a woman in the community, with chest pain, called 911. Paramedics came to her house and immediately gave her a cardiogram that indicated she should go directly to a heart catheterization center. However, as they pulled out of her driveway, she went into cardiac arrest. They stabilized her, but she went into cardiac arrest several more times. They knew she would not make it to Marin General, so they rushed her to our ER where we stabilized her and kept her stabilized until she was ready to be safely transferred to Marin General, where she was successfully treated. Three days later, she came back to thank us.

This is just one of daily examples illustrating how important our Emergency Department is to our community and how important our community's support, extended through the parcel tax, is to the Emergency Department. We consider it a life-saving investment. The community helps the hospital to be sustainable and the hospital helps the community stay alive and healthy. I'm very, very encouraged by the strides we've made in every area this past year. I've been at this hospital for 23 years and I've never felt better about the quality of care we deliver, and the outlook for the hospital.

Robbie Cohen, M.D. Chief Medical Officer



Portrait of Dedication

Say you had a respiratory infection and you saw your own doctor on Thursday, and he diagnosed you with bronchitis, possibly pneumonia and put you on oral antibiotics. Then on Saturday, you're much sicker. So you call your doctor, but his office isn't open and he says, "Well, you sound sicker, go to the emergency room and get evaluated." So he'll call the Emergency Room, and tell them his patient is coming in and may have pneumonia. If the emergency room doctor says you do need to be admitted, the ER will call upstairs to the hospitalist who will come down and see you in the emergency room and take care of the admission. If you get sick that night, the hospitalist will be there. If you need intensive care treatment, the hospitalist will be there. The hospitalist will follow through on your care throughout your stay and report back to your physician.

Good communication between the hospital and the primary care physician is essential says

Dr. Verducci, voted by the Sonoma Valley Hospital nursing staff the 2010 Physician of the Year. "It's been something we've been working on and it's getting better and better." I'm proud of all our hospitalists physicians. They are personable, knowledgeable, dedicated. The overall quality of care and management of patients is the best in the 25 years I've been here."

Dr. Verducci, Internist and Intensive Care Specialist, has practiced medicine at SVH and in private practice for as long as some can remember. "Most of my patients, I've taken care of for 25 years," he says, looking at a tower of files stacked on his classic family doctor's roll-top desk. One patient, who met him 25 years ago, when her husband was in the emergency room, describes him as, "an exceptional person. He listens to me, he advises me, and he's just great. I just enjoy him as a person." Others describe him as being like family. "I have an attachment to all of them," he says. He's a classic community doctor.

Transforming Patient Care



Sandy Petrini RN, manager of the Birthplace, helps new mom and baby.

Since Chief Nursing Officer Goni Naidoo RN,BSN,BMID introduced a new model of nursing, the SVH patient satisfaction scores, measured by industry standard healthcare surveyor Press Ganey, have soared from the 17th percentile to the 35th percentile.

"This is a huge leap," Naidoo says. The new model is based on four keys, three of which we are doing now – hourly rounding, post discharge calls, bedside reporting – and the fourth is being planned. She credits the success of this model to the phenomenal work of the nursing staff. "The whole idea is to have a patient that's less anxious," she says. "And I'm seeing the results right now!"

"The transformation we are doing goes beyond my work with the nurses, it reaches other departments, showing them how their role helps us keep the nurse at the bedside, and therefore helps the patients. It's my thought that when the nurse has enough time for the patient, that translates into patient satisfaction."

Goni Naidoo RN, Chief Nursing Officer



*"Underlying everything we
do is compassion."*

Transforming Lives, and Rooms

Helen Fernandez and the Skilled Nursing Makeover Story



In 2008, Helen Fernandez, a fit, energetic 80-some year old, became a patient in the Skilled Nursing Unit of Sonoma Valley Hospital after a fall. "I wasn't sick," she says "I was broken." She spent 31 days confined to Room 109, during which time, she is quick to say, she received "wonderful care." But the drab surroundings, the old furnishings, the antiquated TV you had to manually step through channel by channel, convinced her the place needed help. Her friends agreed. "We all thought together that it would be really nice if we could do something to spruce up these rooms," she says. "Not just for the patients, but for their families, and for the staff here too." As she recovered, she nurtured the idea, shared it, and it grew.

In the fall of 2009, with her health returned, Fernandez talked with Skilled Nursing Facility Director Melissa Evans and with boardmembers Peter Hohorst and Madolyn Agrimonti, and they talked to others, and a committee formed around the question, "What can we do?"



No Gift Too Big or Too Small

They came up with a “wish list” and a projected cost to completely makeover each room – new furnishings, new paint, new flooring, and new televisions. That the cost was \$10,000 for each room did not daunt Fernandez. After all, she says, there are only 17 rooms and surely the money could be found. Sonoma is, after all, a generous community. And, as she says, “No gift is too big – or too small!”

As a distinct entity within Sonoma Valley Hospital, the 27-bed Skilled Nursing Facility offers excellent nursing and 24-hour physician availability. In our Skilled Nursing Facility, patients can get a CAT scan, an MRI, a lab test, an EKG, and receive specialized care such as IV antibiotics and blood transfusions without leaving the facility. SNF Director, Melissa Evans, RN, voted Nurse of the Year for 2010 by the physicians, credits the success of the SNF to teamwork. That spirit drove the little makeover committee, too.

As of January, 2011, the facility makeover is over halfway done, and the committee has raised, including the \$131,802 from the SVH Foundation in the form of the new beds, a total of \$229,357.

For Fernandez, the makeover project, as with every other aspect of life, is reason to celebrate. “We’re celebrating the fact that we, working together in a group, can make things happen. No one can do it individually. This is not an individual project. It’s all of us with our many ideas and thoughts and reasons, to do this.”

Opposite, from top left: Dr. Clinton Lane, Suzanne Brangham, SVHCD Board member Peter Hohorst, Marek Grzybowski, SNF Director Melissa Evans, Helen Fernandez, SVH CEO Kelly Mather.





From Immobilizing Pain to the Joy of Full Motion in Weeks

Enrica Poore, a Pilates instructor still in her forties, had become nearly immobilized by 20 years of worsening arthritic pain initially brought on by a snow boarding accident. “My life had gone from loving to work out to cringing at the fact that I’d have to walk down the street.” The orthopedic surgeons she consulted elsewhere just told her to lose 30 pounds and wait till her 60’s to get a new knee. For her, impossible choices. By the time she moved back to Sonoma, her hometown, she had reached a decisive point.

“I hit bottom at the pain level. The only way out was either a chronic use of pain medication, and suppressing my true self – or moving forward.” She followed her mother’s advice – her mother is Tina Wolfenden, a board member of the SVH Foundation – and consulted Dr. Mike Brown, whose reputation as an

orthopedic surgeon has been growing in the community. Dr. Brown gave her the confidence she needed to proceed. “Dr. Brown is really compassionate,” she says, “To him, every person is special. He makes each person feel like his one and only. He’s just a wonderful doctor.”

Now a whole new life – pain free – has opened up for her. Within six weeks of surgery, she was back at work leading high-energy aerobics classes. For the first time in years, sleep is no problem. “I woke up the other day for the first time without any kind of joint discomfort at all. I now sleep through the night. It’s a wonderful thing.”

*“It’s so nice to be able
to go back to that simple
gratitude for my knee.”*

It's All About Quality of Life

Robert Reguera did not want to move any further into his seventies, with a beautiful, younger wife, and be anything other than the vibrant, active partner she deserves. "I'd waited 30 years for her," he says, with a radiant smile, "I didn't want her to have to do for me. I wanted to do for myself." But he came to a point this summer, in Hawaii, when he couldn't "do." He was in the surf, and his knee gave way – it had been painful for some time – and he was embarrassed to find he couldn't get to shore without help. He and his wife decided then and there it was time to do something.

They went together to the Sonoma Valley Hospital's "Total Joint Replacement Camp" in September and listened intently as Janet Alexander, the "Nurse Navigator" who accompanies TJR patients every step of the way, laid out in great detail the preparation, the procedure and the post-operative process patients go through. Education is a vital part of the Sonoma Valley Total Joint Replacement Program. "If patients have knowledge, they have less anxiety," says Alexander, "and with less anxiety, they heal better. Our goal is to have patients experience no anxiety at all." Reguera says that when he went in for his surgery, he had no questions. He felt completely prepared.

Three months later, he can't stop smiling when he talks about the transformation in his quality of life. "I have no pain at all!" He's able to be active again. Sure, there is some soreness in the muscles, he explains, because Dr. Brown has an ingenious way of going around the muscles without cutting into them so he felt some soreness, but no pain. And he's healed so much faster. "That other one always bothers me," he says. "But with this one, I have no pain. My physical therapists had me exercising the first day," he says. "They were so great. Every one of them. And Dr. Brown's office was just so wonderful to me. I can't say enough good things."





My Friends Can't Believe It!

Vreny Eicher, 81, decided not to go into her 80's unable to travel or garden or walk, because of her bad knee. Dr. Verducci checked out Dr. Brown, who was new in town, and said, "He's excellent. Go do it!" Now, after her total knee replacement, she's back to gardening, walking, shopping and enjoying her life to the fullest. For Eicher, as with Reguera and Poore, the whole process, from the Joint Camp education through the surgery and the follow-up physical therapy, made her feel comfortable and special. "I could tell Janet anything. She was with me every step of the way. I owe her so much!"

The Sonoma Valley Total Joint Replacement program was started at the end of June 2010, as the result of a suggestion by Sonoma Valley Hospital's chief anesthesiologist Dr. Steve Licata, of Marin Anesthesiologists, a group brought in by former CEO Carl Gerlach to raise the Sonoma Valley Hospital surgery services to state of the art. The Total Joint Replacement concept is that joint replacement, to be really successful, begins with education, continues through the guidance of the nurse navigator, and, with the combination of a world class anesthesiology team – Marin Anesthesiologists, led by Dr. Licata – and world class orthopedic surgeons – Dr. Mike Brown, Dr. Robert Harf and Dr. Noah Weiss – minimizes the effects of surgery and restores mobility and freedom from pain to patients who may have thought such improvement impossible.

*"I'm back doing what I love. Gardening. Walking.
I went shopping today, for two hours!"*
Vreny Eicher, 81

Opposite, Vreny Eicher and her Nurse Navigator Janet Alexander celebrate her recovery.

Every Day Miracles In Home Care



Home Care Director Barbara Lee and her team respond almost in unison when asked what they like best about working here: "The people!"

Longevity among the staff is noteworthy. Lee herself has been here for 16 years, and some, she says, have been here for 30. "They love this job. They feel they are making a difference in people's lives," she says.

It's the caring they bring to their work. Their patients are typically people recovering from surgery or illness and who need medication management, or wound care, IV care, tube feedings or help learning to manage their conditions.

Home care provides education as well as treatment. "What we do keeps people out of the hospital. We're here for the people in the community. We teach how to help people be as independent as they can be." Home Care is doing well. "We're in the black," says Lee. "We run lean. The name of the game in Home Care is flexibility. We're used to it."

Dr. Thomas Quinn and his wife Liz credit his "miraculous" return from near death after a broken back, to the Sonoma Valley Hospital and to the SVH Home Care. Home Care's physical therapist, Rena d'Entremont, (pictured with them opposite) and occupational therapist Julie Souza, helped him to help himself regain the mobility everyone thought he had lost forever. At 90, he is enjoying his recovery and his life.





From Conflict to Creativity: A New Hospital Emerging

In 1998, in response to the State's January 1, 2013 deadline for compliance with their new earthquake safety standards, engineers hired by Sonoma Valley Hospital determined the facility would need extensive upgrades. From 1999 through 2008, the hospital community and successive administrations struggled to find a right and viable option for achieving compliance with the money available, in a way that would satisfy all stakeholders. Among the options on the table were, at one end, a totally new hospital on disputed land, for \$200 million, and on the other end, a "make-do" upgrade, in situ, which many thought impractical, if not impossible.

In 2006, the community rejected a request for \$148 million in bonds for a new hospital facility. In 2007, the community, responding to a desperate appeal for financial help to keep the existing hospital open, voted overwhelmingly to support the hospital with of a tax of \$195 per parcel. In 2008, the community declined to approve a \$45 million dollar bond issue to purchase land and to improve the financial health of the hospital while allowing more time to plan for a new facility.

But in November of 2008, with a modified approach to the problem of seismic compliance well laid-out by then CEO, Carl Gerlach, the community approved a \$35 million Government Obligation bond by a margin of greater than 80 percent. The final design for this bond is now nearly complete. It will assure Sonoma Valley Hospital's future by making the necessary upgrades to the existing buildings thereby guaranteeing seismic compliance through 2030 and beyond. It will also create a new Emergency Department, a new Operating Suite containing three new rooms, upgrade infrastructure and improve the physical appearance of the existing buildings. These changes have been designed to improve the quality of healthcare in the District and to attract the best physicians to our community.



Private Property
No Trespassing

EMERGENCY
←

Sonoma Valley Hospital



Brief Timeline:

- November 2008; Measure P passes, the \$35 million bond approved
- January 2009; The Facility Advisory Committee formed
- January 2009; The Citizens Bond Oversight Committee formed
- March 2009; First bond issuance: \$12 million
- March 2009; Jtec Healthcare Construction Management, Inc. named Project Manager
- May 2009; Ratcliffe selected as planning architect
- June 2009; Planning began
- Nov-Dec 2009; Master Plan reviewed
- February 2010; The California Energy Commission loan granted
- March 2010; West Wing approved for acute care patient use until 2030
- June 2010; Otto Construction and Nacht & Lewis Architects named design-builders
- July, 2010; The second bond issuance: \$23 million
- 2011-2013; Construction to begin



PETER HOHORST, engineer, member of the Facility Advisory Committee and the Sonoma Valley Healthcare District Board Chair for the term beginning December, 2010 describes the way the design-build team worked.

"The most important thing for the community is that in addition to being assured that the very best medical care will be available locally, they're going to get a really good return on their money."

"You look at it from the standpoint of how can you make synergy out of the different elements so you come up with an answer that works better." He says the prevailing criteria for the project were three: First, to achieve earthquake compliance; second, to create boiler and chiller reliability; and third, to enhance the conditions for delivering quality healthcare. "

The project they devised includes a two-story ED/OR building as the best alternative to correct building code and medical function deficiencies of both departments and render them useable beyond 2030.

The plan includes all new equipment for the Central Utility Plant and a new, expanded, state of the art Emergency Department adjacent to the radiology department, and three state of the art operating rooms (ORs) adjacent to the pre-surgical rooms, with adequate staff facilities for both.

Three major breaks worked in favor of Sonoma Valley Hospital in planning for this upgrade.

First, thanks to the dogged pursuit of the issue by Norman Gilroy and the efforts of State Senator Pat Wiggins, legislation was approved which allowed Sonoma Valley Hospital to be the first district hospital to use design-build instead of the traditional design-bid-build as a way of proceeding. With design-build, the contractor works for a fixed price, and the client and designers work together with the builder on the design. It is an efficient, practical way of proceeding, and financially beneficial on both sides, as long as key decisions are made on time. Because of the efficiencies inherent in the design build method, the hospital has now contracted for a \$23 million project instead of the one originally estimated for over \$33 million.

Second, in February of 2010, the California Energy Commission approved a \$1,966,762 low-cost loan for energy upgrades at the Sonoma Valley Hospital. The loan, together with a \$174,628 rebate from PG&E, will enable SVH to implement a planned \$2.1 million energy improvement project that will save a projected \$175,000 in annual energy costs (which will eventually pay for the loan).

Third, in March of 2010, the OSHPD reconsidered its review of the West Wing and determined that its prior assessment of the wing's seismic capability was too stringent and that the wing would meet seismic regulations through 2030. This provided much needed spatial flexibility in the planning process.

Former CEO Carl Gerlach summarized the whole planning achievement prior to his retirement, in June. "We have worked to get the best bang for the buck for the taxpayers of this community. We've continued to reduce the net cost to the taxpayer. We figured out we didn't need to build a whole new hospital on a whole new piece of land. We came up with a preliminary plan for using what we have here now. It's clearly a good thing for the environment and the economy. We proved we can continue to use the site into the future."



From Furloughs to Solvency

FY 2010 was a year of financial transformation for SVH. Midway through the year, SVH was experiencing significant financial losses, to the degree that the continued viability of the enterprise was in jeopardy. The board and management worked in close cooperation to implement a financial renewal plan based on fundamental cost restructuring and assertive initiatives to improve both revenue and service levels. Those decisive financial actions, coupled with a renewed emphasis on meeting the healthcare needs and service expectation of our entire community, began to move the hospital forward in 2010.

Sonoma Valley Hospital ended FY 2010 (which ends in July each year) with profitable performance overall, reversing the trend of a steady decline of financial performance of the prior year, and ended the year 2010 with overall positive results. The result is a renewed expectation of growth, stability and endurance.

The net income for Sonoma Valley Hospital for FY 2010 was a positive \$841,690. SVH uses these surplus funds for facilities renewal and repair, maintaining industry standards for salaries and benefits for our valued employees, and helping to recruit new physicians to the district served by SVH.

The surplus funds generated by the hospital goes back into sustaining the health of the hospital, and therefore enables the hospital to fulfill its mission to maintain, improve and restore the health of our community.

After Years On The Edge, New Optimism



Director Marni Richards and the Revenue Management team keeps tight watch on billing.



Affiliation Brings Recruitment Success

We have affiliated with Marin IPA, one of the strongest medical groups in the area, which will allow us to bring some of the best, most highly trained and brightest medical professionals to Sonoma Valley. In addition, this year Sonoma Valley Healthcare District board of directors voted to become founding members of Prima Medical Foundation. By supporting this not-for-profit foundation, we have established a basis for a strong network for medical services to Sonoma Valley.

Co-Sponsors of the Foundation are, along with SVHCD, Marin Independent Physicians Association, and the Marin Healthcare District. The Foundation will help small districts such as Sonoma Valley by creating a powerful medical alliance while allowing for the autonomy characteristic of small town practice. The Foundation will work in conjunction with Prima Medical Group, a physician owned and operated, for-profit organization, which hires and maintains physicians. Sonoma Valley's new crop of doctors, including Dr. Brian Sebastian, internist, and president of our medical staff, family physicians Dr. Suzannah Bozzone and Dr. Geeta Malik, orthopedic surgeon Dr. Mike Brown, and general surgeon Dr. Scott Perryman, are all Prima doctors.

Our partnership with Prima Medical Group, our participation in the Prima Foundation and our relationship with other healthcare organizations such as the Northern California Health Care Authority/ Joint Powers Authority which includes area hospitals Palm Drive, Sonoma Valley Hospital, Healdsburg Hospital, Mendocino Hospital and Southern Humboldt Healthcare District, are key to our strategic plan for the future.

Opposite, from top left: Dr. Brown, orthopedic surgeon, Dr. Brian Sebastian, president, Medical Staff, SVH, Dr. Scott Perryman, general surgeon, Dr. Suzannah Bozzone, family physician.

Financial Transformation

FY 2010 was a year of financial transformation for Sonoma Valley Hospital. Midway through the year, SVH financial losses became so significant as to bring into question our continued viability. In response, the Board of Directors and management team worked in close cooperation to create a plan for financial stability. That plan, as implemented, involved fundamental cost restructuring and assertive initiatives to improve both revenue and service levels. These decisive financial actions accompanied a renewed dedication to provide excellent healthcare to our entire community. The recovery plans have succeeded. FY 2010, which ended in June, produced a profitable performance overall, reversing last year's trend of a steady decline. As a result, Sonoma Valley Hospital is experiencing a renewed expectation of growth, stability and sustainability.

The overall net income for FY 2010 was a positive \$841,690, in comparison with \$954,669 for the prior period. Because our fiscal year extends from July to June, the income totals themselves, for FY 2009 and 2010 do not tell the complete story. By mid-fiscal year 2010, SVH had real losses of \$846,105, and the projections were for continued losses. It was the decisive actions noted above that allowed SVH to pull out of a steep decline to finish FY 2010 positively.

How were these FY 2010 surplus funds used?

These funds are re-invested directly back into the public's interest at SVH. They are reserved for renewal and repair of our facilities, are applied to maintaining industry standards for salaries

and benefits for our employees, and to help recruit new physicians. In other words, these funds go directly toward creating the level of health care service and excellence our community expects and deserves. What makes this arrangement unique from a managerial and governance standpoint is the impact of a publicly elected board, coupled with local sources of financing that support SVH. As with the majority of hospitals across the US, SVH direct revenue does not fully cover the true cost of providing care to the entire community. Most hospitals subsist by virtue of federal or state subsidy, private ownership, or substantial investment revenue. At SVH, the support we need to fully fund our service to community comes primarily from locally derived property tax revenue. These local district funds are placed into service at SVH under the direction of the district's board who are elected on an ongoing basis by the community. Therefore, stewardship of local funds, and representation of local needs is "hard-wired" into the governance and management of SVH. District public interest and value is a constant priority.

SVH produces audited financial statements each fiscal year. For the full representation of SVH financial performance and position, please refer to those audited statements. They are posted on the SVH website at www.svh.com. Important to note, SVH has received an "unqualified" review of those statements by an independent auditor, indicating that no exceptional items were present. This is another indication of our commitment to address the public interest. On the facing page are some "plain language" highlights of those financial statements:

	FY 2010	FY 2009
After providing mandated discounts to Medicare, MediCal, private insurances and other payors, our revenues for providing health care to the community were:	\$ 40,271,426	\$ 41,115,347
Our costs for staff salaries and benefits for our approximately 400 employees were:	\$ 27,157,672	\$ 27,627,836
Fees we pay to hospital based physicians such as Emergency physicians and radiologists were:	\$ 3,036,570	\$ 2,151,109
Services that we purchased, such as agency nurses, plant and equipment maintenance, legal and accounting were:	\$ 3,797,721	\$ 4,580,887
Supplies, for patient care and also facility operations were:	\$ 5,132,163	\$ 5,080,371
Other expenses such as utilities, insurance, depreciation were:	\$ 3,807,782	\$ 3,472,856
Total loss produced by health care service delivery, based on the above, was:	\$ (2,660,482)	\$ (1,797,712)
Revenue from property tax directed to SVH was:	\$ 3,685,017	\$ 2,905,445
Grants and gifts, contributed to SVH were:	\$ 255,232	\$ 377,633
Interest expense, primarily related to construction bonds was:	\$ 397,365	\$ 372,180
Transfers to Community Foundation Sonoma County were:	\$ -	\$ (190,000)
Other expenses were:	\$ 40,712	\$ (31,483)
As a combined result of the above activity, the total net income for SVH was:	\$ 841,690	\$ 954,669

In addition to the above, significant financial events at SVH during FY 2010 were:

SVH successfully issued its second series of General Obligation Bonds, which provided an additional \$23 million of available construction capital to SVH. These funds are specifically dedicated to the construction of a new patient care wing. Use of the funds is carefully monitored by an independent Citizens Bond Oversight Committee.

Also, in order to provide sufficient levels of operating funds, SVH refinanced medical equipment so as to provide \$2 million in additional operating reserves, to be consistent with our cash needs and industry practice.

SVH also purchased the MRI equipment that is located at the hospital. This service previously was supplied by an outside agency. By purchasing the equipment SVH has been able to expand accessibility, hours of operation, and offer more competitive pricing. SVH ended FY 2010 with net assets of \$6,344,141. This compares to FY 2009 year-end net assets of \$5,502,451.

In summary, 2010 was a year of financial turnaround and renewal, and leaves SVH in a better position to serve the community and respond to economic conditions and challenges of the future.

Sonoma Valley Hospital Foundation

The Sonoma Valley Hospital Foundation is dedicated to bringing health and well-being to the residents of Sonoma Valley through philanthropic and volunteer support for Sonoma Valley Hospital. Thanks to the generosity of the community, we raise significant funds each year to assist the Hospital in its mission to improve, restore and maintain the health of everyone in the community. In 2010, we donated over \$365,000 to help the Hospital to meet its most urgent needs and continue to provide excellent health care.

"Since joining the Foundation as Executive Director in September, I have been impressed by the commitment of the Foundation Board, the dedication of the Hospital staff, and the generosity of the community. I have witnessed immense gratitude for what the Hospital provides and great willingness to support this community hospital. The spirit of giving is transformational. Contributing to a meaningful cause brings satisfaction and pride, especially in a small community like ours, and each gift helps to make a stronger community."

Harmony Plenty, Executive Director, 2011



Carolyn J. Stone and Skilled Nursing Staff members gather to celebrate the Foundation's donation of new beds.

Sonoma Valley Hospital Foundation Finances: 2010 Grants

Women's Health:	\$ 32,978
Mammography Services	\$ 11,156
Birthplace Renovation	\$ 8,023
Urodynamic Testing Equipment:	\$ 13,799
Emergency Room:	\$ 77,824
For Under/Uninsured Care	\$ 17,300
Surgical Mini C-Arm	\$ 43,360
Zetron Remote Radio	\$ 2,428
Server	\$ 12,402
Autovent 3000	\$ 2,334
Beds and Mattresses:	\$ 254,197
10 Beds and Mattresses for Medical / Surgical Department	
17 Beds, 27 Mattresses and 3 Pumps for Skilled Nursing Facility	
4 Beds and Mattresses for Intensive Care Unit	
Total Grants to SVH:	\$ 365,343

"Thanks to the efforts of a hardworking Board of Directors and the generous support of so many others, the Foundation is able to have a significant impact on the health of the community. The equipment and programs funded by the Foundation helps SVH offer truly exceptional care to the people of Sonoma Valley and beyond. It is extremely rewarding to know that the work we do improves the health of patients, enhances caregiver safety and even saves lives."

Carolyn J. Stone, chair, Sonoma Valley Hospital Foundation Board

Sonoma Valley Hospital Auxiliary

The Sonoma Valley Hospital Auxiliary's main function is to provide non-medical service to the hospital. They provide approximately 11,500 hours of service each year, which is equal to about five and a half full time positions. They raise money for the hospital mainly through the Gift Shop sales and See's Candy sales during Christmas, Valentine's Day and Easter.

Through a series of fund raising events from Auxiliary fund raising events from July 1, 2010 through December 31, 2010 the Auxiliary raised the following funds: From the July/August raffle of the Goshen Stars Quilt donated by Alice Friesen: \$1,223; from the September bake sale: \$420.50; and from the November bake sale: \$302.00, for a total of \$722.50. December Christmas See's Candy sale netting \$5,117.00 and the Gift Shop net sales totaled \$4,640.



Auxiliary members Paula Consello and Marie Martini and volunteer Norma McLaughlin and therapy dog, Ryder welcome patient to Sonoma Valley Hospital

Auxiliary Finances

	General Fund	Gift Shop Fund	Memorial Fund	LAIF Fund	Total
Balance 6/1/2010	\$ 10,612.95	\$ 3,000.00	\$ 2,095.00	\$41,493.33	\$57,201.28
Revenues					
Member Dues	1,085.00				1,085.00
See's Candy Sales	671.54				671.54
Beverage Sales	165.05				165.05
Merchandise Sales		821.09			821.09
Candy, Nuts & Chips		1,427.01			1,427.01
Newspapers / Book Sales		3.00			3.00
Sales Tax Collections		68.82			68.82
November Bake Sale					
Outside Vendor Sales					
Donations	50.00	2.36			52.36
Interest Earned	0.50				0.50
Credit Card Receipts		562.92			562.92
Total Receipts	\$ 1,972.09	\$ 2,885.20	\$ 0.00	\$ 0.00	\$ 4,857.29
Expenditures					
See's Candy Expense	625.80				625.80
Candy & Chips Expense		1,136.05			1,136.05
Merchandise Expense		514.83			514.83
Advertising Expense	89.20				89.20
Supplies / Materials Expense		17.34			17.34
Credit Card Charge Expense		613.90			613.90
Credit Card Fee Expense		35.40			35.40
Newsletter / Directory Expense	97.28				97.28
Miscellaneous Expense	6.00				6.00
Total Disbursements	\$ 818.28	\$ 2,317.52	\$ 0.00	\$ 0.00	\$ 3,135.80
Revenues Over (Under) Expenses	1,153.81	567.68			1,721.49
Gift Shop Transfer	498.86	(498.86)			
Sales Tax Transfer	68.82	(68.82)			
Memorial Fund Transfers					
LAIF Fund Transfers	8,000.00			(8,000.00)	
Hospital Transfer	(16,944.00)				(16,944.00)
Ending Balance 6/30/10	\$ 3,390.44	\$ 3,000.00	\$ 2,095.00	\$ 33,493.33	\$ 41,978.77

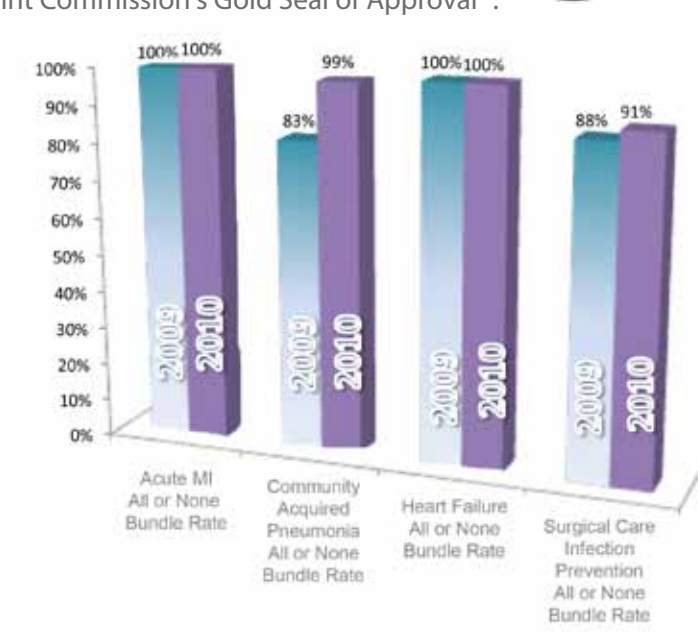
A Quality Healthcare Leader

Sonoma Valley Hospital is required to meet the same standards of safety and staff credentialing that larger hospitals do. By demonstrating compliance with The Joint Commission's national standards for health care quality and safety, Sonoma Valley Hospital has earned the Joint Commission's Gold Seal of Approval™.



Through the dedication and commitment to excellence of the medical staff, leadership and employees, Sonoma Valley Hospital meets and in some instances exceeds national standards for quality patient care. In 2010, we maintained excellence in the case of patients experiencing a heart attack (acute MI) and/or heart failure (CHF). We improved our care on key quality indicators for patients experiencing pneumonia and showed improvement in implementing strategies to prevent surgical care infections. Our community members can feel confident that when they seek services at Sonoma Valley Hospital, they are being provided the highest quality care.

Leslie Lovejoy, interim Director of Quality and Resource Management



This graph was created by the Quality Department of Sonoma Valley Hospital from aggregate data showing our performance on core measures of quality.

Our Dashboard

When I came to Sonoma Valley Hospital as CEO, I brought with me a tool I've seen most successful organizations use: **the dashboard**.

Our dashboard, like that of a car, shows us, at any given time, our vital signs, and where we are in our progress toward our goals. Six categories form the basis of our progress: Service excellence, quality, people, finance, growth and community. We've set our annual goal; we measure ourselves in specific ways for each category and every month; we study our dashboard to see just where we are.

HOSPITAL PERFORMANCE DASHBOARD November 2010				
PERFORMANCE GOAL	MEASUREMENT	ANNUAL GOAL	ACTUAL	COMMENT
Service Excellence	Patient Satisfaction	50th Percentile 70% Actual	35th percentile	Significant IMPROVEMENT from the 17th percentile in August
	Number of Complaints	Fewer than 10 per month	13	
Quality	Clinical Outcomes	90%	99%	Excellent Quality trend continues. Now moving toward resource management.
	Physician Satisfaction	75%	TBD	
People	Staff Satisfaction	75%	TBD	Survey results due next month. FTE's have leveled off.
	Productivity	5.0 FTE's / AOB	4.12 / 306 FTE's	
Finance	YTD Net Income	3%	5%	+494,996 in November, -\$94,946 YTD variance to budget
	Expense Management		1850 vs 1587	
Growth	Inpatient Volumes	Operating expense per adjusted patient day	3%	145 Inpatient discharges in November
	Outpatient Revenue	1% about FY 2010	8%	
Community	Market Share	50%	47%	Based on 2009 OSHPD data

Our year end dashboard colors tell it all. Green means great – *we're achieving or surpassing our goal*. Yellow means good - *we're getting close*. Red means look out - *there's work to do*.

We're moving fast. We're catching up. We're surprising even ourselves. Stay tuned!

Kelly Mather



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347 Andrieux Street • Sonoma, CA 95472 • www.svh.com • (707) 935-5000