

VALLEY CHILDREN'S HOSPITAL

FISCAL YEAR 2014 COMMUNITY BENEFITS ANNUAL REPORT

I. INTRODUCTION

Sixty years ago, our founding mothers had a dream to care for children in a hospital as special as its patients. Valley Children's Hospital has flourished ever since, caring for hundreds of thousands of children. Our mission guides us as we travel the road to our future alongside staff, physicians, children, families, our community and our partners throughout the region.

Mission

The mission of Valley Children's Hospital is to provide high quality, comprehensive healthcare services to children, regardless of their ability to pay, and to continuously improve the health and well-being of children.

Vision

Our vision captures the path we've traveled and showcases our commitment and passion to be the best. Our clear focus is to continue to provide the best care and the best quality pediatric services available anywhere with a vision to become the nation's best children's hospital.

Values

Our values guide every decision and define our commitment and the actions supporting it.

Excellence: We depend on exceptional people to provide exceptional quality health care and services throughout Valley Children's Hospital. We set high standards and we support each other as we strive to achieve them. We invest in each other and we value the individual and cultural differences that make us strong. We are proud of our superior services as measured by quality outcomes.

Compassionate Care: We treat every child, every family, each other, our visitors, and our vendors with respect, kindness, hope, joy and good humor. We display our helpful, healing, family-centered spirit at every opportunity. We recognize the

importance of playfulness in human interaction and in the health of children. We look for ways to ease suffering and provide comfort.

Integrity: We are honest, ethical and responsible in our work and in the way we deal with others. We keep our promises and admit our mistakes. We know ourselves and we avoid hidden agendas. By the way we live our lives everyday, we are worthy of the trust people place in us.

Innovation: We embrace change, creativity, continuous learning and personal growth. We incorporate new ideas, technology and methods to improve the health care and services we provide. We anticipate future trends and we create strategic plans to insure future growth and continued vitality.

Collaboration: We build enduring internal and external relationships, joining with colleagues across organizational boundaries to improve the care and services we provide. We encourage and reward both individual and team achievements. We put the common good ahead of narrow interests.

Stewardship: We are resourceful, adaptable and resilient. We have a "can do" attitude that gets the job done. We are fiscally responsible and efficient with our time. We protect our reserves and manage our operating costs in order to invest in the next generation of kids. We are each personally dedicated to making Valley Children's Hospital better because we were here.

Commitment to the Community

As a not-for-profit organization governed by its own Board of Trustees, Valley Children's Hospital is solely committed to addressing the medical needs of our region's sickest children. With 356 beds, a medical staff of over 550 physicians and approximately 3,000 total employees, Valley Children's Hospital offers accessibility to over 40 fetal, neonatal and pediatric subspecialties, all committed to providing the highest level of quality care possible. Examples include the Hospital's Neonatal and Pediatric Intensive Care Units that maintain low mortality rates, when compared nationally, while treating some of the sickest children.

While providing exceptional care is the single greatest contribution the Hospital makes for our children and their families, the Hospital also appreciates that it is uniquely positioned to support the needs of children in other ways as well.

As an extension of the Hospital's mission and vision, the goal of Valley Children's Hospital's Community Benefits Program is to advance the health and wellbeing of underserved, medically needy children through collaboration and common concern.

This Community Benefits Report summarizes the contributions provided by Valley Children's Hospital to its community for fiscal year 2014 (October 1, 2013 through September 30, 2014).

II. SERVICE AREA DEMOGRAPHICS AND PATIENT VOLUME

Service Area Demographics

As the only pediatric specialty hospital located in Central California, Valley Children's Hospital's primary service area extends from south San Joaquin County in the north to Kern County in the south, and from the Central Coast to the Sierra Nevada, and is home to over 1.3 million children ages 0 – 20.

The Hospital's service area includes those counties in which Valley Children's Hospital provides a significant amount of inpatient and outpatient support for specialized pediatric care. The counties are Fresno, Kern, Kings, Madera, Mariposa, Merced, northern Santa Barbara, Stanislaus, southern San Joaquin, San Luis Obispo, and Tulare.

According to www.kidsdata.org, approximately 1/3 of children living in the Hospital's service area live in poverty, 3/4 are an ethnicity other than Caucasian, and just less than 1/4 live in families where English is not the primary language spoken at home.

Valley Children's Hospital's Patient Volume

In 2014, Valley Children's Hospital had 12,695 inpatient cases, 99,908 Emergency Department visits, and a combined 209,229 outpatient center, day surgery, radiology and laboratory visits. Medi-Cal covered 76% of the Hospital's total inpatient cases and 74% of total outpatient visits. Over half of the Hospital's inpatient population consisted of children 4 years of age or younger and almost 2/3 were an ethnicity other than Caucasian.

III. ASSESSING AND UNDERSTANDING COMMUNITY HEALTH NEEDS

Valley Children's Hospital's Community Benefits Program is built upon the outcomes of a collaborative Community Health Needs Assessment (CHNA) that the hospital conducts at least very three years. The Hospital's last CHNA was completed in 2013 and included the following components.

Joint Needs Assessment

Valley Children's Hospital partnered with hospitals in a four-county region to conduct an assessment of health needs for both children and adults. Counties covered included Madera, Kings, Fresno, and Tulare. In partnership with the Hospital Council of Northern and Central California, the hospitals contracted with Leap Solutions to facilitate the CHNA, which was conducted between October 2012 and February 2013 and published in March 2013.

Leap Solutions followed several steps to ensure that the hospitals would have adequate information from which to identify possible actions, beginning with a review of previous CHNA's and identification of opportunities for improvement, followed by agreement on the data to be used.

The opportunity to use a comprehensive data set emerged as Kaiser Permanente had launched its CHNA Data Platform and had made it available to all communities initiating their own needs assessment efforts. Given the resources available for this work and the ease of use for this data base, it was determined the data base would serve as the primary source of health outcomes data on the populations served in all four counties.

The CHNA Data Platform includes 80 health indicators that overlap with the Healthy People 2020 indicators -- the most widely used leading health indicators in the nation by the U.S. Department of Health and Human Services. The Kaiser Data Platform is a product of the Center for Applied Research and Environmental Systems at the University of Missouri Institute of People, Place and Possibility Community Commons Project.

In addition to the information available through the CHNA Data Platform, the hospitals placed a strong emphasis on conducting focus groups and interviews of key stakeholders in each county. A total of 14 focus groups were conducted and included county public health directors, primary care clinic providers, community-based agency leaders, local residents, and others. In addition, separate phone interviews were conducted with hospital and county public health leaders who were not able to participate in the focus groups. Last, Leap Solutions created and distributed an online survey version of the focus group questions to accommodate individuals unable to travel to the meetings or participate in person.

Leap Solutions represents a team of qualified, experienced professionals that has been helping organizations for the past 30 years maximize their level of service and their ability to affect positive change. Leap Solutions has significant experience working with both governmental and community-based non-profit agencies to assess their customers' needs and to re-clarify or realign their vision and focus to best address those needs.

Supplemental Assessment Activity

In addition to the Leap Solutions' facilitated assessment, Valley Children's Hospital staff accessed other resources to further assess children's health care needs throughout the Hospital's entire service area. Resources included data sources as well as conversations with local health care providers and advocates. Data sources included KidsData.org, the California Health Interview Survey Data, the California Department of Public Health's Pediatric Nutrition Surveillance Data, and the California Child Welfare Indicators Project at the University of California at Berkeley. Local providers and advocates consulted included federally qualified health centers, individual pediatricians, the Central California Children's Institute and the Central Valley Health Policy Institute.

Additionally, as the only pediatric specialty hospital located in Central California, Valley Children's Hospital is engaged with a host of community-based organizations and initiatives focused on children. This continuous engagement keeps the Hospital close to the issues most impacting the health and wellbeing of children in its service area and helps inform the specific issues the Hospital chooses to address through its Community Benefits Program. Examples of organizations and initiatives in which the Hospital was involved in 2014 include the following.

- ABC 30 Fresno Community Advisory Committee, Fresno
- Bi-Annual Babies First Coordinating Council
- Binational Health Week Planning Committees for Madera and Fresno Counties
- California Breast Feeding Coalition Communication Committee
- California Central Valley Coalition for Compassionate Care
- California Safe Teen Driving Committee
- Child Abuse Prevention Councils
- Central California Perinatal Mental Health Collaborative
- Central Valley Concussion Consortium
- Central Valley Health and Nutrition Collaborative
- Central Valley School Health Advisory Panel
- Childhood Weight Management Task for Fresno and Madera Counties
- Children's Health Initiative for Fresno County
- County Pediatric Death Review Teams
- Exceptional Parents Unlimited, Fresno
- Fresno Babies First Breastfeeding Task Force
- Fresno County Interagency Team Member
- Fresno County Sexual Assault Response Team
- Fresno Healthy Communities Access Partners
- Fresno-Kings-Madera Regional Health Authority
- Human Rights Commission
- Interagency Council for Children (Fresno and Madera Counties)

- Kern County Medically Vulnerable Infant Project
- Kings County Multi-Disciplinary Team
- Madera Breast Feeding Coalition
- Madera County Child Abuse Prevention Council
- Madera County Child Forensic Interview Team
- Madera County Interagency Team Member
- March of Dimes Central Valley Division
- Mariposa County Interagency Team Member
- Model of Care Partnership Oversight Committee, Fresno County
- Parenting Network, Visalia
- Raphael Health Ministry Our Lady of Perpetual Help Church, Fresno
- Resource Center for Survivors, Fresno County Rape Crisis Services
- Roman Catholic Diocese of Fresno, Health Ministry Office
- Safe Kids Central California
- Sierra Vista Child and Family Services, Modesto
- Tulare County Healthy for Life Collaborative
- United Way of Fresno County
- Teen Parent Support Program – First 5 Fresno
- Tulare County Healthy for Life Collaborative
- Tulare County Sexual Assault Response Team
- Mexican Consulate - Ventanilla de Salud Program, Fresno
- Women’s Initiative United Way Fresno County

The processes used and the data sources accessed provided a reliable assessment of community health needs upon which Valley Children’s Hospital could establish priorities and actions. The one gap that the Hospital felt existed in the assessment was the need for more in depth dialogue with community residents. While input from residents was solicited and incorporated into the CHNA, the tools used in the assessment process need to be revised to allow more time for dialogue and exploration of key issues, in addition to written surveys.

IV. COMMUNITY HEALTH NEEDS PRIORITIES IN 2014

From high rates of obesity and child abuse to poor access to primary health care, children and their families in Central California face many challenges in their efforts to live healthy productive lives. The implications of these challenges are significant. For children and their families, it means chronic illness accompanied by frequent visits to physician offices, clinics or hospital emergency rooms, missed days at school, and missed days at work. For health care providers, it means carefully considering the many needs that exist and determining which needs the providers are best equipped to address.

Valley Children's Hospital administrative and clinical staff, along with hospital-based physicians, reviewed and discussed information gleaned from the CNHA. They then weighed that information against the patient care needs presenting at the hospital, available resources in the community, and the hospital's capacity and expertise, and identified the following priority needs for 2014. They are not listed in any particular order.

- Child Maltreatment: Enhanced community education and coordination of services regarding child maltreatment prevention.
- Childhood Weight Management: Increased coordination of existing efforts and development of new resources to assist community-based providers.
- Community Capacity: Enhanced capacity of community-based providers to address pediatric health care needs, including kids with medically complex conditions.
- Developmental Disabilities: Improved access to, and reimbursement for, prevention, screening and treatment for children at risk for, or with, developmental delays.
- Family Support: Improved access to transportation, health literacy, and meals.
- Mental Health: Increased access to mental health services for children, both inpatient and outpatient.
- Primary Care: Increased utilization of primary and preventative care for underserved children.
- Reintegration: Increased opportunities for disabled children to reintegrate into their communities.
- Unintentional Injury: Continued focus on preventing unintentional injury to children through community-based education efforts.

Availability of health care resources within the Hospital's 11- county service area varies by type of resource and location, however it is generally recognized that a vast majority of the region is medically underserved. For example, a 2013 report by the Central Valley Health Policy Institute concluded that county Public Health Departments in the Central Valley of California (including eight of the nine counties in the Hospital's service area) receive less state and federal funding per population than do other California counties and therefore tend to support fewer population health activities.

Also, according to data published by the California Office of Statewide Health Planning and Development, significant portions of each county within the Hospital's service area, with the exception of San Luis Obispo and Santa Barbara counties, were designated as Health Professional Shortage Areas for primary care, dentistry and mental health in 2014.

V. COMMUNITY BENEFITS PROGRAM

According to the Catholic Health Association's 2012 Guide for Planning and Reporting Community Benefit, community benefits are generally defined as those activities that provide treatment and/or promote health and healing in response to identified community needs, and meet at least one of the following objectives.

- Improve access to health care services
- Enhance health of the community
- Advance medical or health care knowledge
- Relieve or reduce the burden of government or private, community – based efforts

Also included in the definition is the provision of charity care and the unreimbursed cost of providing health care services to those enrolled in public programs, including Medi-Cal.

For FY 2014, Valley Children's Hospital dedicated \$28,488,840 in community benefits that continue the Hospital's long tradition of being an active and integral part of Central California. This figure above is net of the Hospital Provider Fee program revenue received in 2014. See the section on Pages titled "Commitment to Medi-Cal" for more information on the Hospital Fee Program.

The following pages provide a summary of the strategies implemented by the hospital to address the priority needs identified above.

A. COMMUNITY HEALTH IMPROVEMENT SERVICES (\$654,863)

Community Health Education

Children's Health Connect

Valley Children's Hospital offered to the community an on-line forum where users were able to join groups and discussions, view educational videos, ask questions, hear expert advice and share personal stories.

Health Encyclopedia

Valley Children's Hospital provided access to on line educational information via the Health Encyclopedia link on its website. Health Encyclopedia contains thousands of pages of information on pediatric diseases, conditions and treatments, as well as sections on how to keep kids healthy. The encyclopedia is available in English and Spanish.

Health Care Support Services

Health care support services were provided by the Hospital to help address the health care needs of children and their families while at the Hospital, at home, and in the community.

Cafeteria Meals

Meal coupons were provided to breast-feeding moms whose infants were in the Hospital. Also, through a program called Meals of the Heart, Hospital social workers provided patients' families with meal coupons when they arrived and were not prepared for a long stay at the Hospital.

Cancer Survivorship Program

The Childhood Cancer Survivorship Program at Valley Children's Hospital provides specialized, high-quality care to help survivors of childhood cancer live healthier, happier lives. The program includes an annual assessment of the survivor's health, academic and social development, and an individualized action plan to address long-term effects from cancer treatment.

Capacity for Meeting the Needs of Medically Complex Children

Valley Children's Hospital recognizes the critical role that community-based providers and organizations play in meeting the needs of medically complex children and is committed to making sure they have the clinical skills to take care of this patient population.

- a. School Nurses – The Hospital partnered with the California School Nurse Organization and individual school districts to provide training to school nurses on a variety of clinical procedures and topics critical to keeping children healthy.

Additionally, the Hospital hosted the School Health Advisory Panel's quarterly meetings. The Panel is a consortium of school district health directors throughout the Central Valley that serves as a link between school-based health care professionals and Valley Children's Hospital for the purpose of identifying and addressing emerging issues impacting the health and wellbeing of students in grades K – 12.

- b. Hospitals / Community Based Organizations – The Hospital provided significant outreach education to hospitals and community-based organizations to make sure they have the clinical expertise needed to care for medically complex children. Topics covered included care for high risk newborns, general pediatric trauma, abusive head trauma and

other areas of pediatric maltreatment, and the prevention of human trafficking of children.

Disaster Preparedness

Valley Children's Hospital donated storage space to the California Department of Public Health to store pharmaceuticals to be used in regional disasters or medical emergencies.

Developmental Disabilities

Valley Children's Hospital continued to participate in coalitions focused on improving care coordination for infants and children with, or at risk for, developmental delays, including Kern County's Medically Vulnerable Infant Work Group Initiative, and First 5 Fresno's Model of Care Partnership Oversight Committee and Systems of Care Committee. Also, the Hospital continued to provide education and technical assistance offered through its High Risk Infant Follow Up Program to other providers and community based agencies regarding screening and assessment for developmental delays in high risk infants.

Enrollment into Health Insurance

Valley Children's Hospital committed significant resources to help families find health insurance coverage for themselves and their uninsured children, including financial counselors as well as a contracted vendor with expertise in enrollment services.

With these resources, the Hospital identified and provided enrollment assistance to uninsured and under-insured patients who qualified for Medi-Cal, California Children's Services Program, or the Hospital's Financial Assistance Program. Once eligibility was determined, the Hospital and/or the contracted vendor assisted the family with completing necessary applications and submitting them to the appropriate agencies.

Valley Children's Hospital also supported outreach and enrollment services offered through the Fresno Healthy Communities Action Program.

Family Assistance Fund

When support services were not available through a community program or another funding source, Valley Children's Hospital social workers were able to access these funds to help patients and families obtain items needed upon return home or to assist with transportation for follow up care.

Literacy Program

Research shows that proficiency in reading by the end of the third grade enables students to shift from learning-to-read to reading-to-learn, and to mastering the more complex subject matter they encounter in the fourth grade curriculum. Most students who fail to reach this critical milestone falter in the later grades and often drop out before earning a high school diploma. Yet two-thirds of U.S. fourth graders are not proficient readers, according to national reading assessment data. This disturbing statistic is made even worse by the fact that more than four out of every five low-income students miss this critical milestone.

Reading difficulties and illiteracy contribute to increased school absenteeism, school drop-outs, juvenile delinquency, increased crime, teen pregnancy, drug use and other problems that impact our children and our community. Studies show the easiest way to increase literacy among pre-school and school age children is simply to read to them.

To make a meaningful contribution to literacy in our community, Valley Children's Hospital's Literacy Program promotes and encourages children and their families to become lifelong readers. The Hospital's "Bedside Book Buddies" initiative specifically focuses on developing reading readiness and early reading skills for our young patients. Hospital volunteers bring books to the children, read them stories and engage them and their parents in activities that coordinate with the stories. In 2014, hospital volunteers handed out 7,977 books to patients and their families.

Separate from Book Buddies, Hospital volunteers are eagerly looking forward to expanding the literacy program in 2015 by increasing the number of volunteers visiting outpatient practice waiting rooms to read to children, showing parents and children the pleasures and techniques of looking at books together.

Poison Control

The Central California Poison Control Center is located on the Valley Children's Hospital campus and, as in years past, received a donation of office space in 2014 from the Hospital.

The Central California Division of the California Poison Control Center answers calls from throughout the region and provides expert advice and information regarding exposure to potentially harmful substances. The phones are staffed 24 hours a day, 7 days a week.

In addition to providing emergency telephone advice regarding poison exposures, the Poison Control Center operates several programs critical to a

culturally diverse, agriculturally based community like the Central Valley. The Center has been expressly responsive to the growing and largely underserved Latino population by developing specialized teaching tools and program interventions in Spanish, and providing customized trainings for community health workers in Spanish.

Also, the Center contracts with the State Department of Pesticide Regulation (DPR) to assist physicians in complying with mandatory reporting requirements for pesticide exposures. The Poison Control Center also provides the state DPR with case data and information on the health issues related to pesticide exposure in California.

Reintegration

Valley Children's Hospital is committed to helping children with permanent or long-term disabilities experience as full and as complete a life as possible. To that end, the Hospital's Adaptive Sports Program provides recreational and athletic experiences for those with disabilities. Open to all ages, this free program is the only one of its kind in the Central Valley. The program is designed for individuals with physical and health impairments and conditions ranging from cerebral palsy to spinal cord injuries. Through hard work and determination, participants learn that it's possible for them to take part in athletic activities, exceed expectations and achieve their dreams.

Activities offered in 2014 included water skiing, rock climbing, ice hockey, basketball, kayaking, wheel chair racing, and track and field. Since its inception in 2008, the program has served over 300 disabled children.

Ronald McDonald House

Valley Children's Hospital owns the land on which the Ronald McDonald House (RMH) of Central California is located and leases the land to the RMH for \$1 per year. The lease arrangement helps make it possible for the RMH to offer its services to families whose children are being treated at the Hospital.

Transportation

Access to public transportation has been a problem in the Central Valley for years and thus Valley Children's Hospital continues to work with the community to improve public transportation and access to care. The Hospital's Social Work Department assisted families with transportation by providing taxi vouchers and bus tokens and the Hospital subsidized bus and transit services from Fresno and the Kings County rural areas.

Social and Environmental Improvement Activities

Child Abuse Prevention

In the United States, more than 6 million American children are referred to Child Welfare for allegations of abuse or neglect every year. That's just what's reported - imagine how many cases never reach an agency. On any given day, three to five percent of Valley Children's Hospital's inpatient population is here because of abuse or neglect. The number of children being treated at the Hospital for child abuse has increased from 22 in 2000 to over 923 in 2014.

The Hospital has operated the SCAN (Suspected Child Abuse and Neglect) Team since 1999. This is a multi-disciplinary team including physicians, nurses, social workers, law enforcement, Child Welfare, public health and other individuals and groups that meets regularly to identify and act upon suspected cases of abuse.

The Hospital's Guild's Child Abuse Prevention and Treatment Center addresses abuse in a different way. The Center operates a Monday through Friday clinic for children who are suspected of being abused or neglected. Staff are trained in both the physical and psycho-social aspects of child abuse. Their focus is specifically on elements of abuse, neglect and endangerment - not completely on injury treatment.

Another ambitious element of the department is prevention. In 2014, staff partnered with organizations like the Child Abuse Prevention Councils of California, Comprehensive Youth Services, Child Welfare Services, Exceptional Parents Unlimited and county health departments to provide education, training and technical assistance to parents and care givers.

There are many agencies in the Hospital's service area that address this problem and do their best to help kids every day. As the region's only children's hospital, the Hospital works very hard to leverage that strength in child abuse prevention. The Hospital has lofty goals, and it wants to make sure that if children are harmed, Valley Children's Hospital - and everything it has to offer - will be there to treat and defend them.

Childhood Weight Management

Valley Children's Hospital supported a number of efforts aimed at addressing the issue of childhood weight issues in our community. The Hospital continued to serve as the Advocacy Coordinator for the Kaiser HEAL Zone Project in the City of Madera by facilitating advocacy to help increase access to healthy foods and physical activity. Specific activities included coordinating

candidates' forums for individuals running for the Madera County Board of Supervisors and the Madera Unified School District Board of Trustees.

Additionally, as the founder and chair of the Childhood Weight Management Task Force (Task Force) for Fresno and Madera Counties, the Hospital played a lead role in supporting the Task Force's activities in 2014. One key activity this past year was the continued coordination of the Childhood Weight Management Pilot Project, the purpose of which is to test a new model for delivering and financing childhood weight management services in the primary care physician office. The project, which ends in Spring 2015, includes four primary care provider sites and the two Medi-Cal managed care plans in Fresno and Madera counties, and is serving approximately 75 overweight or obese children ages 2- 12.

Also in its role as Task Force chair, the Hospital facilitated the development and distribution of a childhood weight management survey to parents in Fresno and Madera counties. The purpose of the survey is to gauge parents' attitudes and practices regarding nutrition and physical activity. Fifteen different community-based agencies distributed surveys to clients, with over 1,300 parents returning completed surveys. The Task Force will use the survey results to develop additional activities and interventions focused on childhood obesity prevention.

Injury Prevention

Recognizing that unintentional injury is the nation's leading cause of death in children ages 1-14, Valley Children's Hospital operates an Injury Prevention Program to increase community awareness of childhood injuries and those measures that can be taken to decrease their prevalence throughout Central California.

Supported by a cast of over 90 Hospital employee volunteers, the Program covered the following topics in 2014: Distracted & Reckless Teen Driving, Pediatric Trauma, Water Safety, Wheeled Sports Safety, Child Passenger Safety, the Choking Game, Sports Injuries, Lithium Battery Ingestion, Air Powered Gun Injuries, Toy Safety, Munchausen Syndrome by Proxy, Safe to Sleep, and Abusive Head Trauma.

The Program recorded 11,490 contacts with children, parents and others at 39 different community events. In addition, the Program recorded 573 contacts at 28 conferences and seminars where Program staff provided education and training to professionals working in health care, education, law enforcement, child welfare, and other related fields.

The Program also provided television interviews and participated in 18 media events to address child safety issues. The Hospital and Safe Kids Central

California provide a monthly child safety segment on KSEE 24 Central Valley Today, a local news/community affairs program.

The Hospital also chaired Safe Kids Central California, leading this coalition of 16 locally based agencies in a variety of projects focused on decreasing unintentional death and injury to kids aged 14 and under.

B. HEALTH PROFESSIONS EDUCATION (\$7,768,216)

Valley Children's Hospital is committed to promoting an adequate supply of highly trained professionals to meet its region's future demand for pediatric health care services. Activities supported by the Hospital in 2014 included the following.

Pediatric Residency Program

Through its affiliation with numerous residency programs, Valley Children's Hospital provided training to over 100 physician residents in 2014 in a number of disciplines including general pediatrics, pediatric surgery, orthopedic surgery, pulmonology, cardiology, family medicine, emergency medicine, and sleep medicine. The Hospital also provided training to 4 fellows in Cardiology and Surgery/Critical Care.

Additionally, the Hospital offered training to over 80 medical students from 19 different medical schools throughout the country.

Pharmacy Residency Program

Valley Children's Hospital supported a pharmacy residency program in 2014 that provided training to 6 residents and 1 fellow.

Non-Physician Clinical Training

Valley Children's Hospital provides a variety of educational opportunities for students enrolled in affiliated accredited academic programs to observe or participate in the care of pediatric patients. In 2014, the Hospital hosted 970 students, from 27 schools, representing 17 disciplines.

Continuing Physician Medical Education

In 2014, Valley Children's Hospital provided continuing medical education program to over 200 community-based primary care physicians. Pediatric subspecialty physicians from the Hospital served as the featured faculty, providing community-based physicians with guidance on how to manage a wide array of pediatric medical conditions hypertension, plastic surgery,

inflammatory bowel disease, hernias, childhood cancers, urology, Down Syndrome and many others. Programs were provided at locations throughout the Hospital's service area, including Bakersfield, Madera, Merced, Modesto and San Luis Obispo.

Health Careers Promotion

Valley Children's Hospital continued to promote health careers through the Hospital's Job Shadowing Program that offers high school and college students the opportunity to shadow Hospital physicians, employees, and volunteers. Additionally, the Hospital partnered with Sunnyside Doctors' Academy, Clovis North High School, Liberty High School and the Center for Advanced Research and Technology for internship rotations and volunteer opportunities at the Hospital.

C. RESEARCH (\$343,047)

The research program at Valley Children's Hospital consists of both national clinical trials and local physician-initiated research studies, the results of which are shared publicly for the benefit of the broader pediatric population. Physicians select studies which are tailored to meet the varying needs of the Hospital's patient population. Over 160 studies are available to children and their families. Studies include Phase II through Phase IV clinical research, as well as social and behavioral research. The oncology research program is by far the largest area of study. The Hospital is a member of the Children's Oncology Group, a national network of clinical trials which is federally funded by the National Cancer Institute. Physicians have access to more than 100 studies to treat a variety of types of cancer. Additionally, the Hospital participates in studies sponsored by major pharmaceutical companies. Importantly, a program which looks at the needs of cancer survivors, initiated by a hospital-based oncologist is based here.

The Endocrinology and Gastroenterology Departments offer numerous studies for obesity, diabetes, and inflammatory bowel diseases, which are noted to be at a higher prevalence in the area. Physicians have initiated a weight loss clinic, and several studies follow children to determine whether they are at risk of, or are developing diabetes.

A partnership with the University of California, Merced offers social, behavioral and biomedical research for children with Valley Fever, a fungal disease which is prominent in the Central Valley. Physicians are testing children's blood to look for inflammatory markers.

In conjunction with Stanford University, several cardiologists are examining the outcomes of children who have had surgical procedures for several types of serious heart defects.

D. CASH AND IN KIND CONTRIBUTIONS (\$121,648)

Valley Children's Hospital provided cash and in kind support to a number of organizations that target the needs of children in our community, including the Camp Taylor (a summer camp for children with cancer and their families), Exceptional Parents Unlimited, Hinds Hospice, March of Dimes, Sierra Vista Child & Family Services, West Fresno Family Resource Center, and others.

E. COMMITMENT TO MEDI-CAL (\$19,533,566)

Valley Children's Hospital's commitment to serving its community is evidenced by the large number of patients its serves that are covered by Medi-Cal. As noted before, Medi-Cal covered 76% of the Hospital's inpatient cases and 74% of the Hospital's outpatient visits in 2014.

The combined net effect of total Medi-Cal reimbursement and disproportionate share funding in relation to the cost of these services resulted in a net loss to the Hospital in 2014 of \$28,837,231. This figure is separate from and does not include the community benefit activities and expenses noted in previous sections, and also excludes the revenue and expenses associated with the Hospital Fee Program, which is described in more detail below.

In 2009, California implemented the Hospital Fee Program through which hospitals in California, including Valley Children's Hospital, receive supplemental Medi-Cal payments. California implemented the Program to help offset a portion of hospital Medi-Cal payment shortfalls accrued over current and prior years.

The Program is funded by a quality assurance fee paid by hospitals that the state then uses to collect additional federal funding. Hospital Fee Programs like California's are allowable under federal law, and the US Department of Health and Human Services approved California's Program.

In 2014, Children's Hospital recognized program revenue of \$9,303,665 net of the hospital's quality assurance fee and hospital contributions to the California Health Foundation and Trust (CHFT). CHFT was established under the Program for the purpose of supporting charitable activities.

F. CHARITY CARE (\$67,500)

In keeping with our Mission, Valley Children's Hospital continues to accept all patients, regardless of their ability to pay. In 2014, the Hospital provided \$67,500 in charity care. The amount represents costs associated with patients who meet certain criteria under the Hospital's charity care policy without charge, or at amounts less than its established rates in relation to the cost of these services. Charity Care includes county indigent and free care, which is based on the patient's inability to pay for services.

In order to assist families with ongoing care needs, the Hospital's Financial Assistance policy requires patient families to apply for appropriate government funding in conjunction with applying for financial assistance (charity care). As a result, many families qualify for government programs and do not ultimately require charity care. The Hospital's charity care amount is separate from and does not include the community benefit activities and expenses noted in previous sections.