

FY16 Annual Report



Welcome

As you will see in our annual report for Fiscal Year 2016, Highland Hospital continues to serve greater Rochester and deliver on its community hospital mission with great momentum. As Rochester's leading community hospital, we're proud to be a leader in the delivery of patient- and family-centered care.

Highland remains a regional leader in specialties such as bariatric surgery, joint replacement, geriatric care, gynecologic oncology, prostate cancer treatment, women's health services, and more. Our affiliation with the University of Rochester Medical Center assures that our patients have access to a complete range of specialties and treatment modalities. Highland is committed to our community and to all who entrust us with their care.

Our priorities and accomplishments are based on our management plan and the strategic objectives established by our Board of Directors.

Our overarching strategic goals are:

- Become the leading community hospital recognized for best outcomes in clinical quality and patient safety.
- Create an environment that fosters collaboration and support of faculty and private community physicians.
- Provide a unique brand of service excellence that promotes high satisfaction for patients, physicians, and employees.



Steven I. Goldstein
President and CEO
Highland Hospital

- Develop outstanding clinical programs.
- Invest in facility improvements, new equipment, and information technology enhancements to provide a state-of-the-art clinical environment for clinical staff to practice, and for our patients to receive high-quality care.
- Ensure Highland's financial performance remains strong to enable capital investments that meet current demand and support growth.
- Establish Highland's reputation as the "best of both worlds" – the community hospital with the highest standards of care and best outcomes, supported by the tertiary services of an academic medical center.

These strategic objectives are delivered through six pillars of service and operational excellence: Quality & Safety, Patient- and Family-Centered Care, Growth, Finance, People, and Community/System.

Everything we do is supported by a commitment to our ICARE values: Integrity, Compassion, Accountability, Respect, and Excellence.

We are proud of our accomplishments this past year but there is always more work to be done. With the help of our Board, physicians, staff, donors, and volunteers, we're poised for another great year ahead. Thank you for your ongoing support!



Kathleen Whelehan
Chair, Board of Directors
Highland Hospital



Cindy Becker
Vice President and COO
Highland Hospital

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Quality Recognition

In FY16, Highland and several departments were recognized for exceptional performance, including:

- Highland was spotlighted by *U.S. News & World Report* as a "Best Regional Hospital," having achieved "High Performing" ratings in Heart Failure, Colon Cancer Surgery, COPD, Hip Replacement, and Knee Replacement. Highland was also "Recognized in Western New York," ranked #3 in the Rochester Metro Area, and #18 in New York State, up five spots from last year.
- Highland achieved four stars in the first-ever Centers for Medicare and Medicaid Services (CMS) Hospital Compare Overall Rating. Highland placed in the top 22 percent of hospitals in the country with its four star rating. Highland also received a four star rating from CMS in its latest quarterly report on patient satisfaction.
- Highland was redesignated a Magnet® hospital, the highest recognition for nursing excellence, by the American Nurses Credentialing Center.
- The Evarts Joint Center, Geriatric Fracture Center, and Gynecologic Oncology Program received Joint Commission disease-specific recertification.
- The Bariatric Center received a three-year reaccreditation as a Comprehensive Center from the American College of Surgeons and the American Society of Metabolic and Bariatric Surgery.

- Highland Hospital achieved Exemplar Status from NICHE (Nurses Improving Care for Healthsystem Elders), marking the third consecutive year of recognition.
- Geriatrics and Medicine Associates and Highland Family Medicine were reaccredited as Level 3 Patient Centered Medical Homes by the National Committee for Quality Assurance.
- Radiation Oncology was awarded a three-year term of accreditation in Radiation Oncology by the American College of Radiology.
- Highland's Stroke Team and Cardiology Department earned Get with the Guidelines® recognition from the American Heart Association and American Stroke Association. The Stroke Team achieved Gold Plus status and earned a place on the Target Stroke Honor Roll. The Cardiology Department received the Silver Plus Quality Achievement Award.
- The American Association of Critical-Care Nurses awarded Highland's Intensive Care Unit with a gold-level Beacon Award for Excellence for demonstrating exceptional care.
- The Highland Procedures Center was recognized as a "Quality Endoscopy Unit" by the American Society for Gastrointestinal Endoscopy.
- The Clinical and Pathology Laboratory at Highland Hospital was reaccredited by the College of American Pathologists.



JOINT
COMMISSION
CERTIFICATION

Evarts Joint Center,
Geriatric Fracture Center,
Gynecologic Oncology,
Palliative Care



MAGNET®
Department of Nursing

Evarts Joint Center,
Geriatric Fracture Center,
Gynecologic Oncology,
Palliative Care



GOLD LEVEL
BEACON AWARD
FOR EXCELLENCE
Intensive Care Unit



CENTER OF
EXCELLENCE
Radiation Oncology
(all locations)



CLINICAL
LABORATORY
PATHOLOGY
ACCREDITATION
Clinical and
Pathology
Laboratory



NICHE
NURSING
ACCREDITATION
Acute Care for
Elders Unit



ASGE QUALITY
RECOGNITION
Highland
Procedures
Center



CORE CERTIFIED
Geriatric
Fracture Care
Program



CENTER OF
EXCELLENCE
Breast Imaging



AMERICAN HEART/
STROKE ASSOCIATION
Get with the Guidelines
Gold Plus: Target Stroke
Honor Roll
Get with the Guidelines
Silver Plus: Heart Failure



NEW YORK
STATE
Designated
Stroke Center



AMERICAN
SOCIETY OF
HEALTH SYSTEM
PHARMACISTS
Residency
Training Program
Accreditation



AMERICAN COLLEGE OF SURGEONS &
AMERICAN SOCIETY OF METABOLIC AND
BARIATRIC SURGERY
Comprehensive Bariatric Center



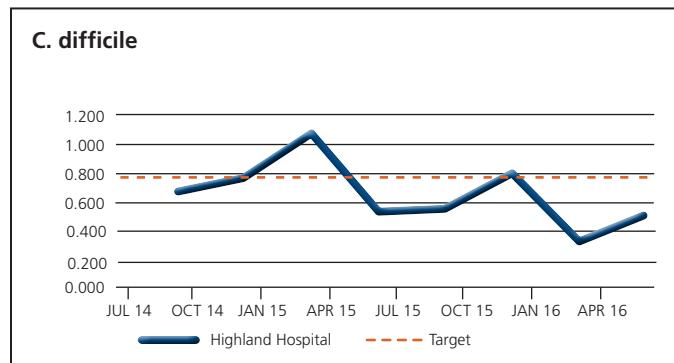
AETNA INSTITUTES OF QUALITY®
Evarts Joint Center

INFECTION PREVENTION

Highland closely monitors common hospital-acquired conditions such as C. difficile, Central Line-Associated Bloodstream Infections, Catheter-Associated Urinary Tract Infections, and Surgical Site Infections as part of our commitment to patient safety.

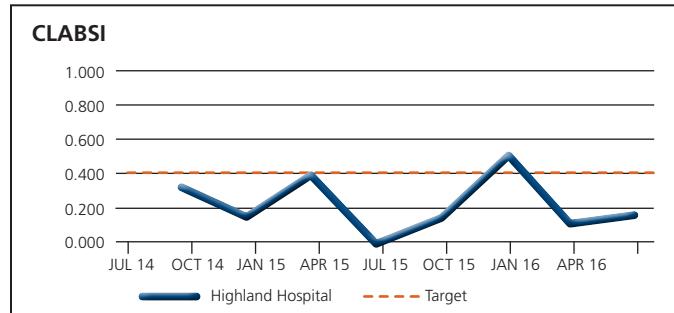
C. difficile

Highland outperformed the target of 0.77 for C. difficile and achieved a rate of 0.56, representing a 30 percent decrease in the number of infections compared to FY15. This achievement is the result of a collaborative team approach including nurses, doctors, Infection Prevention, Environmental Services, and Information Technology.



Central Line-Associated Bloodstream Infections (CLABSI)

Highland achieved 0.25 for the year, outperforming the target of 0.40. Highland outperformed the national target for CLABSI by continuing to use alcohol-infused caps for central lines, IV lines, and ports. A multidisciplinary committee reviews CLABSI cases to identify opportunities for improvement.

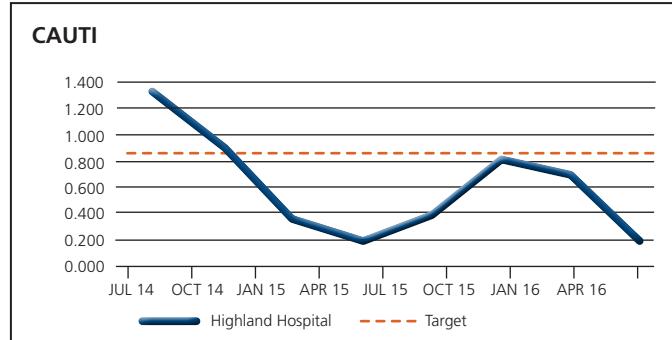


Surgical Site Infections (SSI)

SSIs for Hysterectomy and Colon Surgery each had standardized infection ratios above 1.0. Highland continues to strive to improve performance against these measures with targeted efforts in place.

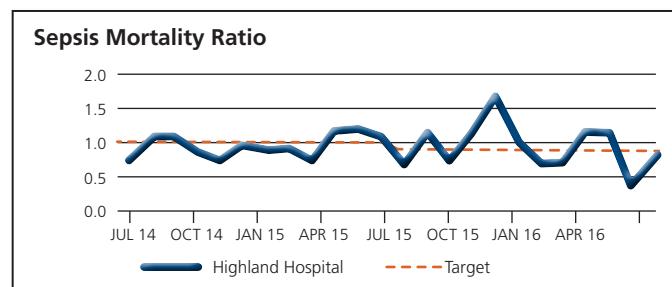
Catheter Associated Urinary Tract Infections (CAUTI)

Highland achieved 0.51 for the year, which outperformed the 0.85 target. In FY16, the hospital focused on decreased use of urinary catheters. CAUTI rounding on patient care units to assess the appropriate use of urinary catheters led to fewer infections.



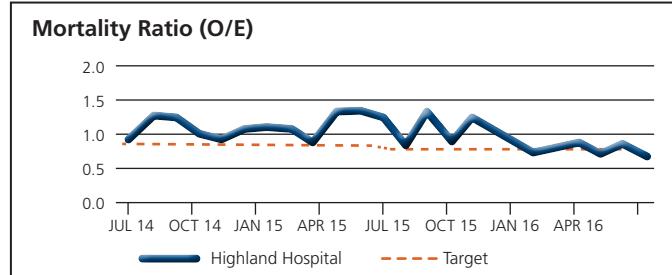
Sepsis

Highland achieved 0.95 against a target of 0.85 for Sepsis. Highland is improving its Sepsis survival rate through early detection, adherence to the Sepsis protocol, and ongoing training of staff and providers.



Mortality

Highland uses a risk adjusted mortality ratio to accurately reflect the observed mortality ratio to the expected mortality ratio, taking into account patient acuity. In FY16, Highland exceeded the target of 0.77 with results at 0.75.



PAY FOR PERFORMANCE

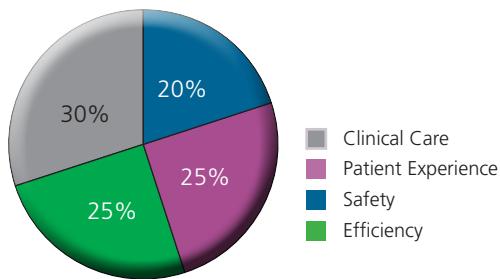
Highland remains focused on meeting the federal mandate of improving the quality of care, improving population health, and reducing the cost of care. The Centers for Medicare and Medicaid Services (CMS) is changing the way healthcare systems are reimbursed by rewarding hospitals for delivering services of higher quality and value.

The three components below comprise the CMS effort. The combination of these efforts is referred to as Pay for Performance:

1. Hospital Value-Based Purchasing (VBP) Program

CMS sets targets for clinical quality and patient satisfaction and withholds a portion of hospitals' Medicare reimbursements, which can be earned back by meeting or exceeding these quality targets.

FY16 VBP Weighting



2. Hospital Readmissions Reduction Program

Reducing readmissions remains a priority for Highland as CMS sets performance goals for 30-day hospital readmissions, which hospitals must achieve or penalties will be incurred.

3. Hospital-Acquired Condition Reduction Program

Hospitals are penalized if they exceed thresholds on the rate of Hospital-Acquired Conditions (HACRP).

REDUCING AVOIDABLE READMISSIONS

Preventing hospital readmissions improves patient outcomes and can result in significant savings in terms of the overall cost of care. Initiatives to reduce hospital readmissions within 30 days of discharge are underway, including:

- A coordinated effort involving the Hospital's Inpatient Pharmacy and care providers is working to ensure that patients get their medications before they leave the hospital.

HIGHLAND'S PERFORMANCE

Highland's reimbursement was favorable across the three CMS Pay for Performance programs. The positive net financial impact was due to Highland's VBP score being better than the U.S. average and no penalties for hospital-acquired conditions and readmissions.

CMS Areas of Measure	FY16 Performance
VALUE-BASED PURCHASING	
Highland Performance Score	36.0
New York State Score	31.2
U.S. Score	35.6

READMISSIONS REDUCTION

Measured by Excess Readmission Ratio (<1.0 is better)

Acute Myocardial Infarction	0.9949
Heart Failure	0.9521
Pneumonia	0.9691
Chronic Obstructive Pulmonary Disease	0.9898
Total Knee/Hip Arthroplasty	0.9622

HOSPITAL-ACQUIRED CONDITIONS (HACs)

Measured by Payment Reduction Threshold: 6.75 (lower is better)

HACs Score	5.21
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CMS Areas of Measure	Financial Impact
Value-Based Purchasing	\$162,000
Readmission Reduction	no penalty
Hospital-Acquired Condition Reduction	no penalty

- Scheduling follow-up appointments, addressing patient transport needs, and contacting Primary Care Providers about each patient's discharge.
- Projects designed to reduce readmissions are also being delivered through the Delivery System Reform Incentive Payment Program (DSRIP) and the Bundled Payments for Care Improvement initiatives underway at Highland.

HEALTH REFORM AND NEW INITIATIVES

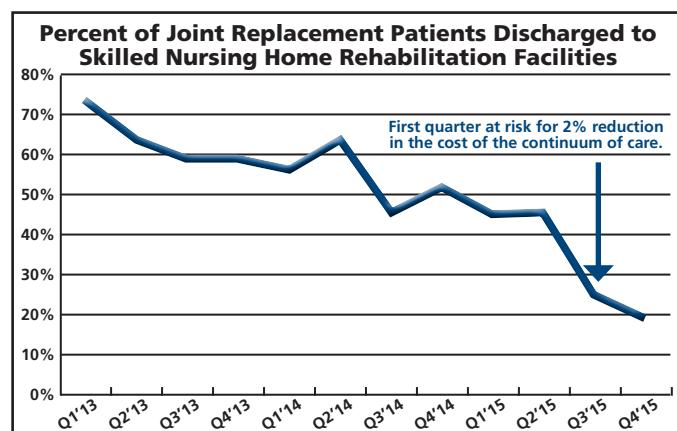
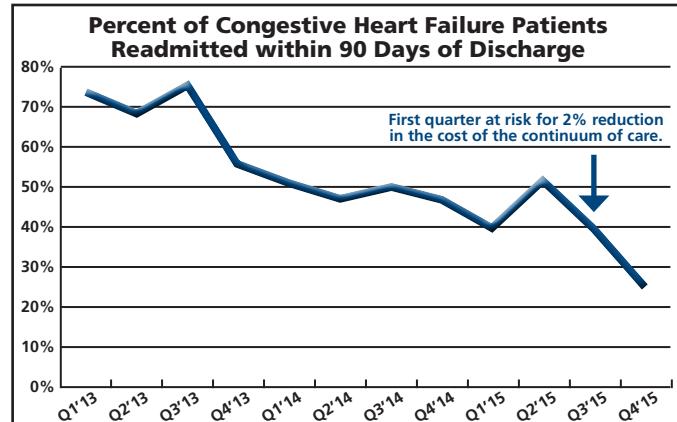
Bundled Payments for Care Improvement Initiative

Since July 1, 2015, Highland has been participating in the Medicare Bundled Payments for Care Improvement (BPCI) project with The Centers for Medicare & Medicaid Services (CMS). All Medicare fee-for-service patients who are admitted for an elective total knee or hip replacement or with congestive heart failure are part of the project. The goal is to enhance quality, reduce cost and manage patient care more efficiently through coordinated care delivery beginning prior to admission and extending for a period of 90 days after discharge.



The hospital works in collaboration with physicians, nursing homes, home care agencies, and most importantly the patient. Initial data indicates that Highland has been surpassing the CMS cost reduction targets for both the Joint Replacement and the Heart Failure Pathway Programs.

As demonstrated in these charts, both Bundled Payment pilot projects reflect positive trends since the programs began last July. For Joint Replacement patients, the program has reduced the number of patients going to skilled nursing homes to 25 percent from the CMS baseline of 75 percent. For congestive heart failure patients, the program has reduced the number of patients being readmitted within 90 days of discharge to 30 percent from the CMS baseline of 50 percent.



Delivery System Reform Incentive Payment Program

New York State's comprehensive health reform through its Delivery System Reform Incentive Payment (DSRIP) Program continues to focus on system reform, community collaboration, clinical improvement, and population health management for Medicaid patients.

DSRIP is part of a Medicaid reform model which, in New York State, has a goal of improving clinical outcomes and reducing avoidable ED use and hospitalizations by 25 percent over five years.

Under the auspices of the UR Medicine DSRIP Program, Highland is hiring care providers and implementing projects at Highland Family Medicine, GAMA, the Emergency Department, and in several of its safety-net primary care practices.

In the ED, a community healthcare worker focuses on removing barriers so that patients can get the appropriate healthcare in a primary care setting. From appointment scheduling to providing transportation, this role is directly related to DSRIP's focus on increasing access and addressing barriers to care for high risk populations.

Licensed social workers, embedded home care managers, and transition care managers are also addressing ways to connect patients with the services they need, depending on their social background and clinical needs.

By adding care providers in these critical roles, the goal is to improve patient outcomes, reduce unnecessary ED visits, and lower readmission rates for Medicaid patients. With staff in place at Highland and other locations, the UR Medicine DSRIP Program will monitor patient outcomes and share its collective data in support of DSRIP goals and system reform.

Accountable Health Partners (AHP)

Highland participates in Accountable Health Partners (AHP), which is a clinically integrated network of hospitals and physicians. AHP's mission is to deliver high quality healthcare and an outstanding patient experience. AHP members are rewarded for the value they bring based on a gainsharing formula.

Founded by the University of Rochester Medical Center, the AHP network includes more than 1,900 physicians and takes care of more than 241,000 people. By harnessing available analytics and a robust data infrastructure, as well as leveraging the considerable power of collaboration between hospitals and physicians, AHP delivers outstanding clinical outcomes at the best possible value.

Improving the delivery of primary care continues to be a key strategy for ensuring sustainable quality improvement and financial incentives. Implementation of the primary care dashboard throughout the network is nearing completion, and efforts continue to achieve Patient Centered Medical Home recognition for primary care providers.

Giving providers access to value-based contracts that reward them for the value they create is an important facet of AHP's mission. Employee health plans for the University of Rochester and Thompson Health were recently added to the network's contract portfolio. Patients covered under these plans are encouraged, through lower copays and coinsurance, to obtain care from AHP physicians and hospitals, including Highland. Other contracts benefiting providers are with insurance payers Excellus BlueCross BlueShield and MVP Healthcare.

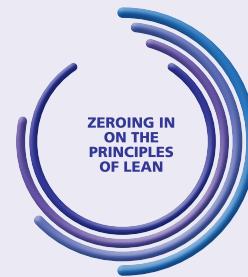


Due to AHP's outstanding clinical and financial performance, the network earned significant gainsharing rewards that will be shared with Highland Hospital, Strong Memorial Hospital, Thompson Hospital, and all member physicians.

Robert McCann, M.D., FACP, leads AHP as its Chief Executive Officer.

LEAN PROGRAM

As we continue to strive for operational excellence, Highland's Lean and A3 projects continued to focus on eliminating waste and delivering more value to patients.



In FY16, Highland leaders and staff applied Lean methodologies to generate \$141,000 in cost avoidance or revenue enhancements.

Highlights include:

- Research demonstrates that patients who undergo elective total hip and knee replacement will have better outcomes and are less likely to acquire hospital-acquired infections if they ambulate on the day of surgery. A target was set for 80 percent of patients to achieve ambulation on the day of surgery. Starting at a baseline of only 26 percent, Highland achieved ambulation for 65 percent of its patients, 2.5 times the baseline. We continue to make additional modifications to reach the 80 percent target.
- Using Lean methodologies, an analysis was conducted to review and identify process improvements related to the use of Immediate Use Steam Sterilization (IUSS). A key finding was that 70 percent of IUSS incidents were due to instrument turnover. The Central Sterile Processing and Operating Room departments collaborated by leveraging Lean concepts to establish a priority instrumentation process, which reduced the IUSS rate from 9.2 percent to 3.8 percent. Benefits include a more effective and efficient process for sterilizing instruments, which expedites Operating Room work flow.
- In an effort to reduce pharmaceutical waste and improve efficiency, a Lean project focused on reducing the amount of sterile compounded controlled substance infusions that were discarded monthly based on limited shelf life. A target of a 50 percent reduction in monthly controlled substance infusion waste was established for the project. The final results were impressive — the department achieved an 80 percent reduction and \$10,000 in cost savings.

Patient- and Family-Centered Care

ENHANCING THE PATIENT EXPERIENCE

Patient satisfaction and high quality care come first at Highland. We are committed to an outstanding patient experience for each and every patient – this is at the heart of all we do, and is driven by our ICARE values.

Our Patient- and Family-Centered approach is an integral part of daily operations at the hospital. Highland has several focused initiatives to support the patient experience, which is measured by CMS' Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) program.

Based on surveys and data analysis that measure patient perspectives on hospital care, CMS publishes performance results in 10 HCAHPS domains for approximately 4,000 participating hospitals. This information helps consumers make informed healthcare decisions and also allows hospitals to gauge patient satisfaction while calculating reimbursement based on VBP performance targets.

In FY16, Highland made progress in four HCAHPS domains, including:

- Overall Rating of Hospital
- Communication with Nurses
- Responsiveness of Hospital Staff
- Discharge



Marci Alexander, MHA, Associate Director of Performance Improvement & Service Excellence and Bridgette Rees, MPA, FACHE, Director of Performance Improvement & Service Excellence.

Two new staff appointments will help drive a culture of performance improvement and shape an outstanding patient and family experience at Highland Hospital.

Highland's Quality Recognition

★★★★ We're proud to report that Highland achieved four stars in the first-ever CMS Hospital Compare Overall Rating. Highland placed in the top 22 percent of hospitals in the country with its four-star rating. Highland also received a four-star rating for its patient satisfaction from CMS in its latest quarterly report. This rating was the highest among Rochester-area hospitals and placed Highland in the top 36 percent of hospitals nationwide.

U.S. News Highland was spotlighted by *U.S. News & World Report* as a "Best Regional Hospital," having achieved "High Performing" ratings in Heart Failure, Colon Cancer Surgery, COPD, Hip Replacement, and Knee Replacement. Highland was also "Recognized in Western New York," ranked #3 in the Rochester Metro Area, and ranked #18 in New York State, up five spots from last year.

These achievements reflect Highland's ongoing commitment to quality and patient satisfaction. Quality accolades like these not only boost the hospital's reputation, they help healthcare consumers make informed choices about where to receive care in our region. Once again, Highland has earned a place among the top tier of hospitals in our region and across the nation.

HCAHPS Domains	Highland Hospital Results FY16	Achievement Threshold	National Benchmark
Overall Rating of Hospital	75.10%	70.20%	84.60%
Communication with Nurses	80.70%	78.50%	86.70%
Responsiveness of Hospital Staff	64.70%	65.10%	80.40%
Communication with Doctors	82.30%	80.40%	88.50%
Pain Management	72.70%	70.20%	78.50%
Communication about Medication	64.20%	63.40%	73.70%
Discharge	89.40%	86.60%	91.60%
Cleanliness of Hospital	70.60%	65.60%	79.00%
Quietness of Hospital	57.40%	65.60%	79.00%
Care Transitions	57.10%	51.50%	62.40%

The Achievement Threshold and National Benchmark are purposeful performance targets set by CMS. The Achievement Threshold is used in calculating reimbursement for VBP. The National Benchmark reflects the goals for top performing hospitals.

HIGHLAND'S CLINICAL SERVICES

As an affiliate of UR Medicine, Highland offers a wide array of clinical services that serve the greater Rochester community.

Patient Volumes Overall Volume Metrics	FY15	FY16
Hospital Discharges-Adult*	15,973	15,744
Total Observation Cases	5,034	5,628
Emergency Observation Unit Cases	1,888	2,191
Short Stays	3,146	3,437
Adult Patient Days	73,540	71,645
Average Length of Stay	4.2	4.2
Total Emergency Observation Cases	2,316	2,656
Emergency Department Visits	42,962	45,460
Admissions	8,858	8,691
Treat & Release	31,458	33,885
Left Without Being Seen	295	195

*Although hospital discharges have decreased by 1.4%, observation visits have increased by 11.8%.



Tim Lum, M.D., Chief of Emergency Medicine, and Robert McCann, M.D., Chief of Medicine, consult with a patient in the Emergency Department.

ORTHOPAEDICS

Key Indicators	FY15	FY16
Orthopaedic Joint Cases	1,722	1,636
Fracture Cases	524	578
Foot & Ankle Cases	204	240
Shoulder Replacements	111	164
Orthopaedic Discharges	2,337	2,300
Orthopaedic Average Length of Stay	3.1	2.9
Orthopaedic Clinic Visits	691	806

ORTHOPAEDICS

The Orthopaedics Department, a regional and national center of excellence, is affiliated with the Orthopaedics Department at the University of Rochester Medical Center, one of the top five National Institutes of Health-funded orthopaedic research organizations in the country. Leading the way with advanced procedures and comprehensive care, Highland's Orthopaedics Department treats all aspects of bone and joint health – from emergency surgeries, to joint replacement, to noninvasive therapies.

Volume

Continued diversification of Orthopaedics offerings, including clinical services for foot/ankle, sports, and upper extremities, bolstered the program in FY16.

Highlights

- Highland launched its first capitated pricing initiative for Total Joint Replacement involving a multidisciplinary team, including Total Joint surgeons. Highland was able to generate significant annual cost savings for its Total Joint Program.
- Two Fellowship-trained surgeons for Total Joint Replacement and Orthopaedic Trauma have been recruited to begin in FY17.
- Capital renovations are underway for the addition of five clinic exam rooms and an x-ray suite that will double the service line's outpatient capacity. In addition, the clinic plans to create a surgical and non-surgical Arthritis Center that will focus on patient care across the disease spectrum.
- Orthopaedic enhancements for FY17 will include the renovation of two Total Joint Operating Rooms. At more than 650 square feet, these will be among the largest operating rooms at Highland.
- Last fall, Rishi Balkissoon, M.D., joined Highland's Orthopaedics program and the Evarts Joint Center, the region's premier center for joint replacement surgery of the upper and lower extremities. Dr. Balkissoon is one of the surgeons involved with Highland's Joint Replacement Pathway Program.
- Orthopaedics is participating in the CMS Medicare Bundled Payments for Care Improvement (BPCI) initiative. All Medicare fee-for-service patients who are admitted for an elective total knee or hip replacement are included in Highland's BPCI Joint Replacement Pathway Program. The goal is to enhance quality and reduce cost by providing patients with an enhanced home care recovery plan.

PERIOPERATIVE SERVICES

Perioperative Services cares for the patient throughout the entire surgical process. Perioperative services includes: Pre-Operative Testing, Same Day Surgery, Operating Rooms, Post Anesthesia Care Unit, and the Sterile Processing Department. All of the staff who work in Perioperative Services are highly experienced and take great pride in their work. Their multidisciplinary approach and commitment to excellence focuses on delivering the highest standard of care, one patient at a time. In response to increased demand from growing clinical programs for expanded capabilities and capacity, Highland continues to invest in expanding and modernizing its Perioperative Services program.

Volume

Operating Room (OR) volume grew by three percent in FY16 driven by an 11 percent increase in outpatient volume.

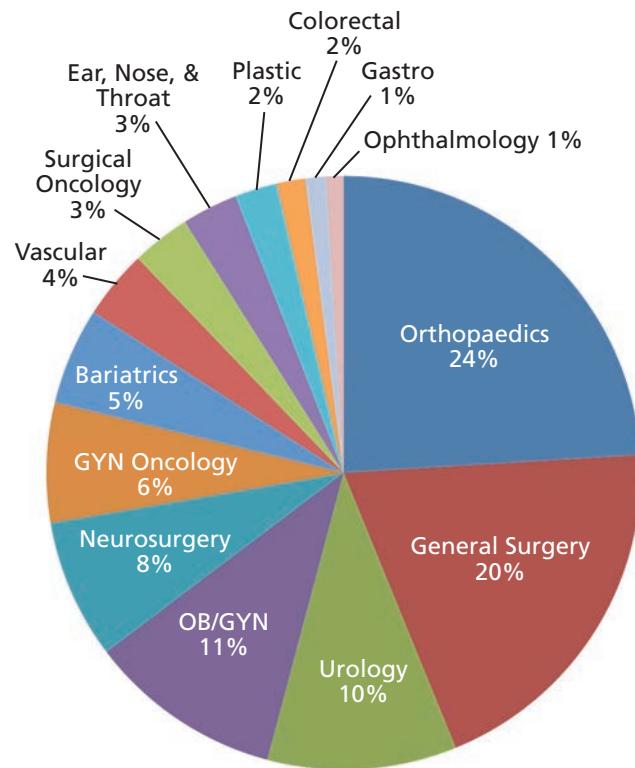
Key Indicators	FY15	FY16
Operating Room Cases	11,782	12,151
Outpatient	5,905	6,535
Inpatient	5,877	5,616

Highlights

- In FY16, Highland made a significant capital investment in upgrading and expanding its OR capabilities. In FY17, we will add two more ORs for a total of 16. As part of the South Addition construction project, which will open in November 2016, the Surgical Suite on level one will house six new state-of-the-art ORs. The new ORs will feature expanded space of 600-plus square feet, the latest advancements in surgical equipment, and improved OR storage and materials management.
- Plans for the renovation of two Total Joint ORs will be completed in FY17. With an expanded size of more than 650 square feet, the Total Joint ORs will be among the largest operating rooms at Highland.
- At the close of FY16, Highland upgraded one of their two da Vinci robots. The da Vinci® Xi surgical system, which is the next frontier for minimally invasive surgery, allows Highland to offer a broader range of robotic procedures to better serve the needs of our patients.

- Highland is also investing in a hybrid OR for its growing Vascular Surgery Program. This surgical suite will be equipped with advanced medical imaging devices that support minimally invasive surgery. The addition of a Siemens Artis zeego machine, a multi axis interventional system, will bring unparalleled flexibility and expanded capabilities to the operating suite environment.

Operating Room Services by Type



Volume leaders include: Orthopaedics at 24 percent, General Surgeries at 20 percent, Obstetrics Gynecology at 11 percent, and Urology at 10 percent.

SURGICAL SERVICES

Highland's Surgical Services is the clinical department for Bariatrics, Surgical Oncology (breast surgery); Colorectal; Ear, Nose and Throat; General Surgery; Ophthalmology; Thoracic; Urology; Vascular, and Plastic Surgery.

Highland's surgical program is recognized by the American College of Surgeons National Surgery Quality Improvement Program (NSQIP) as a leader in quality care and surgical excellence. In conjunction with its NSQIP participation, Highland is a member of the Upstate New York Surgical Quality Initiative (UNYSQI).

Bariatric Surgery

Highland Hospital is a nationally accredited Comprehensive Bariatric Center, meeting the highest standards of excellence for Bariatric Surgery Centers. More than 6,000 Bariatric surgeries have been performed at Highland since 2005.

Key Indicators	FY15	FY16
Bariatric Surgeries	623	643

Highlights

- The American College of Surgeons (ACS) Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program (MBSAQIP), in partnership with the American Society for Metabolic and Bariatric Surgery (ASMBS), approved Highland Hospital's Bariatric Center as an accredited Comprehensive Center for another three years. The program has held this accreditation since 2007.
- The University of Rochester Fellowship in Bariatric and Gastrointestinal (GI) Surgery program received a three-year full accreditation. The fellowship serves as a training program for surgeons seeking exposure and competency in advanced GI and Bariatric care.



Vascular Surgery

The University of Rochester Vascular Surgery practice at Highland is raising the bar for quality. Highland is performing endovascular surgeries with a minimally invasive approach that shortens the length of stay for patients. Based on recent investments, we are at the forefront of medical advances in this field.

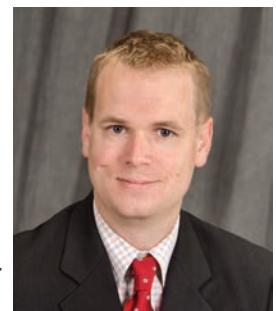
Volume

In FY16, Vascular Surgery volume increased by 2.5 percent.

Key Indicators	FY15	FY16
Vascular Surgeries	440	451

Highlights

- Highland's Vascular Surgery program, led by Roan Glocker, M.D., Assistant Professor of Vascular Surgery, moved into new clinic office space in the Physician Office Building.
- As part of the move, a Vascular Study lab has been established so that patients can receive required ultrasound studies during their office visit.
- In FY17, a new Vascular OR hybrid suite will open for patients. With fully integrated capabilities, the suite is designed so that different types of technologies can be used during a single operation with the intent of achieving optimal patient outcomes.



*Roan Glocker, M.D.,
Assistant Professor of
Vascular Surgery*

William O'Malley, M.D., and Joseph Johnson, M.D., Chief of Surgery, perform hundreds of Bariatric surgeries each year.

DEPARTMENT OF MEDICINE

Highland's Department of Medicine encompasses Hospitalists, Geriatricians, Palliative Care, Critical Care/Pulmonary, Cardiology, Infectious Diseases, Hematology/Oncology and Nephrology. It includes 13 Hospitalists, 14 Geriatricians and 36 Advanced Practice Providers.

As one of the first hospitals to establish a hospitalist program in the Rochester area, Highland has assembled a team of healthcare professionals specifically trained to monitor and treat patients. This fiscal year, the department added a new hospitalist, Mustafa Qazi, M.B., B.S., M.P.H.

Key Indicators	FY15	FY16
Inpatient Admissions	7,345	7,563
Observation Cases	1,982	2,202

CARDIOLOGY

Highland Cardiology offers outstanding adult cardiac care in both inpatient and outpatient settings. The physicians on our medical team have advanced board certifications in Internal Medicine and Cardiology. Highland Cardiology is part of URMC Cardiology at the University of Rochester Medical Center, the most comprehensive Cardiac program in Western and Central New York.

Volume

The Cardiology Department has seen significant growth in both patient referrals and procedures. To accommodate the increased caseload, the department has hired a new physician and will open an additional office at Red Creek in FY17, while still maintaining an office at Highland.

Key Indicators	FY15	FY16
Cardiology Procedures (Inpatient and Outpatient)	43,118	45,902
Outpatient Only	28,645	30,757
Inpatient Only	14,473	15,145

Highlights

- The Heart Failure Pathway Program made significant progress in FY16. Unnecessary readmissions were reduced through a multidisciplinary team approach and the integration of a care navigator, who follows a patient's care for 90 days post-discharge to reduce readmissions.
- Loop Recorders, implantable devices that can monitor a patient's EKG for three years, were introduced based on a partnership between Cardiology and Neurology. The devices have improved arrhythmia detection in cryptogenic stroke patients.

HIGHLAND FAMILY MEDICINE

Highland Family Medicine's (HFM) extensive network is comprised of both private community and University of Rochester Medical Faculty Group physicians.

Volume

As part of the URMC Strategic Plan goal to grow Primary Care by 30 percent over the next five years, HFM plans to increase its patient volume by 18,000 visits. In FY16, HFM increased its volume by three percent.

Key Indicators	FY15	FY16
Family Medicine Visits	64,802	66,694

Highlights

- HFM was the first primary care residency practice in New York State to earn Patient Centered Medical Home accreditation and was reaccredited in FY16.
- A federal grant of \$1.65 million from the Health Resources & Services Administration is supporting a nurse practitioner residency program and helping prepare clinicians for healthcare reform. The Nurse Practitioner residency program, in collaboration with the University of Rochester School of Nursing, is the first program of its kind in New York State.
- Family Medicine is supporting the recruitment of primary care physicians in a number of ways. A record number of medical students from the University of Rochester School of Medicine and Dentistry matched in Family Medicine programs in schools across the country and our Department of Family Medicine residency program accepted 12 new interns this year. The department is also actively recruiting graduates into the UR Medicine Primary Care Network at an average of six per year.
- To accommodate a growing patient population, HFM is expanding from seven to nine suites next year.
- Highland Family Planning offers affordable and confidential birth control and reproductive health services for men and women, including teens, and is funded by four grants: Title X, CAPP, THRIVE, and the Greater Rochester LARC Initiative. Outreach and education is offered to 5,461 community members in schools, community agencies, and community events. The clinic has more than 1,000 visits annually.
- Under the New York State Delivery System Reform Incentive Program (DSRIP), HFM is involved with several DSRIP initiatives focused on improving clinical outcomes and addressing barriers to care for Medicaid patients.

PRIMARY CARE

UR Medicine Primary Care is an extensive community network with more than 28 regional locations and more than 100 primary care providers. Under this umbrella, Highland operates nine primary care practices in Monroe and Livingston counties. All of our practices are certified as a Level 3 Patient Centered Medical Home by the National Committee for Quality Assurance (NCQA).

Key Indicators	FY15	FY16
Primary Care Visits	151,864	147,693*

*Note that volumes decreased in FY16 due to the Cornhill location closing and merging with an existing URMC Primary Care location.

Highlights

- Webster Family Medicine moved to a new location allowing for future expansion. Located at 1900 Empire Boulevard, the new facility includes 18 exam rooms and other patient amenities.
- Both Culver Medical Group and East Ridge Family Medicine are serving as pilot offices for the Delivery System Reform Incentive Payment Program.



Webster Family Medicine moved to a new location in December 2015.



GERIATRICS

Highland is known for championing the needs of the elderly and is a leader in geriatric care. We offer the most comprehensive and innovative suite of geriatric services in Upstate New York. Our geriatric resources include: Acute Care for Elders (ACE) Unit, the Geriatric Fracture Program, Geriatric Medicine and Associates (GAMA), Highland Hospital Geriatrics Group, Elder Life Programs, and a senior-friendly Emergency Department. We serve skilled nursing and assisted living centers in our community through UR Medicine's Geriatrics Group. Highland also offers a Palliative Care Program that provides specialized medical care and support for patients experiencing chronic or terminal illness and their families.

Volume

Geriatric and Medicine Associates (GAMA) is one of the largest geriatric outpatient practices in the region. Volume increased by six percent in FY16. Palliative Care inpatient volume rose by 16 percent in FY16.

Key Indicators	FY15	FY16
GAMA Clinic Visits	13,260	14,035
Palliative Care (inpatient)	435	506

Highlights

- In FY16, Highland's Associate Chief of Medicine, Dr. Daniel Mendelson, supported by a John A. Hartford Foundation of New York grant, is playing a key role in the development of a national model that will improve care for older adults hospitalized with hip fractures. Working with The American Geriatrics Society and the Association of Directors of Geriatric Academic Programs, Dr. Mendelson has completed the pilot and is developing plans for a second phase.
- Highland Hospital's Palliative Care Program was recertified by the Joint Commission.
- The Geriatric Fracture Program received disease specific recertification from The Joint Commission.
- Peggy Petrone, Elder Life Specialist, was honored by the Rochester Business Journal in the Senior Care Category. Robert McCann, M.D., Highland Chief of Medicine, was recognized in the Physician category.
- The Palliative Care Clinic, which is supported by a \$100,000 Lennox Foundation grant, opened last July in the GAMA clinic and has seen 100 consults since its opening.

WOMEN'S HEALTH SERVICES

Highland offers a wide range of comprehensive health services at the hospital and several community locations. Women's Health Services includes: Obstetrics at the Family Maternity Center; Gynecology; Community Obstetrics; Surgical services such as Robotic Surgery for Gynecologic Oncology and Gynecology, as well as minimally invasive procedures; Highland's Maternal Fetal Medicine Program; the Rochester Adolescent Maternity Program (RAMP); UR Medicine Breast Imaging, and UR Medicine Midwifery.

Volume

- Highland continues to lead market share for Obstetrics at 29 percent in Monroe County, with 2,998 births.
- Combined Breast Imaging volume at all four locations (Red Creek, Highland Hospital, Penfield, and Jordan Health Center) surpassed 18,100 patients.

Key Indicators	FY15	FY16
Highland Women's Health	6,565	7,403
Births	3,135	2,998
Breast Care Center – All sites	18,002	18,111

Highlights

- Highland Women's Health welcomed two new providers: Marwa Ibrahim, M.D., and Emily Thompson-Carrillo, M.D.
- Renovation plans to expand and modernize Obstetrics triage and relocate the Special Care Nursery are planned for FY17.



Richard G. Moore, M.D., FACOG, FACS, joined UR Medicine's Obstetrics and Gynecology as the Director of the Gynecologic Oncology Division on October 1, 2015. Dr. Moore also leads Wilmot Cancer Institute's Gynecology Service Line and serves as Director of the Targeted Therapeutics Laboratory for Gynecologic Cancers. Dr. Moore is board-certified in Gynecologic Oncology and is a fellow of the American College of Obstetricians and Gynecologists, and a fellow of the American College of Surgeons.

Dr. Moore treats patients in both inpatient and outpatient settings and performs surgeries at Highland Hospital along with Cynthia Angel, M.D., Brent DuBeshter, M.D., and Sajeena Thomas, M.D.

RADIATION ONCOLOGY

Radiation Oncology at Highland Hospital is an important component in the Wilmot Cancer Institute's array of cancer services across the region.

Volume

In FY16, Radiation Oncology performed nearly 28,000 procedures and increased its new patient volume by two percent.

Key Indicators	FY15	FY16
Radiation Oncology Procedures	30,916	27,583
New Radiation Oncology Patients	804	819

Highlights

- UR Medicine's Wilmot Cancer Institute at Highland Hospital was the first in the Rochester region to offer the SpaceOAR® System to shield healthy tissues and reduce complications from high-dose radiation treatments for prostate cancer. Hong Zhang, M.D., Ph.D., Chief of Radiation Oncology at Highland Hospital, was instrumental in bringing this innovation to Highland.
- Highland is the only provider in Rochester to offer high-dose-rate prostate brachytherapy, which is a unique point of differentiation for our program. The patient benefits are considerable – for eligible patients, this can reduce the treatment time from five weeks of daily radiation to just two treatment sessions.



Hong Zhang, M.D., Ph.D., Highland Hospital Chief of Radiation Oncology



On the cutting edge of medicine, Highland's Radiation Oncology was the first program in the Rochester area to use the Space OAR system.

BUILDING A NEW TOMORROW

As part of Highland's master facility plan, on July 5, 2015, Highland began construction of a \$28 million addition to modernize patient care facilities and improve quality.

Highlights

- Two stories will add 30,000 square feet of clinical space to the hospital's south side.
- The new addition will include six state-of-the-art Operating Rooms on level one and a 26-bed Observation Unit on level two.
- Enhancements will include dedicated space for short-stay patients and increasing the number of private rooms on inpatient units.
- The opening date for the new building addition is November 2016. Additional renovations in the hospital's current operating room suites are expected to be finished by summer 2017.

Facility Improvements and Additions

The FY16 capital expenditures totaled \$31.6 million and included the following projects:

- Master Facility Plan
- Cafeteria Renovation
- Flood Mitigation Project (storm water management)
- Cardiology Expansion
- Webster Family Medicine's New Facility
- Capital Equipment



MASTER FACILITY PLAN IN PROGRESS



A groundbreaking ceremony for the new South Addition was held in June 2015.



A look at a nursing station on the Observation Unit.



The 26-bed Observation Unit features private rooms with toilets.



New state-of-the-art Operating Rooms will accommodate advanced technologies such as robotic surgical equipment. Upgraded to current design standards, each new OR will feature video capabilities, 650 square feet of space, and high quality surgical lighting.



CAFETERIA TRANSFORMATION

This \$2.7 million project will modernize the cafeteria for the benefit of patients, visitors, and staff. The renovation is expected to be completed in spring 2017.

Highlights:

- A new serving area, renovated dining area, and deli will be available for visitors and staff.
- The lounge area will offer comfortable seating.
- Highland will introduce an expanded menu with nutritional information.



Attractive architectural details in main seating area of the cafeteria.

Information Technology Projects

Highland has kept pace with rapid IT advancements occurring at hospitals across the country. In FY16, work focused on improving the IT infrastructure through several important projects. Major milestones were achieved for eRecord and our ePARC project, along with the shift to ICD-10.

eRecord

The eRecord team successfully managed the upgrade to Epic software version 2015, allowing our clinicians to take advantage of key technology advances to our electronic health record system. Epic 2015 also was a prerequisite for the implementation of our ePARC project. The upgrade allows Highland to implement the ePARC Radiology application, which will integrate imaging services into eRecord.



ePARC

The Enterprise Patient Access and Revenue Cycle (ePARC) project will add Radiology; patient registration; appointment scheduling; billing; and inpatient admission, transfer, and discharge applications to eRecord. A multi-year project, FY16 laid the foundation for ePARC's successful implementation. Major milestones in FY16 include approval of workflows; reengineering; and the build, test, and usability evaluation phases. ePARC will be phased in during FY17 at Highland Hospital, Strong Memorial Hospital, and all affiliated faculty medical practices.

Installation of ICD-10

The World Health Organization's 10th revision of the International Classification of Diseases (ICD-10) was adopted in the United States on Oct. 1, 2015. Significant work was performed to prepare our people, processes, and information technology for the conversion. The switch to ICD-10 was seamless despite the enormous change for workflows and systems. There are now more than 155,000 diagnostic and procedure codes used to report medical diagnoses and inpatient procedures, a six-fold increase in code volume. ICD-10 will greatly improve the hospital's ability to monitor and track diseases, and more accurately capture the true costs associated with patient care.

FINANCIAL PERFORMANCE

The economic landscape is changing dramatically in healthcare. More and more, hospitals are taking on increased risk and must change the way they bill for care. As the fee-for-service business model changes to population health management, hospitals must be able to evolve and adjust to the new market.

Known as "Pay for Performance", CMS rewards hospitals for delivering services of higher quality and value. Rewards are based on pre-established clinical targets and performance goals. Highland outperformed the CMS targets in FY16, helping to maintain the hospital's strong financial position. For FY16, Highland achieved a 5.1 percent operating margin, outperforming our budget target of 4 percent, as well as the median margin for New York State hospitals. We have seen extraordinary growth and improvement in our financial performance over time. We have achieved average operating margins of four percent or better over the past 12 years, several times exceeding 5 percent margins. Over the period, the average margin for hospitals across New York State was closer to 1 percent.

Highland's budget for FY17 adjusts for expected Federal and State payment rate reductions totaling \$5.9 million.

Highland will continue to grow inpatient and outpatient volumes and market share in key clinical areas:

- Orthopaedic Surgeries
- Gynecologic Oncology
- General and Vascular Surgery

Key contributing factors to Highland's success will include:

- A projected increase of 363 inpatient discharges
- Targeted outpatient volume growth

FY16 HIGHLAND HOSPITAL CAPITAL EXPENDITURES

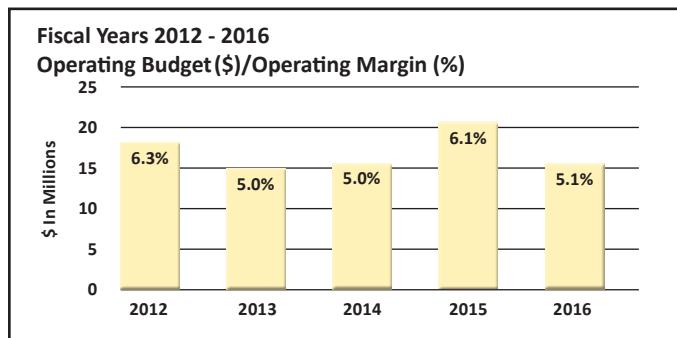
Facility investments are essential to Highland's ability to deliver the highest quality care in a setting that meets patient expectations.

Highland's capital expenditures in FY16 totaled \$31.6 million, including the following projects:

- South Building Addition - \$12.7 million (total project investment is \$28 million)
- Information Technology Investments - \$4.0 million. Of this capital expenditure, \$1.4 million was invested in the ePARC project.
- OR Equipment - \$2.1 million
- Flood Mitigation - \$1.8 million (total project investment is \$2 million)
- Cafeteria Renovation - \$1.4 million (total project investment is \$2.7 million)
- Infrastructure - \$1.1 million
- Patient Monitoring Upgrades - \$750,000
- Pharmacy Expansion - \$250,000

Key Financial Metrics (in thousands)	FY15	FY16
Operating Revenue	\$332,020	\$343,370
Operating Expenses		
Salaries & Benefits	\$189,503	\$199,835
Supplies & Other Expenses	\$102,665	\$105,586
Interest & Depreciation	\$19,664	\$20,342
Total Expenses	\$311,832	\$325,763
Income from Operations	\$20,188	\$17,607
Non-Operating Revenue	<\$13,339>	<\$26,598>
Change in Net Assets	\$6,849	<\$8,991>
Days Cash-on-Hand	151	161

Highland Financial Results vs. State Medians				
	2015	2016	Budgeted 2017	NYS Median
Operating Margin	6.1%	5.1%	4.0%	0.4%
Days Cash-on-Hand	151	161	155	38
Average Age of Plant	10	11	11	13



TAKING PRIDE IN HIGHLAND

The talents, dedication, and hard work of Highland's approximately 2,650 employees support the hospital's growth and help us achieve management plan goals each and every day. To support employee engagement, Highland recognized employees during Pride Week and National Hospital Week, as well as through our six Shining Example Luncheons.

This year, several distinguished employees were honored:

- **Advanced Practice Provider of the Year:** Pamela Heiple, APRN-BC, NPP
- **Distinguished Physician of the Year:** David Holub, M.D.
- **Employee of the Year:** Noel Huerta, Environmental Services
- **Leader of the Year:** Roberta Robinson, Sterile Processing Department Manager



Roberta Robinson and Noel Huerta receive their awards for Leader of the Year and Employee of the Year.



David Holub, M.D., is named Highland's Distinguished Physician of the Year.

EMPLOYEE ENGAGEMENT

Under the new reimbursement model, delivering a positive patient experience is directly correlated with a highly engaged workforce. To focus on engagement, the hospital administers a yearly survey, which includes six key indicator questions, including: "I am proud to tell people I work for this organization," and "Overall, I am a satisfied employee." The latest survey was administered during the previous fiscal year, and efforts in FY16 were focused on implementing action plans to increase engagement. In addition to long-standing engagement activities, such as Beat the Blahs and Pride Week, examples of new initiatives include:

- Administering "Pulse Surveys" in specific departments on a quarterly basis. Tracking specific and consistent measures, the surveys help managers gauge whether actions taken within the department are increasing engagement.
- Established Nursing leadership rounds on evenings, nights, and weekends.

Initiatives for Nurse Recruitment

- Recognized nurses in local print for Nurses Week.
- Attracted applicants through Facebook advertising.
- Developed material that highlights the benefits and career opportunities available to Highland nurses.



Professional Development

In FY16 Highland prepared to launch Achieve, the hospital's new talent management system, offering enhanced professional growth and development resources.

Career Ladders, which offer staff advancement opportunities, were created for employees in the Lab, Admitting, Physical Therapy, and Respiratory Therapy.

Leadership Development

Highland's Leadership Development Program offers opportunities to develop managerial skills, and in FY16 a two-day offsite retreat was introduced for front-line supervisors.

To help drive employee engagement and lead Highland's Human Resources Department, Highland welcomed its new Chief Human Resources Officer, Amy Taney. Amy serves on Highland's senior leadership team and oversees recruitment, workforce development, benefits, performance management, and leadership development. She is also responsible for operations of the Employee Health Department, Friends of Highland Volunteer Program, and the Department of Education.



Amy Taney, Chief Human Resources Officer

FOSTERING A POSITIVE IMAGE IN OUR COMMUNITY

As a community hospital, Highland is committed to presenting a positive image for the community and demonstrating a commitment to living the ICARE values.

We continue to forge connections with our neighbors and are committed to transparent, two-way communication. Every month, we host neighborhood meetings at the hospital.

Highland is also investing in beautifying its campus for the future. Developed in FY16, a Landscape Master Plan will improve pedestrian circulation, incorporate more shade trees, and add native plantings to the hospital grounds. This plan will roll out starting in FY17.

We're also active in NBN6, a local neighborhood organization, that celebrates its ties to Highland Park and works to ensure that local residents have a voice in preserving and protecting our historic neighborhood.

Proud Community Sponsor

As a steward of our community, Highland Hospital supports more than 20 local not-for-profit organizations.

Our top sponsorships in FY16 included:

- Lilac Festival 10K Run – This run is a cornerstone event for our community. Dozens of runners and walkers from Highland participate each year.
- Ovarian & Gynecologic Cancers 5K – Highland is proud to participate in this race, which raises money for cancer research and creates awareness of these devastating diseases.
- Tour de Cure – Every year, Highland Hospital's team rides bikes to raise money and awareness for the American Diabetes Association.



The Spinouts, Highland's Tour de Cure Team, at their fundraising event before the big race in June.

SHARING HEALTH INFORMATION

Healthy Highland

This initiative focused on bringing seminars and events centered around health education to the community at-large. Started in FY16, Healthy Highland already has over 1,700 members. Programming included nutritional seminars, tours of a local supermarket, orthopaedic joint replacement seminars, workshops focusing on cardiac issues for women, round table discussions with physicians, and more.

Rochester Police Department Heart Screenings

In September, Highland's Cardiology Department held free cardiac screenings for the Rochester Police Department. The screening also included a personal consultation with a cardiologist.



Part of the Highland Cardiology Department at the RPD Heart Screening.

Little Hats, Big Hearts

In honor of Healthy Heart month in February, Highland Hospital partnered with the American Heart Association and community members to promote cardiac health awareness. Tiny red knitted hats were given to the 221 babies born at Highland that month.



A Little Hats, Big Hearts recipient.



Some of our employees and their friends and family who braved the elements at this year's Annual Lilac Race.

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