The changing healthcare environment has been a catalyst for hospitals to redefine their roles in the community. Maintaining a close relationship with the patients, while incorporating mandates necessary to keep the entities physically and fiscally healthy is imperative to keeping the doors open and to advance medical treatment. To understand why community hospitals are the backbone of local healthcare and local economies, it’s important to understand what makes a hospital a community hospital.
The Foundation at Lake Charles Memorial Health System supports and enhances the hospital’s mission of compassionate care, community service and cutting-edge technology through leadership, resource development and financial stewardship - a mission made possible through generous donations from the community and employees of the hospital.

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The Cancer Care Fund helps meet the increasing costs of maintaining a state-of-the-art cancer program by purchasing new technology, upgrading the physical attributes of the cancer center, and improving the comfort of patients undergoing treatment.

The Foundation for Fair Play [F3] Fund assists schools in preventing sports injuries through the acquisition of quality athletic equipment for male and female athletes, training room upgrades and safe physical fitness surroundings.

Named Gift Opportunities pair donors with underwriting opportunities designed to recognize or remember family members, caregivers and/or companies. Each opportunity carries the donors desired inscription whether it be a unit, patient room, specialty area, etc. These are listed on the Foundation web site noted below.

The Art for the Soul Fund brings credence to the belief that if music heals the mind and body, then art heals the soul. Over 650 works of art by local artists are featured throughout our hospitals and available for underwriting by donors.

The I Gave A Day Fund allows health system employees to donate some of their paid time off hours or monetary amounts to go towards hospital improvements, such as our new cafeteria, a reading room and library, and a new physical rehabilitation area.

These are just a few of the many ways The Foundation supports the health systems patient experience and makes a difference in the lives of our patients and our community.

Go to www.lcmh.com/foundation for details.

Governance

A true regional community hospital is governed locally by people who live and are invested in the community’s future and not governed by for-profit, corporate offices. What does this mean? It means that Lake Charles Memorial Health System is responsible to the numerous communities and citizens it serves.

“Community hospitals are not driven to generate a profit for corporate shareholders. You, the community, are our “shareholders”, and all excess revenues after expenses goes back into providing excellent services, modern technology, up-to-date facilities, and salaries for the best care givers“ says Lake Charles Memorial Health System’s Board Chairman, Louis Todd, President of Todd & Associates, LLC. “The oversight and direction of our community hospital is led by a Board of Directors made up of volunteers who live and work in our community, and who understand the importance of a strong, vibrant, not-for-profit hospital in our community.“

As such, Memorial relies on the support of the community, not through taxpayer funding, but support in two ways…using hospital services, as well as philanthropic support. Some providers of healthcare carve out niches which are the most profitable. Memorial services are not based on how much money is generated from that service line, but the need for medical services in the community. In addition, it serves all segments of our population…the insured, the underinsured, and the uninsured.
Memorial is the heartbeat of Lake Charles – the place where children are born, parents are treated and emergencies are addressed. But, it’s more than medicine. It is also an economic driver, job generator and an anchor institution for the local community, as well as a healthcare hub for Southwest Louisiana.

Not only is the availability of quality healthcare a convenience and a necessity for residents, it is important to attracting quality employers and good-paying jobs to the region and to the healthcare industry itself.

True community hospitals are very much an economic engine and tend to be among the largest employers in the community. At the end of 2015, Memorial employed just under 2,700 people making it the largest non-government employer in the parish.

“We take our contribution as an economic catalyst in our region very seriously,” says Larry Graham, Lake Charles Memorial Health System President and Chief Executive Officer, “playing a unique role that usually tertiary care or academic medical centers in larger cities do not.”

A study commissioned by the Board of Directors of the Lake Charles Memorial Health System in 2015 assessed the impact of Memorial’s operations and facilities on the economy and quality of life in Southwest Louisiana.

Based on a review of 2014 data, Memorial significantly expanded services and facilities in recent years. Outpatient visits increased 84% since 2007; inpatient admissions increased 16% since 2011, more than triple the statewide average and garnering a large percentage of patronage in Southwest Louisiana. Emergency room visits increased 42% since 2012 as a result of the takeover of W.O. Moss Hospital in mid-2013, the expansion of hospital specialists and services, and economic growth in Southwest Louisiana.

Calcasieu Parish is currently in the midst of an economic boom that is expected to increase the population by 25-30% over the next decade, and Memorial continues to expand and improve its operations to meet the growing healthcare needs of the region. Since 2006, your community hospital will have renovated and upgraded healthcare services and technology closing in on $166 million by the end of 2017.

SWLA Inpatient Market Share - 2014
2014 - 2016 Major Projects

- Renovation of current ICU and completion of a new ICU totaling 34 beds
- Construction of 2-story Nelson Road building including Urgent Care Center
- Renovation of 8-bed inpatient Dialysis Unit
- Expansion of Outpatient Surgery
- Expansion of ER doubling capacity to 36 beds including 8-bed mental health triage, trauma and CT areas.
- Construction of a new, stand-alone 42-bed psychiatric hospital

2015 Memorial Quick Facts

- 339 licensed beds
- 2,686 employees
- 1,833 births
- 62,909 emergency department visits
- 258,473 outpatient visits
- 266,567 physician visits
- 12,095 inpatient admissions
In addition to its role as a major employer, and perhaps most importantly, community hospitals also provide integral healthcare services to the region. Memorial’s presence, more often than not, prevents community members from leaving town for healthcare. Access to healthcare is not a function of price alone, but how far one must travel and how long one must wait are also considerations.

“As a regional community health system, we bring a wide variety of medical services and specialties to patients, so they don’t have to drive far away for care,” Graham says. “To meet that goal, the number of physicians employed by the Memorial Medical Group has more than quadrupled since 2007. Some 90+ primary care and specialists, of 300+ staff physicians, are employed by the health system at various campuses and clinics.”

The $14.4 million expansion of ER will double the capacity to 36 beds including 8-bed mental health triage, trauma and CT areas.
As a regional nucleus of specialty care, Memorial provides the largest array of services in Southwest Louisiana. In 2014, the hospital began expanding its critical care services to double the size of its intensive care unit and emergency department, and build a trauma services team as an essential step in working towards a Level III designation. In 2015, Memorial began the groundwork for a new mental health hospital and implemented cutting-edge treatment strategies like Memorial Emergency Department’s Telestroke Program, which connects stroke patients with stroke specialists when they are not available in the community. Bringing much-needed medical care like this into the region allows patients to stay close to home for treatment when possible.
Perhaps in years past, independence played an important role in the definition of a community hospital. But as the nature of healthcare has changed, community hospitals are forming affiliations with other hospitals and facilities while still maintaining their community roots. These networks of hospitals, physicians, institutions and sometimes insurers work to coordinate and improve quality of care, much like Gulf South Quality Network (GSQN) of which Memorial is the anchor healthcare institution in the Southwest Louisiana region.

Organizations like GSQN recognize that hospitals with deep roots in a community are valuable partners in helping improve quality and reduce costs through population health management. GSQN is the largest clinically integrated physician network in Louisiana.

Another partnership that benefits the community is the Memorial/LSUHSC Family Residency Program established in 1995 and fully funded by Memorial to facilitate more primary care access in our region. Each year, eight medical school graduates specializing in family medicine do their three-year residency at Memorial. They provide primary care services to patients who do not have a family physician while training under the supervision of qualified family physician faculty members and subspecialty physicians. Some 65% of the residents stay in the region to practice medicine after graduating.

Another collaboration launched in 2013 was the Moss Memorial Health Clinic, a public/private cooperative endeavor with the Louisiana State University Health Sciences Center and the Louisiana Department of Administration. The partnership reduced redundancy, expanded coverage for low-income and uninsured citizens while reducing waiting times and increasing access to quality healthcare that previously was only available to at-risk populations by traveling to Shreveport, New Orleans and Lafayette. Moss Memorial now serves as a “medical home” and safety net for uninsured and under-insured persons in Southwest Louisiana.
Jobs, income and services are important to the community, but they are not everything. Some benefits of a community hospital are intangible. While there is no consensus on what constitutes quality of life, healthcare is ranked near the top of virtually every measure.

Even though community hospitals can look very different from one another, ranging in bed size from dozens to hundreds, one thing truly connects them — the feeling they give to patients and visitors and how members of the community feel about their hospital. At Memorial, there is a “sense of community” that stands out.

The responsibility of caring for the community extends to every employee, every physician, and every volunteer. Regardless of their role at Memorial, primary focus is on the patients, families and community. That impact spans the entire continuum of life from birth, to childhood to middle age to the elderly stage of life to terminal illness — for the wealthiest and the poorest in our community, for people dealing with serious illness to people who want to establish healthier lifestyles.

Giving back to the community through public service and outreach is a key component of Memorial’s mission. Supporting a variety of activities and initiatives that promote health and wellbeing in the community, in 2014, Memorial contributed $108,699 and volunteers to community health events and screenings, and spent $105,748 on sponsorships in support of organizations such as the Louisiana High School Athletic Association, American Heart Association, American Cancer Society, National Association for Mental Health, Susan B. Koman for the Cure, Ethel Precht Hope Breast Cancer Foundation, Dare to be Healthy Initiative, Louisiana Cancer Control Partnership, American Lung Association, and Louisiana Tobacco Control Initiative.

The 2014 employee fundraising campaign raised more than $80,000 to build a real world physical rehab and walking track.
Memorial: Beyond the Medicine

As an anchor institution, Memorial contributes to the economic stability of Southwest Louisiana and Calcasieu Parish in particular. In 2014, health system revenue was slightly more than $238 million and just 4.6% of that came from self-pay patients. Physician services are almost entirely covered by third-party payments while home health care and long-term acute care have the highest percent of self-payment with 7.6% and 10.9% respectively. The rest was paid by “outside” sources such as insurance companies or corporate health plans (47.8%), Medicare (35%), and Medicaid (11.7%) and the State under the cooperative endeavor agreement. In 2014, Memorial also wrote-off $3,231,059 in bad debt and $5,177,317 for charity services rendered to low-income patients for which no payment was received.

Memorial System Revenue 2014

<table>
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<tr>
<th></th>
<th>HOSPITALS</th>
<th>PHYSICIANS</th>
<th>HOME HEALTH</th>
<th>LTAC</th>
<th>Grand Total</th>
<th>Percent</th>
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<tr>
<td>Medicare</td>
<td>$66,199,368</td>
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<tr>
<td>Grand Total</td>
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Wages & Benefits

A study commissioned by Memorial’s Board of Directors noted the health system had 2,591 employees in 2014 and a payroll of $152.7 million including wages and benefits with average compensation and benefits per employee of $58,918. Most of this money was spent in the local economy for housing, groceries, clothing, furniture, automobiles, etc., generating profit for local business and creating jobs at those businesses.

This “outside” money has a multiplier or “ripple” effect as it circulates in the local economy. According to a recent study by the American Hospital Association, “with these ripple effects included, each hospital job supports about two more jobs and every dollar spent by a hospital supports roughly $2.30 of additional business activity.”
Purchasing Power

Memorial’s support of the local economy through equipment and supplies purchased, as well as construction projects from 2011 through 2014, had a significant fiscal impact on our region. Spending rose steadily during this period as Memorial expanded its services and increased patient volume, with spending in 2014 being 36.2% higher than spending in 2011. For purposes of this study, assuming a 10% cost increase over the next 5 years, Memorial spending for construction and equipment will average over $20 million per year.

Ripple Effect

The average annual direct jobs and spending forecast for Memorial over the next five years has a ripple or “multiplier” effect. The ripple effect has two components: indirect effects that occur when the Memorial purchases materials, supplies, equipment and services from local businesses and induced effects that occur when employees spend their pay checks in the local economy.

Based on the multipliers used by the American Hospital Association study for hospitals in Louisiana, the result indicates that Memorial accounts for approximately, 7,789 or 8.3% of the jobs in Calcasieu Parish with an economic impact expected to be just under $1 billion a year over the next 4 years.

<table>
<thead>
<tr>
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<th>DIRECT JOBS</th>
<th>PAYROLL ($ millions)</th>
<th>SPENDING ($ millions)</th>
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<tr>
<td>Memorial</td>
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<td>Ripple Effect</td>
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<td>$225.9</td>
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<tr>
<td>Construction</td>
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<tr>
<td>Ripple Effect</td>
<td>134</td>
<td>$  9.8</td>
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<tr>
<td>Total</td>
<td>363</td>
<td>$ 23.5</td>
<td>$ 47.3</td>
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<tr>
<td>TOTAL ECONOMIC IMPACT</td>
<td>7,789</td>
<td>$388.9</td>
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In 2014, Memorial paid just over $4 million in various taxes such as property and sales taxes to name a few. About 59% of those taxes went to Calcasieu Parish with the remainder for state and federal taxes.

In addition to taxes paid directly by Memorial, employees’ paycheck spending in the local economy resulted in an estimated $6.2 million in sales taxes. About $4.9 million in sales taxes were paid on the goods and materials that local businesses provided and that employees purchased as a result of the nearly 5,000 jobs created by Memorial and construction pay resulted in an estimated $10.5 million in sales taxes based on their paycheck spending. Total estimated sales tax revenue generated by Memorial was $24.1 million, which is 8.2% of the sales tax revenue collections in Calcasieu Parish in 2014.

A 2010 employee fundraising campaign raised $95,000 towards the $3 million renovation of the hospital’s cafeteria. A $3.5 million renovation of the kitchen is scheduled for 2016.
Lake Charles Memorial Health System

Lake Charles Memorial Hospital
Lake Charles Memorial Hospital for Women
Memorial Specialty Hospital
Moss Memorial Health Clinic
Memorial Medical Group
Memorial/LSUHSC Residency Program

For a copy of our community benefits report and economic impact study, go to:

www.lcmh.com/communityreport