



Caring for our
communities

2015 annual report



-  Hospitals
-  New hospitals under construction
-  Hospitals (Shared Services agreement)
-  Physician clinics
-  MedQuest owned centers

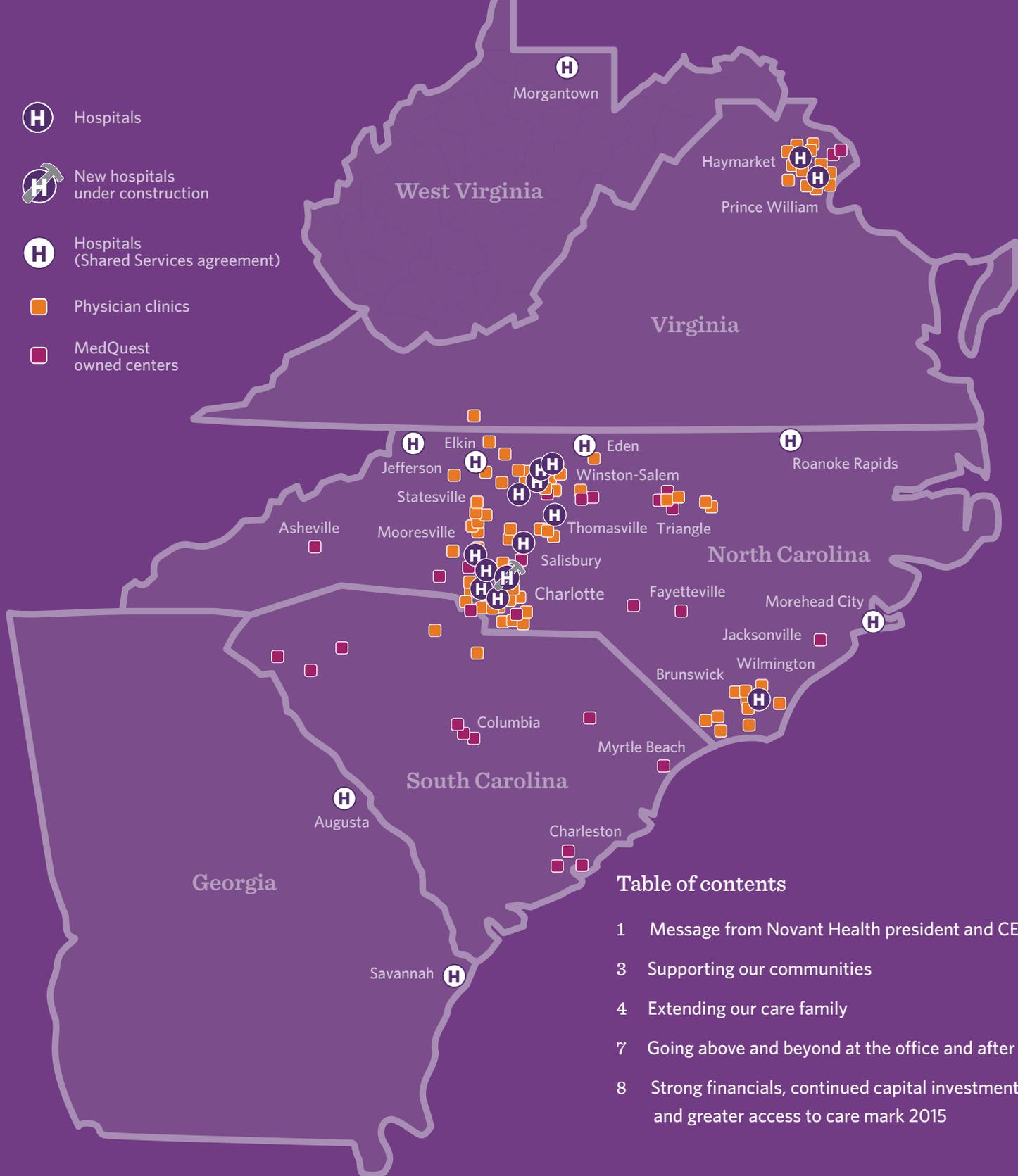


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Reaching more with remarkable care

To truly change the health of a whole community, you need to offer both coverage and connection. I'm proud to say that here at Novant Health, we are providing both.

Coverage means that across our system, we offer a tightly integrated network of hospitals, physician clinics, specialty providers and outpatient centers. Patients have access to our experienced physician partners and clinical partners and healthcare resources that range from affordable express care clinics to leading-edge clinical trials. We're growing Novant Health by adding clinics and by partnering with other healthcare systems — and we expect that growth to continue.

Along with providing broad coverage, we go deep, by providing person-to-person connections. That connection is

made possible by Novant Health's focus on technology, which puts healthcare wherever patients happen to be.

All of this is made possible by the most important ingredient of all: people who care.

People come to us for all kinds of reasons, in all stages of their lives. A baby is born. A student needs a sports physical and someone else needs a breast cancer screening. A sudden injury or illness brings someone to an express or urgent care clinic. A traumatic event sends another person to one of our emergency rooms. Patients want to prevent diabetes while others are seeking joint replacement surgery.

What unites them all is the desire to get better and stay healthy. And what unites us, at Novant Health, is the promise to make their healthcare experience remarkable.



Carl S. Armato

Novant Health president and CEO

We're excited about the ways in which we widened our reach in 2015, and we're proud of ways we're connecting compassionately with each person in our care. We look forward to offering even more coverage and connection in the year to come.

“I didn’t expect I was going to find out I was a diabetic. I felt fine. But on the day that we had the screening ... they explained to me my (A1C) number was twice the normal range. I’m convinced the screening saved my life.”

— Henri Cancio-Fitzgerald, bank executive



Supporting our communities

Community. It's at the heart of all we do. In 2015, we demonstrated our commitment to the communities we serve by meeting patients where they are.

We made care for illnesses and injuries more convenient and affordable by opening four new urgent care clinics and five new express care clinics and set plans in place to launch more. Patients gained new access to their providers through wider use of video and e-visits. And we brought new medical specialties to communities that needed them.

Our team took healthcare outside hospital and clinic walls by screening thousands of community residents for chronic health conditions and cancer. For some, the screenings were wake-up calls. For others, they were life-saving.

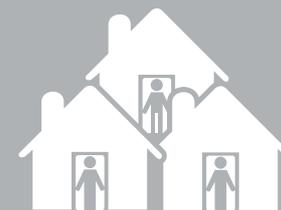
We met people at festivals and sporting events. In neighborhoods and businesses. At senior centers, churches and schools. And wherever we met members of our

communities, we made time to listen to their concerns and connect them with care. The outreach continued through hundreds of classes, workshops and support groups, places where our patients and their families shared experiences and learned together.

Our impact in the communities we serve also could be felt through services provided at reduced or no cost. Last year, that totaled \$706 million in community benefit, \$125 million of that in direct charity care for our friends and neighbors who need assistance. Among N.C. health systems, Novant Health's charity care policy has been recognized as one of the most generous.

We're proud to support our communities, to make them sustainable places in which to work and live. In doing so, we're working toward our mission of improving the health of our communities, one person at a time.

\$706



million in community benefit

Extending our care family

At two and a half, Ellis Snyder was a busy boy who played, got messy and had as much fun as possible every day. Then one day he started to limp. What was causing the limp shocked his parents, Heather and Matt Snyder. Ellis had acute lymphoblastic leukemia. “Your entire heart breaks,” Heather said. “And you’re scared.”

Cancer is never part of any family’s plan. But when faced with this diagnosis, you choose as your partner in care a hospital that is internationally recognized for pioneering research and treatment of childhood cancer and other life-threatening diseases.

That’s why the Snyder family came to the St. Jude Affiliate Clinic at Novant Health Hemby Children’s Hospital — a collaboration between Novant Health Hemby Children’s Hospital and St. Jude Children’s Research Hospital.

Now children with cancer and blood disorders in our local community have access to even more advanced treatments and innovative clinical trials.

Ellis will undergo treatment for three years. His situation is a difficult one, but the prognosis is good. Since it opened in 1962, St. Jude, in conjunction with other pediatric research organizations, has helped push the overall childhood cancer survival rate from 20 percent to more than 80 percent. Ellis is surrounded not only by his own family, but an extended family of expert caregivers.

At Novant Health, we’re proud to bring this level of care closer to home, helping children like Ellis. It’s our job to continue improving healthcare for the communities we serve.

Sometimes that means extending our family of caregivers, too.



667
patients enrolled
in clinical trials

Of those, 394
were for cancer trials

“We truly walk away feeling blessed every time we are at the St. Jude Affiliate Clinic. They have become like family!” — Heather Snyder





“This gift means so much to me. It’s really special and a wonderful keepsake to have.” — Chelsea Smith, on receiving a hand-knitted cap for her newborn

Going above and beyond at the office and after hours

In 2015, Novant Health medical group continued delivering compassionate, high-quality care for over 4 million patient encounters at more than 420 clinic locations. Part of what makes our team exceptional is that the kindness our patients see every day in the medical office also extends to community commitments. From knitting caps for newborns to fundraising to setting up a free clinic for refugees, many of our team members spend countless hours giving back to others after the office closes.

Every baby delivered by the team at Novant Health Midwifery Associates in Winston-Salem receives a hand-knitted cap. Team members crafted 61 caps in 2015. Their labor of love is then gift wrapped and shared at the mother's first postpartum checkup.

Refugee children in Winston-Salem will soon have a clinic serving their medical and cultural needs thanks to two pediatricians at Novant Health Robinhood Pediatrics & Adolescent Medicine in Winston-Salem. Harold Latta, MD, and Rachel McClung, MD, received a grant to help serve Karenni refugees, an ethnic group from Myanmar, formerly known as Burma. And because healthy habits start at home,



18,644
babies born



6,902
medical group
employees

part of the physicians' initiative focuses on connecting with parents, particularly mothers, to empower and educate them, so they can take better care of their children and mentor other parents to do the same.

A clinic in Charlotte also gave back by teaming up. Novant Health Appel Plastic Surgery participated in American Cancer Society's Making Strides Against Breast Cancer and raised \$14,000 with a team of 104 walkers, which included 20 cancer survivors. The group is already signed up to walk this October.

Those are just three examples of the hundreds of ways in which Novant Health providers and their colleagues are reaching out beyond patient visits to improve the care experience. Going above and beyond to help others is part of who we are. Our team members graciously share their time, talent and resources in every community we serve, helping to provide a brighter future for our patients who live there.

Strong financials, continued capital investments and greater access to care mark 2015

For 2015, Novant Health reported net income of \$191.6 million on operating revenue of \$4.1 billion. The not-for-profit health system also reported a community benefit of \$706.3 million, including \$125.3 million in charity care to uninsured and indigent patients.

Novant Health's community benefit includes hundreds of programs, such as unreimbursed health services to individuals with Medicaid and Medicare coverage; community health education; support groups; partnerships with other organizations to provide outreach services; community events and screenings; and participation in medical research and academic health programs.

Novant Health continued its rollout of the electronic health record (EHR), investing \$35 million in the project. Novant Health Rowan Medical Center, Novant Health Brunswick Medical Center and Novant Health Thomasville Medical Center converted from paper-based records to the EHR. The healthcare system also seamlessly transitioned to ICD-10, the revised coding system.

Access to convenient healthcare options for patients was expanded as new urgent care and express care clinics were opened in nearly every market.

Novant Health announced a joint operating company with UVA Health System in Northern Virginia. As part of the agreement, Novant Health's Virginia operations joined UVA Culpeper Hospital to form the new regional health system, which commenced official operations on Jan. 1, 2016.

Novant Health also continued to rank as a leader in quality and safety reporting — with every Novant Health facility reporting in the top 10 percent in quality and top 25 percent in safety nationally. In 2015, the system applied for a pilot program with the Centers for Medicare and Medicaid Services to test bundled payment models. The goal is to provide quality outcomes through smarter spending.

Summary balance sheet

(in 000s) as of Dec. 31, 2015

Cash and investments	\$2,626,774
Other current assets	634,848
Property, plant and equipment, net	1,854,102
Other assets	490,035
Total assets	\$5,605,759
Current liabilities	\$821,091
Long-term debt	1,603,046
Other liabilities	292,853
Total liabilities	\$2,716,990
Net assets	
Unrestricted	\$2,834,030
Restricted	54,739
Total net assets	\$2,888,769
Total liabilities and net assets	\$5,605,759

Service volume growth

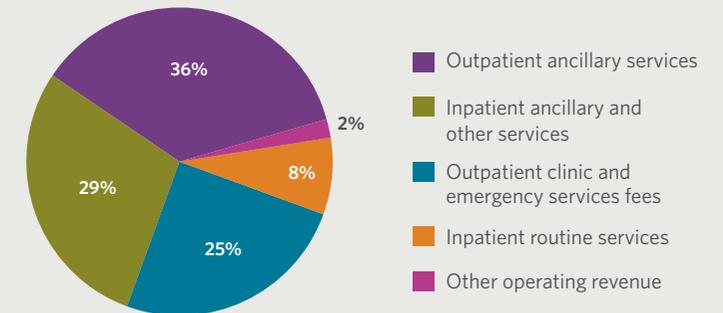
	2015	2014	2013
Licensed beds	2,627	2,710	2,795
Maintained beds	1,770	1,769	1,771
Inpatient discharges	119,512	123,770	123,116
Adjusted patient days	1,172,363	1,147,156	1,114,578
ER visits	515,659	536,046	541,346
Surgeries	123,550	121,598	121,784
Physician office visits	4,144,859	3,853,472	3,627,331
Newborn deliveries	18,644	18,755	17,779
Employees	24,376	25,684	25,595

Summary statement of revenue and expenses

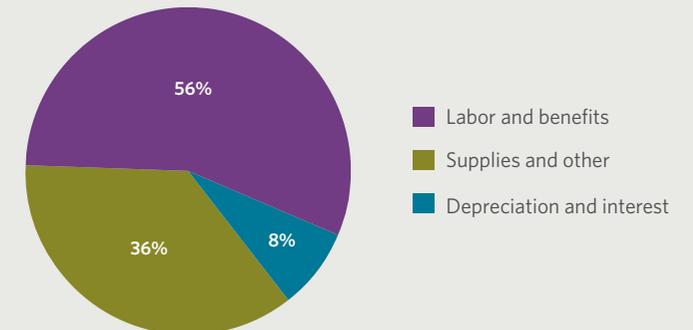
(in 000s) as of Dec. 31, 2015

Operating revenue	\$4,128,001
Operating expenses	
Labor and benefits	\$2,153,132
Supplies and other expenses	1,405,855
Depreciation and interest	302,054
Loss on impairment	8,572
Total operating expenses	\$3,869,613
Operating income	\$258,388
Nonoperating income (expense)	(66,810)
Excess of revenues over expenses	\$191,578

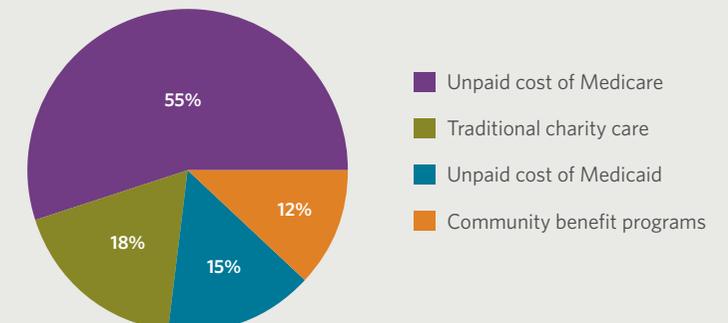
Sources of revenue



Distribution of expenses



Community benefits



Our leadership

Novant Health executive team

Carl S. Armato
President and chief executive officer

Peter S. Brunstetter
Executive vice president and chief legal officer

Jesse J. Cureton
Executive vice president and chief consumer officer

Jacqueline R. Daniels
Executive vice president and chief administrative officer

Fred M. Hargett
Executive vice president and chief financial officer

Jeffery T. Lindsay
Executive vice president and chief operating officer

John D. Phipps, MD
Executive vice president and president, medical group

Thomas N. Zweng, MD
Executive vice president and chief medical officer

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Larry D. Stone, Lowe's Companies Inc. (retired)

Secretary/treasurer
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Carl S. Armato
Novant Health

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(ex-officio, nonvoting member)

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Emeritus trustee
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Vi Lyles Consulting

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David R. Plyler
Forsyth County Board of Commissioners

William K. Poston, MD
Novant Health Presbyterian Medical Center
(ex-officio, nonvoting member)

Nondiscrimination and access to healthcare: Novant Health does not discriminate against any person on the basis of race, color, national origin, religion, disability, sex, veteran's status, sexual orientation, gender identity or age with regard to admission, treatment or participation in its programs, services and activities, or in employment. Free foreign language interpreters are available for individuals with limited English proficiency. Free sign language and oral interpreters, TTYs and other services are available to deaf and hard-of-hearing persons. For further information about this policy, contact: Novant Health director of internal audit & compliance, 704-384-7638 or TDD 1-800-735-8262.

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NovantHealth.org [f](#) [t](#) [v](#) [p](#)

Making healthcare remarkable