Dear Friends,

ValleyCare has earned the enviable reputation for consistently delivering high quality health care to our community, and we have been recognized year after year for our efforts. Much of our success is due to our everyday focus on the details and a culture that truly values each and every patient. Our success also stems from the partnerships we have formed with leading health care systems to provide additional value to our community.

AWARDS

Our latest awards reflect ValleyCare’s constant efforts to improve and strengthen health care services for our community:

• We were one of only 164 hospitals nationwide to receive the American College of Cardiology Foundation’s 2012 Platinum Performance Achievement Award for our commitment and success in implementing a higher standard of care for heart attack patients.

• We received the 2013 Get With The Guidelines®-Heart Failure Gold Plus Quality Achievement Award from the American Heart Association for excellence in treating heart failure patients.

• ValleyCare Medical Center was named a Blue Distinction Center+ in Spine Surgery and Knee and Hip Replacement. This is a national designation awarded by Blue Cross and Blue Shield companies to medical facilities that have demonstrated expertise in delivering specialty care with quality and efficiency.

PARTNERSHIPS

Our partnerships with leading health care systems such as UCSF Benioff Children’s Hospital are an integral part of our ongoing efforts to deliver the most advanced medical services, technologies and research to the Tri-Valley. Over the past year, we expanded our collaboration by affiliating with the UCSF Helen Diller Family Comprehensive Cancer Center to offer patients the latest therapies and promising new treatments, and to provide local access to clinical trials funded by the National Cancer Institute. Through these clinical trials, patients can participate in the latest anti-cancer therapies while being treated closer to home. We believe this collaboration will be as successful for the Tri-Valley as our affiliation with UCSF Benioff Children’s Hospital has been.

We greatly value your support over the years, and we promise to continue providing our community with outstanding health care.

Sincerely,

Marty Inderbitzen
Chairman
ValleyCare Board of Directors
Dear Friends,

These are challenging times for health care. I know many of you are concerned about health care reform and what it means to you and your local hospital. There will be changes and federal and state mandates will affect all of us. But rest assured, ValleyCare will continue to deliver high quality medical care to our local community.

The nurses, doctors and staff at ValleyCare have been dedicated to you and your loved ones for over 50 years and will continue to deliver your babies, administer your cancer treatment, perform your surgeries, cast your broken arms and legs, take care of you and your loved ones when ill, and strive to keep you healthy. And, we will continue to deliver your medical treatment with the quality, safety and compassionate care you have always received.

GRADE A

Moving forward, quality and patient safety will be more important than ever. Reimbursement from Medicare and insurance payors will hinge on our performance. The Leapfrog Group recently awarded ValleyCare an “A,” the highest possible grade, for delivering outstanding results in patient safety. We are proud to be among the nation’s leading hospitals for patient safety.

COMMUNITY ACCESS

Together with our Board of Directors, we are working to identify ways to reach out to our community with new access points, such as the Clinic at Walmart, Dublin Urgent Care, the Mobile Health Unit, Meals on Wheels programs and our Medical Foundation. In addition, we will be implementing an electronic health record which will enhance efficiency, as well as patient safety, satisfaction and outcomes. It will also provide patients with access to their own medical records and results.

Our Board is also committed to working with the medical staff to ensure that ValleyCare physicians are poised for the future. Having anticipated these changes several years ago, we are ahead of curve with the development of the ValleyCare Medical Foundation. The ValleyCare Medical Foundation physicians are highly skilled practitioners who share the same philosophy of caring for our community while implementing the changes that will occur.

Finances will be an ever present challenge as we move forward with the changes ahead. I am grateful to all of you who continually support ValleyCare. We could not continue to serve you, our community, without it.

Sincerely,

Marcy Feit
President and Chief Executive Officer
ValleyCare Health System
ValleyCare Receives “A” Grade

ValleyCare Health System was honored with an “A” Hospital Safety Score by The Leapfrog Group, an independent, national nonprofit run by employers and other large purchasers of health benefits. The Hospital Safety Score was compiled under the guidance of the nation’s leading experts on patient safety and is designed to give the public information they can use to protect themselves and their families.

“ValleyCare always places patient safety as a top priority,” says ValleyCare CEO Marcy Feit. “We are pleased to be recognized with an A score by Hospital Safety Score.”

“Hospitals like this that earn an A have demonstrated their commitment to their patients and their community,” said Leah Binder, president and CEO of The Leapfrog Group. “I congratulate ValleyCare for its safety excellence, and look forward to the day when all hospitals will match this standard.”

To see ValleyCare’s scores as they compare nationally and locally, visit the Hospital Safety Score website at www.hospitalsafetyscore.org, which also provides information on how the public can protect themselves and loved ones during a hospital stay.

American College of Surgeon’s Commission on Cancer

ValleyCare Health System’s Cancer Program received accreditation by the Commission on Cancer (CoC) of the American College of Surgeons (ACoS).

ValleyCare was granted the Three-Year Accreditation with Commendation following an on-site evaluation by a physician surveyor. ValleyCare demonstrated a Commendation level of compliance with one or more standards that represent the full scope of the cancer program — cancer committee leadership, cancer data management, clinical services, research, community outreach and quality improvement. ValleyCare’s Cancer Program has been accredited since 1992 and continues to provide cancer patients throughout northern and central California university-level care with a personalized touch.
American College of Cardiology Platinum Performance Award

ValleyCare Health System is only one of 164 hospitals nationwide to receive the American College of Cardiology Foundation’s NCDR ACTION Registry–GWTG Platinum Performance Achievement Award for 2012. This is the fifth year in a row ValleyCare has received GWTG recognition for treatment of cardiac patients.

The award recognizes ValleyCare’s commitment and success in implementing a higher standard of care for heart attack patients, and signifies that ValleyCare has reached an aggressive goal of treating these patients to levels of care as outlined by the American College of Cardiology/American Heart Association clinical guidelines and recommendations.

To receive the Platinum Performance Achievement Award, ValleyCare consistently followed the treatment guidelines in the ACTION Registry–GWTG Premier for 8 consecutive quarters and met a performance standard of 90% for specific performance measures.

Joint Commission’s Gold Seal of Approval

ValleyCare Health System earned the Joint Commission’s Gold Seal of Approval™ for its Joint Replacement Programs for Hips and Knees. ValleyCare’s Joint Replacement Institute underwent a rigorous survey. A team of Commission surveyors evaluated ValleyCare for compliance with national standards of care for health care quality and safety in joint replacement specific to the needs of patients and families.

According to the Executive Director of Disease Specific Care Certification for the Joint Commission Jean Range, “in achieving Joint Commission certification, ValleyCare’s Joint Replacement Institute has demonstrated its commitment to the highest level of care for its patients undergoing hip and knee replacement. Certification is a voluntary process and we commend ValleyCare for successfully undertaking this challenge to elevate its standard of care and instill confidence in the community it serves.”

“ValleyCare always places patient safety as a top priority.”

— ValleyCare CEO Marcy Feit
Blue Distinction Center+ for Knee and Hip Replacement and Spine Surgery

Knee and Hip Replacement and Spine Surgery at ValleyCare Medical Center received the Blue Distinction Center+ designation from Anthem Blue Cross and Blue Shield of California. The Blue Distinction Center for Specialty Care® program is a national designation awarded by Blue Cross and Blue Shield companies to medical facilities that have demonstrated expertise in delivering quality specialty care.

The selection criteria used to evaluate facilities were developed with input from the medical community and include general quality and safety metrics plus program specific metrics. ValleyCare Medical Center met the rigorous selection criteria set by the Blue Distinction Centers for Specialty Care program. We are one of 31 in California to receive the Blue Distinction Center+ designation for Knee and Hip Replacement and one of 21 to receive it for Spine Surgery.

Research confirms that the newly designated Blue Distinction Centers+ demonstrate better quality and improved outcomes for patients, with lower rates of complications and readmissions than their peers. Blue Distinction Centers+ also are more than 20 percent more cost-efficient. The program provides consumers with tools to help them make better informed health care decisions. These results will also enable employers, working with their local Blue Plan, to tailor benefits to meet their individual quality and cost objectives.
Expanding Access to

The Clinic at Walmart

To further ValleyCare’s mission of assuming the leadership role for the health of the community, providing accessible and affordable health care is imperative. To that end, ValleyCare Medical Foundation opened The Clinic at Walmart, located at 2700 Las Positas Road in Livermore.

The walk-in clinic, provides convenient and affordable basic health care services seven days a week with no appointment necessary. The clinic is the first owned and operated by ValleyCare Medical Foundation located within a Walmart store. Patients receive quality care from nurse practitioners who are supervised by ValleyCare Medical Foundation physicians.

For adults, children and teens who need medical attention, especially after-work hours or on weekends, the clinic treats common health ailments and offers routine services. These include, but are not limited to:

- Bladder infections
- Earaches
- Fever
- Heart burn
- Insect bites and stings
- Migraine
- Nausea and vomiting
- Pregnancy Testing
- Routine physicals
- Seasonal allergies
- Sinus infections
- Sore throats
- Suture removal
- Upper respiratory infections
- Vaccinations

Hours of Operation:
Monday - Friday, 10am – 7pm
Saturday, 11am – 6pm
Sunday, Noon – 6pm

Most insurance plans are accepted or patients may pay cash.

The walk-in clinic, provides convenient and affordable basic health care services seven days a week with no appointment necessary.
Services Expand in Dublin

With ValleyCare the gateway to health for Tri-Valley residents, we are constantly working to improve access to quality services. Last year, ValleyCare expanded services by opening an additional Urgent Care Center in Dublin.

By adding urgent care in Dublin, we are making it easier for local residents and the surrounding community to receive convenient and immediate care when their doctors’ offices are closed.

Occupational Health and Physical Medicine Services, previously located at ValleyCare Medical Center in Pleasanton, also moved to the Dublin facility at 4000 Dublin Boulevard, Suite 150.

Consolidating Occupational Health Services into this state-of-the-art facility offers clients and employees one central location for care of workplace injuries and illnesses. With urgent care services in the same building, after-hours care is more convenient with easy access, right off of Interstate 580. The relocation of Physical Medicine Services to the new Dublin facility also provided more space for patient therapy.

Urgent Care and Physical Medicine Services remain on the Livermore campus. ValleyCare Medical Center in Pleasanton also has 24-hour Emergency Services.
COMMUNITY OUTREACH

Mobile Health Unit

California is among the top six states in the nation with highest number of uninsured persons. Many Tri-Valley residents find themselves uninsured or underinsured and have no place to turn for medical care other than the Emergency Room. These people go without basic checkups, immunizations and preventative care. Unfortunately, they are three to four times more at risk because they frequently don’t seek care until easily treatable problems become serious. Many are working, but do not receive health coverage and do not qualify for Medi-Cal.

ValleyCare’s Mobile Health Unit provides accessible, culturally-sensitive health care in a nontraditional clinic setting. Both insured and uninsured members of our community are able to access traditional primary care through the Mobile Health Unit. Care is provided by a nurse practitioner and a medical assistant, under the supervision of the medical director.

The unit is equipped to handle drop-in care for nonemergency medical conditions, follow-up care and basic laboratory tests for the purposes of completing medical screening examinations. Services include: school, camp and sports physicals; hearing and vision screenings; immunizations; diabetes screenings; blood pressure screenings; occupational health; health screenings and educational material.

Medicare and Medi-Cal will pay for services regardless of immigration status or ability to pay. Fees are charged on a sliding scale depending on ability to pay.

Home Delivered Meals Benefit Community

ValleyCare CEO Marcy Feit has always said, “good nutrition is the first line of defense in providing good health care.” As a testament to that statement, for the past 15 years, ValleyCare has been integrally involved in the Meals on Wheels program for Alameda County and is expanding into new arenas of providing healthy meals delivered to the home.

CHF Discharge Home Meal Program

Congestive Heart Failure (CHF) is one of the most common reasons people ages 65 and older are hospitalized and often readmitted. With hospital readmission rates being targeted in the era of health care reform, ValleyCare launched a pilot study in 2012 whereby all CHF patients being discharged from the hospital were invited to receive low-sodium meals prepared by the kitchen staff at Valley Memorial Center and delivered by Meals On Wheels drivers.

The study provided two, low-sodium meals a day to the patient and his/her spouse for a week following discharge. The results were impressive. The readmission rate for CHF patients within 30 days of discharge was reduced by 44%! With the pilot study so successful, the program was fully launched earlier this year as an option for all CHF patients being discharged from ValleyCare.

The fact that ValleyCare is capable of creating therapeutic diets provides an edge in this area of health care. “With the Patient Protection and Affordable Care Act calling for reduced Medicare reimbursements for hospitals with high readmission rates, this program truly benefits the patients, who are our primary concern. And, it benefits the hospital as well,” says Marcy Feit, ValleyCare CEO.
Meals on Wheels

With the threat of hunger facing nearly 8.3 million seniors in the U.S., the Valley Memorial kitchen has produced nearly 2 million hot meals for delivery to homebound seniors in Livermore, Pleasanton, Dublin, Fremont, Newark and Union City five days a week since collaborating with Spectrum Community Services (Meals on Wheels) in 1997. Annually, more than 750 seniors in our area are benefiting from these nutritious meals delivered right to their homes. Therapeutic meals are also prepared for seniors with special dietary needs such as low sodium, diabetic, texture modified and renal diets. A daily vegetarian option is also offered to seniors.

Head Start

With the success of the Meals on Wheels program, ValleyCare collaborated with the Head Start program in 1998. Funded by the U.S. Health and Human Services, Head Start promotes school readiness for children in low-income families by offering educational, nutritional, health, social, and other services. ValleyCare is currently preparing daily meals for 250 children ages 2–5 years old in our area. Food is packaged family style and includes ethnic meals and also accommodates children’s food allergies.
Expanding Access

Simon Lee, MD
Pediatric Hospitalist
UCSF Benioff Children’s Hospital
ValleyCare’s collaboration with UCSF Benioff Children’s Hospital broadens the array of health services for children and families in the Tri-Valley by providing local access to UCSF specialists, specifically neonatologists, pediatric hospitalists and pediatric sub-specialty services.

UCSF Benioff Children’s Hospital is recognized throughout the world as a leader in health care, known for innovation, technology and compassionate care. For more than a century, the hospital has offered the highest quality medical treatment. Today, UCSF is consistently ranked among the nation’s top children’s hospitals by U.S. News & World Report.

This unique affiliation between ValleyCare and UCSF Benioff Children’s Hospital offers our community unprecedented medical care right here in the Tri-Valley.

UCSF Helen Diller Family Comprehensive Cancer Center

The Regional Cancer Center at ValleyCare offers Tri-Valley patients easy access to an integrated cancer center with caring and skilled professionals; the latest targeted treatment therapies, including radiation therapy and hematology; clinical trials; and up-to-date educational material in one convenient location.

ValleyCare’s affiliation with UCSF Helen Diller Family Comprehensive Cancer Center, allows our community-based cancer center access to advanced cancer therapies through telemedicine and broader dissemination of clinical trials. Telemedicine allows our physicians access to virtual tumor boards and clinical trial options, which improves cancer management at our community health care facilities. It also allows them to consult with UCSF faculty on patient care issues.

This collaboration provides coordinated access to a comprehensive array of services available at UCSF Helen Diller Family Comprehensive Cancer Center, one of the nation’s largest clinical and cancer research programs.

Our cancer program has been accredited by the American College of Surgeons’ Commission on Cancer. ValleyCare is among a select group of hospitals that have met strict clinical, education and cancer reporting requirements. Only 20 to 25 percent of the nation’s 6,000 hospitals have earned this recognized accreditation.
Community Benefits
and Charity Care

The Patient Protection and Affordable Care Act passed by the federal government in 2010, along with reduced local, state and federal budgets have all imposed increasing financial demands on community hospitals. In addition, larger uninsured/underinsured populations, decreased reimbursements and increase costs have presented significant challenges to California hospitals.

Meeting Challenges

Fortunately, ValleyCare has been able to meet these challenges and continues to be the leader in providing quality health care to the Tri-Valley community. By paying attention to costs, launching fundraising campaigns and developing collaborative affiliations with notable healthcare providers such as UCSF Benioff Children’s Hospital, UCSF Helen Diller Family Comprehensive Cancer Center and others, ValleyCare will continue to provide vital health services to this community. Our Medical Foundation also continues to grow ensuring community access to quality physician care. We have also developed new access points with The Clinic at Walmart, the Mobile Health Unit and by expanding Urgent Care to Dublin.

Not-For-Profit

ValleyCare is not-for-profit, which means we reinvest any net income back into the organization for new technology, services, programs and facilities. No money is sent out of the community to pay stockholders. It also means we do not receive any income from taxes, and are required to provide certain levels of community benefits and uncompensated care. In the last fiscal year, ValleyCare provided over $19 million in community benefits.

COMMUNITY BENEFIT STATEMENT

<table>
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<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Traditional Charity Care</td>
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<td>Health Research/Education/Training Programs (including medical/surgical</td>
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<td>clinical experience for nursing students)</td>
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<td>Benefits for Vulnerable Populations (including hospitalists for</td>
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<td>pediatric patients)</td>
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<td>Benefits for Broader Community</td>
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<td>Inpatient Clinical Pharmacy Services</td>
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<td>Uncompensated Care Fees</td>
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<td><strong>Total</strong></td>
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</tr>
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Growing Trend in Community Benefits (in thousands)
ValleyCare
Current Members as of January 1, 2013

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Marty Inderbitzen
Vice Chair
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Vice President, General Services
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Vice President, Nursing Services
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Vice President, Corporate Compliance/Risk Management
Doreen Maples
Vice President, Strategic Partnerships
Scott Gregerson
ValleyCare Medical Foundation CEO
Pamela M. Marini

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