

Outside Our Doors

06/07 Annual Report

Dear friends and neighbors,

The beautiful buildings occupied by Grand Itasca Clinic and Hospital exist for one reason only – to provide safe and comfortable healing environments for you, the people of Northern Minnesota.

Outside our doors, a kaleidoscope of lives plays out every day. People go to work in a variety of settings. They interact with acquaintances, co-workers, friends and family members, and they spend their free time doing the things they love best.

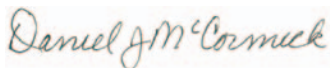
One truth we have observed over the years is that many people who reside in Itasca County do so by choice. Whether the result of family ties, job opportunities, retirement, or a simple love of lakes and forests, the decision to live in this region often seems to result from the fact that people find something special here that isn't otherwise available.

To the volunteers and employees at Grand Itasca Clinic and Hospital, that's inspiring. Knowing that we serve people who value a unique way of life and cherish this beautiful region as much as we do, motivates us to provide high-quality, close-to-home health care. That health care helps Itasca County's visitors and residents get back to their own lives as soon as possible. It also contributes to the vibrancy of the local community and economy.

Truly, we are proud of Grand Itasca. It is one of just a few independent, non-profit health care providers in the state, and it has accomplished much. At the same time, Grand Itasca – like many rural health organizations – faces substantial challenges as it continues to strive for patient-centered excellence. These include increased competition, tougher recruitment of staff and physicians, ever-changing technologies and the stagnation of insurance reimbursements. To put it simply, these challenges have taught us to remain vigilant and to work in close partnership with the communities we serve.

As you read our 06/07 annual report, please reflect on the role that quality, close-to-home health care plays in the world outside of Grand Itasca's doors. With your support, we will remain a bright beacon for all those who seek exceptional medical care in a local and community-owned environment.

Sincerely,



Dan McCormick
CEO



Barbara McDonald
Board Chair



Grand Itasca provides health care for a cherished way of life. We do that by thinking locally. And by bringing all the best medical care to town.





How does an independent, non-profit health care provider make a difference in the lives of the people it serves?

It takes the time to care.

At Grand Itasca Clinic and Hospital, we believe it's important to make decisions that honor the lives of our patients. That's why we regularly ask them to share their thoughts about local, community-owned health care – and what an ideal system should look like.

What we've learned is that Itasca County residents overwhelmingly support a vision of community health care that includes easy access to high-quality primary and specialty care – close to home.

Quite frankly, that means that Grand Itasca must constantly remain on the lookout for top-quality programs, equipment, technology, staff and physicians. All of these elements serve to improve the access that area residents have to a well-rounded spectrum of care. They also help define our comprehensive list of services, which focuses on prevention, early detection, education and treatment. In times of need, it's these core categories that make the difference. And help our patients get back to living.

Keeping a watchful eye

More than anything else, prevention is the greatest ally of good health. Take Grand Itasca's innovative sports physicals program, for example. This summer, staff from Grand Itasca partnered together to offer four special evenings specifically designed to help young athletes and their families prevent injury and disease.

"As the school year approaches, we always receive many requests for sports physicals, and we wanted to develop a group event that offered evening access to physicians as well as a mix of prevention-focused activities," said Jeanne Kuhn, director of nurses.

Launched in July, that event included individual physicals as well as presentations on topics such as nutrition and muscle training. Not counting parents and family members, nearly 100 athletes attended.

"The program was a great way to help students get their physicals taken care of, and it also gave us a chance to share important information about prevention," said Kuhn. "Based on positive feedback from families, this is a program we definitely aim to continue in the future."

Finding the warning signs

For many types of health issues, early detection is also good medicine. That's why Grand Itasca vigilantly seeks out the latest diagnostic technologies such as calcium scoring and cardiac angiogram scans. Both of these new tests use Grand Itasca's 64-slice, state-of-the-art, computed tomography (CT) scanner to provide detailed information about the inner workings of the heart.

"When a patient complains about a symptom like chest pain, it's crucial for us to quickly determine

whether or not he or she is suffering from narrowing of the coronary arteries,” said Radiologist Dr. Steve Haugen. “These two highly advanced, non-invasive tests capitalize on the existence of the CT scanner at Grand Itasca to significantly improve diagnostic capabilities for patients.”

While calcium scoring uses x-rays and computer technology to generate images of calcium content in the coronary arteries, cardiac angiogram scans use the same imaging techniques to seek out plaque that might be causing arteries to become blocked. Both tests immediately help determine the best course of action.

“Whether the patient will be treated by Grand Itasca staff, visiting cardiologists, or physicians at other facilities, these tests provide immediate and critical data,” said Dr. Haugen. “They enable us to get to the root of the problem and establish a sound direction for treatment.”

Helping patients get back out there

Education is sometimes the best prescription to keep a person feeling good and remaining active. Led by Certified Diabetes Educators Kirsten Johnson, Kara Paavola and Val Plackner, Grand Itasca’s Diabetes Education Program is an out-patient community resource that provides comprehensive diabetes education and management services in both one-on-one and group settings. Approved by the American Diabetes Association, the program has been serving area residents for six years.

“We not only teach the public about diabetes during outreach programming, but we also teach patients how to manage the disease using the cornerstones

of medication management, pump therapy, exercise and meal planning,” said Johnson. “Diabetes requires vigilance, but it can be a very manageable disease. With the right kind of ongoing education, most individuals can learn to manage their health care needs and lead normal, active lives.”

Putting the right plans in place

When the need for specialized medical treatment arises, it’s reassuring to know that a local health care organization like Grand Itasca has fostered critical connections with larger facilities in cities such as Duluth and Minneapolis.

By partnering with the Level One Heart Attack Program at Abbott Northwestern’s Minneapolis Heart Institute, for example, Grand Itasca staff members have developed a standardized protocol that reduces the time it takes to transfer a heart attack victim to Minneapolis by helicopter. The protocol includes a swift electrocardiogram to confirm the heart attack type, and when appropriate, quick intervention with medications that help break up clots and relax the heart. After arrival at Grand Itasca, a patient can be airborne within 30 minutes.

“In the case of a heart attack, time is muscle, and every minute we can save makes a world of difference to the patient,” said Dr. Tom Lorenz, director of critical care services at Grand Itasca. “As we work to stabilize and transfer the patient from here, a cardiology team at Abbott can begin preparing for his or her arrival. After landing, the patient is transferred straight to a catheterization lab, where a balloon is inserted into the blood vessel causing the heart attack. Emergency protocols like this – and others developed with specialty programs in Duluth – are helping save many lives.”





Financials

Consolidated Statement of Financial Position as of June 30, 2007

Assets

Total Current Assets	17,552,648
Non-Current Cash and Investments	18,060,115
Capital Assets, Net	<u>59,665,763</u>
	95,278,526

Liabilities and Net Assets

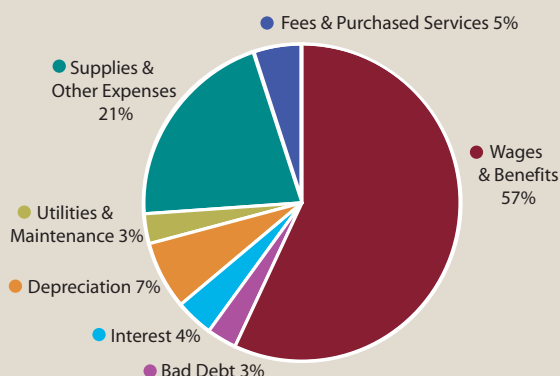
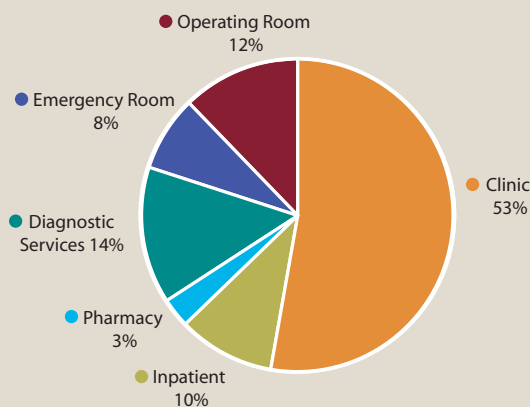
Total Current Liabilities	6,734,240
Long-Term Debt, Net	49,368,364
Total Net Assets	<u>39,175,922</u>
	95,278,526

Consolidated Statement of Activities

Total Operating Revenue	68,828,104
Total Operating Expenses	<u>66,531,482</u>
Operating Income	2,296,622
Non-Operating Revenue and Expenses	566,459
Cumulative Effect of Change in Accounting Principle	<u>(2,343,127)</u>
Change In Net Assets	519,954

06/07 Operating Revenue

Inpatient	13,419,498
Clinic	66,905,683
Operating Room	15,285,364
Emergency Room	10,876,455
Diagnostic Services	17,747,665
Pharmacy	<u>4,195,720</u>
Total	128,430,385
Medicare and Insurance Discounts	(59,506,351)
Community Care	(95,930)
Net Revenue	68,828,104



06/07 Operating Expenditures

Wages & Benefits	38,529,774
Fees & Purchased Services	3,061,745
Supplies & Other Expenses	13,819,447
Utilities & Maintenance	2,209,501
Depreciation	4,642,259
Interest	2,559,557
Bad Debt	<u>1,709,199</u>
Total	66,531,482

Highlights from the Grand Itasca Foundation

In the spirit of Grand Itasca's dedication to patient-centered excellence, the Grand Itasca Foundation works to enhance the world outside its own doors by collecting and distributing charitable gifts. A few of the many highlights from the past year include the following accomplishments. Thank you, contributors!

Funds Allocated

New Patient Beds	\$	359,000
MedX Equipment	\$	65,000
Health Care Scholarships	\$	4,000
Kelly Scholarships	\$	2,000
Bi-Annual Grant Awards	\$	16,000

Funds Raised

Capital Campaign	\$	1,400,000
Gray Chimneys Event	\$	20,000

Mission Patient-Centered Excellence

Vision Achieve coordinated health care by providing exceptional physicians, staff, facilities and services through an innovative multi-specialty team.

Values Quality, Trust, Privacy, Inquiry

Grand Itasca Board of Directors

Shen Adams, Frank Allen, Doug Coy MD, BJ Hansen-Childs, Mike Ives, Marva Jean Hutchens
Lisa Johnson DDS, Mary Kosak, Joe Maher, Peter McDermott, Barbara McDonald, Terri Radovich MD,
Barb Sanderson, Patricia Westerberg MD

Grand Itasca Foundation Board of Directors

Dale Adams, Barb Arbour, Dale Blank, Gwynne Bobich, Michael Brandt, Douglas Coy MD, Mandy Dick,
Julie Fedje-Johnston, Mark Fulton, Tina Karges, Robert Kelly MD, Sue Koprowski, Steve Levar,
Judy Pittack, Diane Weber

Senior Administration

Dan McCormick	President and CEO
Steve Feltman	Senior VP of Finance and Operations and CFO
Tim Pehl MD	Chief Medical Officer
Deb Nyquist MD	Chief of Medical Affairs
Tana Casper	VP of Patient Care Services
Matt Richie	VP of Professional Services
Bob Cocker	Senior Director of Organizational Effectiveness
Colleen Swanson	Senior Director of Marketing and Communications
Gloria Holcomb	Senior Director of Quality/Risk Management
Elizabeth Miskovich	Director of Grand Itasca Foundation

Cover photo / Active retirees, Ron and Vicki Ianelli love to spend time in Itasca County's great outdoors. They also enjoy leading Grand Itasca's Volunteer Service Organization.

Bus Photo / Local students Ingrid Matison and Sage Jensen jump off the bus for another day of learning.

granditascaTM
CLINIC & HOSPITAL

1601 Golf Course Road
Grand Rapids, MN 55744
218-326-5000