

2007



VALLEY HEALTH

Quality healthcare in your neighborhood.

ANNUAL REPORT

Opening Note

Key to Access

Access is the key to successful health outcomes, and the 2007 year at Valley Health was about the keys to opening health care to everyone in the communities we serve. Valley prides itself on offering health services where it is most convenient for the patient...in their own neighborhood. Valley added additional sites, renovated existing locations, expanded hours, increased provider capacity and provided patients more opportunity to have access to quality health services.

In 2007, Valley opened two brand new health centers including Hurricane and Highlawn, constructed a new facility for women's health at A Woman's Place, renovated the Upper Kanawha site for additional exam rooms, and hosted the grand opening of the completed Westmoreland. These facility improvements created portals for patients to be seen and enhance their health status.

An organization is only as strong as the services provided within the walls, and Valley provided record numbers of patients with health services in 2007. Urgent care, OB/GYN and hospital service were three areas where patient access increased tremendously. On average, 600 patients are seen each month during urgent care hours offered in the evenings and on Saturdays. OB/GYN care is at an all-time high and a new obstetrician has already signed to join the team in August of 2008. Hospital service is carried by four of our physicians who rotate one week each month to care for adult and newborn patients, and we will continue to seek methods to improve this service for our patients.

New physician recruits are lining up and conversing with our team to explore opportunities to become part of this quality team. This year Dr. Clinton Sloan an internal medicine physician, Dr. Amanda Snodgrass a pediatrician and Dr. C. Stephen Beckett a dentist joined Valley Health to increase access to care for patients. Once again, we recruited native West Virginians to serve in the communities they know so well.

Specialty services such as dentistry continue to grow and enhance patient care because we provide comprehensive services within one organization. It's rewarding to know that Valley truly is comprehensive primary care including family medicine, internal medicine, pediatrics, OB/GYN, dentistry, WIC, ultrasound, x-ray, Dexascan, laboratory, and pharmacy.

The core primary care services we offer coupled with our social service effort to assist the patient in affording these services makes us unique and especially valuable to the community. Valley Health understands access to health care and continues to be the key in providing health services to the community.



Steven L. Shattis, MPA
Executive Director/CEO

Vision

Valley Health will be the leader in providing excellent community based primary care.

Mission

To provide quality healthcare to all individuals emphasizing outreach to those who are underserved.

Values

Honesty: We will tell the truth.
Respect: We will treat every person as important.
Unity: We will work together.
Trust: We will do what we say and say what we do.

Goals

- To expand health services to new markets and expand services available at current locations.
- To maintain fiscal viability including growth of cash-on-hand and utilize measurement reports to steer financial decisions and ensure growth.
- Promote "team concept" throughout the entire organization and aide in staff development.
- Integrate great customer service into the daily priorities at every Valley Health location.
- Grow the patient population to serve 10% more patients and experience 15% increase in number of encounters each year.
- Develop and implement strategies to ensure that patient care is of the highest quality and follow standards for treatment and prevention of conditions according to national recommendations and Healthy People 2010 goals.

Access in 2007

As Valley Health continues to prioritize access to health care for all patients, it is critical to balance the finances with this noble mission. In a recent article "No Money, No Mission: Health Center Decisions Have Business Consequences" authored by Jeffrey E. Allen, the point is made that the health center model was not designed to be a free clinic – it was designed to serve an adequate mix of full-fee and reduced-fee patients to attract Medicare, Medicaid and private insurance patients to its front doors.

Allen further explains that the rumor that it's taboo for health centers to generate a surplus has no basis from the Bureau of Primary Health Care or the Internal Revenue Service. "Although many health center patients have limited means, it does not mean the center must always have limited means, too." On the contrary, it is beneficial to health centers to generate a surplus. With health centers, any excess dollars remain within the organization and are used to enhance services, add technology and create new programs. Dollars help achieve the mission which is ultimately delivering care to the community.

Driven by the desire to provide access to health care while simultaneously keeping an eye on the financial status, here's a recap of events at Valley Health during 2007.

- *Recruitment of Additional Providers:*

- C. Stephen Beckett, DDS - Dentistry
- Clinton Sloan, DO - Internal Medicine
- Amanda Snodgrass, MD - Pediatrician

- *New Health Centers*

- Valley Health—Highlawn
- Valley Health—Hurricane

- *Brand New Facility*

- Valley Health—A Woman's Place

- *Renovations*

- Valley Health—Westmoreland
- Valley Health—Upper Kanawha

- *Marketing campaign focusing on being part of the communities we serve*
- *Rush2Brush, Benedum Foundation Grant Program*
- *Revised Sliding Fee Policy*

Outreach

Reaching Out to Provide Access

WIC Program serves eight sites in a six county area (Boone, Cabell, Kanawha, Lincoln, Putnam and Wayne). The monthly caseload averages 12,000 participants. WIC's caseload is divided into service groups with 24% women (pregnant 13%; breastfeeding 3%; and postpartum 8%), 25% infants, and 51% children.

Participants visit WIC twice a year for growth and nutrition assessment; hemoglobin levels are checked once a year; and nutrition education contacts are twice yearly. Referrals to medical providers and to other agencies and services are provided when appropriate.

School-Based Health centers are sponsored by Valley Health in Cabell and Wayne counties, serving over 6,000 students. Throughout the year health fairs are held at each school to encourage preventive health and awareness in the teenage population. School sites include Huntington High, Cabell-Midland High, Spring Valley High, Wayne High and Tolsia High.

Right From the Start is a Medicaid driven case management program for prenatal clients and infants through their first birthday. Valley Health is the regional lead agency for Region II Right from the Start (RFTS) Project. This region covers six counties, and presently manages six outside agencies along with ten sites within Valley Health with case management services provided by eight registered nurses. At this time, Region II of the RFTS project has 521 assigned prenatal cases and 386 assigned infant cases.

Community concerns coupled with major health trends resulted in a project to assist the working uninsured. OUCH—offering the uninsured of Cabell County healthcare provides low-cost health coverage to folks who live or work in Cabell County and cannot afford health insurance. There are currently 78 OUCH participants, representing 38 local businesses and \$359,208 has been paid out to cover 6,866 medical encounters.

Health Fairs target the communities we serve and provide free screenings and opportunities for education. Valley participates in several health fairs and outreach efforts throughout the year. Of significant impact is the oral health outreach conducted at the local schools where children are screened for proper oral hygiene and identify any oral health problems.

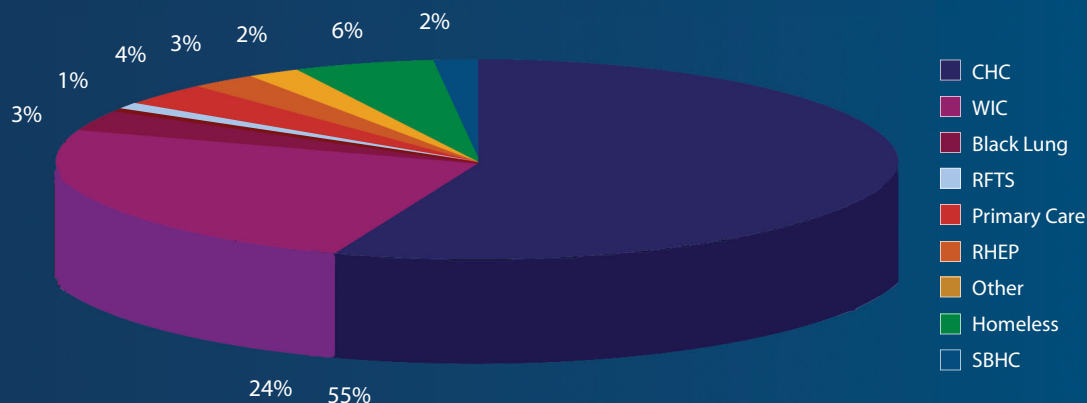
RHEP - Rural Health Education Partnership - project had over 60 students from medical, dental, pharmacy, nursing and physician assistant schools rotate through Valley Health sites. Valley Health currently has 30 field faculty providers with the WV RHEP program.

Black Lung patients are seen at Upper Kanawha, Steptown and Harts as well as Chapmanville. Valley continues to be a leader in the benefits counseling aspect of the program, and is recognized as the black lung clinic's program leader in the state and one of the top in the nation. Other programs request that their staff be sent to Valley to receive training on benefits counseling.

Homeless people in West Virginia are able to receive health care, dental care, substance abuse services and mental health services in Huntington at the Harmony House under the umbrella of Valley Health. Valley also assists homeless programs in Beckley, Charleston, Wheeling and Morgantown with technical assistance and management of federal grant resources.

Oral Health outreach stretches from the southern coal fields to the Eastern Panhandle. Valley Health continues to take the lead in the Bendum grant program, Rush 2 Brush, implementing a statewide public awareness program on proper oral health practices. Valley has emerged as a leader in providing affordable oral health in the communities we serve and also as a reference and mentor for other communities wanting to provide dental care.

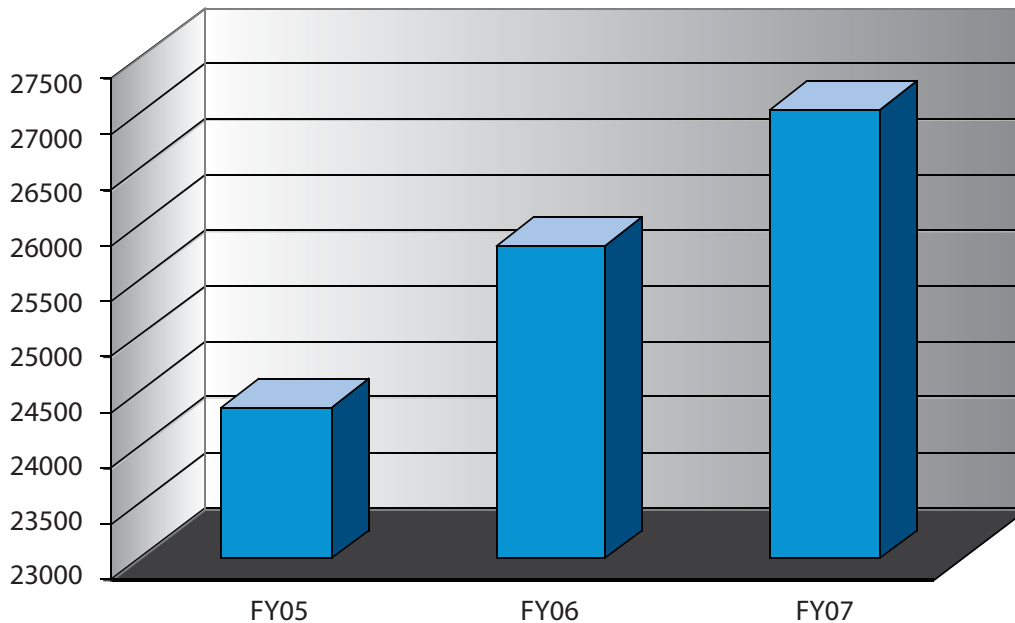
Valley Funding Sources for 2007 Governmental Subsidy Income



Access to Patients

Regardless of Ability to Pay

Sliding Fee By Encounters 2005-2007



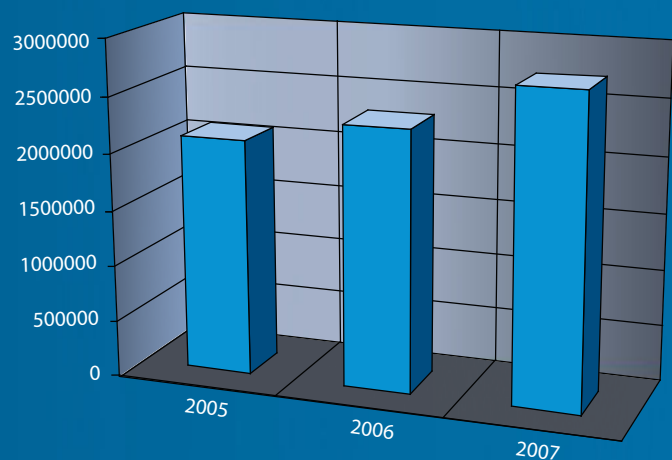
As a federally qualified health center (FQHC), Valley Health has the privilege of caring for all patients regardless of their financial situation and ability to pay. In order to meet the needs of patients who do not have access to insurance coverage, Valley has a program called Sliding Fee.

Sliding Fee coordinates with outreach efforts and requires that patients first apply for coverage through the department of health and human resources. If there is no coverage available through the department, the patient submits his/her family size and income to participate with sliding fee.

There are four categories of sliding fee based on the federal poverty level (FPL) guidelines. Each level of sliding fee pays a percentage of usual fees that is scaled back based on income and ability. It is critical that we collect these minimum payments in order to continue the program as well as meet federal requirements.

In 2007, Valley Health updated the sliding fee policy. The enrollment process has been streamlined to be handled at the health centers and patients are enrolled as soon as they present proof of income. As well, there are down payments for each category of sliding fee due at the time of registration and patients receive a print out that lists actual cost versus the amount due from them. It's important to educate patients on the cost savings they are experiencing with their health care fees at Valley Health.

Sliding Fee Charges



Provider Showcase: Twin Medicine

Drs. Daniel & David Whitmore

“Rich is in Your Heart, Not Your Pocket.”

This adage is taught by Dr. David Whitmore to his children and the sentiment is embraced equally by his twin brother Dr. Daniel Whitmore.

Their passion for richness in the heart began in the West End of Huntington. The twins were part of a larger family with a sister and two other brothers. From the age of twelve, they spent summers working with their uncles learning the family trade to become masons, hauling sand, concrete and rocks to build sandstone walls and bridges. This strenuous work gave them first hand knowledge of how it feels to “work with your back” and established their present empathy for our many neighbors who work hard every day and at times struggle to make ends meet.

Breaking with their family’s blue collar tradition, David and Daniel became the first in their family to complete college. Medical school followed and their career paths became clear.

An ethic for hard work still drives these twin brothers. Early mornings before patients are scheduled to arrive, they can be found at their desks reviewing patient charts or scanning medical journals. Late arriving patients in the afternoon or evening are welcomed graciously and treated as though they were the first patient of the day.

During these long hours, the Whitmores maintain a steady good humor and remain as competitive with each other today as they were growing up. If someone asks which is older, Daniel will clarify that he is the “big brother” who was born a few minutes before David. If a comment is made about their obvious physical similarities, each assures the listener that although they are twins he is certainly more handsome than his brother. And the debate over which was the cooler car in high school, the ‘67 Chevelle that David owned or Daniel’s ‘69 Camaro, will never be resolved.

Balancing family commitments, community activities and work keep all of us busy but the Whitmore brothers seem to have mastered the technique. Dr. David Whitmore’s family includes his wife Angie and their three children Nickolas, Travis and Laney. Dr. Daniel Whitmore’s wife is Stacey and he has four children including Jacob, Adam, Kelly and Benjamin. The twins are extremely active with their families and help their children participate in sports and community events. Every year at Halloween, the brothers orchestrate a scary Halloween graveyard tour and cookout for family and friends and usually have almost 200 people attend.

These accomplished brothers are outstanding physicians, community leaders, dedicated fathers and husbands. They are richly invested in the mission of Valley Health and the belief that all patients are entitled to quality healthcare and strive daily to provide personalized care to their patients who in very many instances are their actual friends and neighbors.



Achieving the Mission

Challenges of Providing Access to All

The mission of Valley Health is to provide quality healthcare to all emphasizing outreach to those who are underserved. Even though we receive federal funding to cover approximately 15% of our annual budget, the organization must meet the challenge of balancing costs with income.

Community health centers do not receive a price break with recruitment and retention of physicians. In order to attract the high quality providers who uphold our excellent standards, we must be competitive with area hospitals and for-profit physician groups who do choose what payer mix will look like at their practice. Hospitals have significant income and disproportionate share dollars available to cover costs for uncompensated care. Valley Health has a team of qualified and dedicated physicians and we continue to be competitive with the other groups in the area to achieve our mission.

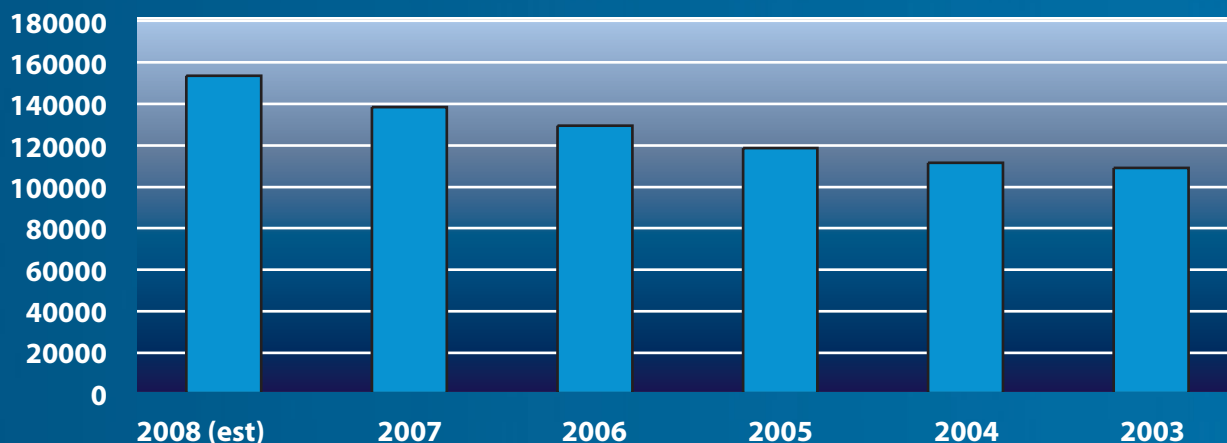
One recent challenge with regards to hospital inpatient coverage has resulted in four of our physicians agreeing to cover hospital inpatient service and newborn nursery. Dr. Daniel Whitmore, Dr. Zachary Hansen, Dr. Amanda Bennett and Dr. Buddy Hurt rotate through a one week cycle to provide care to Valley Health patients hospitalized at Cabell-Huntington Hospital. The week that these physicians are on service, they manage the care for our patients who are in the hospital and also take care of the newborn nursery babies. Our team is dedicated to patient care and has stepped up to fill a void. The

challenge is the cost of hospital service, the loss of physician clinic time and lack of reimbursement. Patient care comes first and Valley Health patients will continue to be cared for even when hospitalized.

As discussed earlier in the Annual report, if there is no money there is no mission. Valley Health, like other community health centers, delicately balances patient access with the need to be paid. It is a federal requirement that community health centers make every effort to collect minimum fees from patients who qualify for significantly discounted health care. It is critical that \$25 be collected at time of visit so that Valley Health can continue to open its doors to additional patients and provide affordable care. There are creative methods for reducing health care costs that include filling out forms for indigent medication programs, offering samples, and ordering in bulk to achieve economies of scale. On the collection side of the business, Valley allows patients to sign up for payment plans and generously writes off significant bad debt balances. The challenge for balance will continue.

In preparation for the future and what is likely coming, Valley Health is investigating options for implementing an electronic medical record. Though the upfront costs are significant and production will suffer during implementation, it ultimately will result in improved access for patients. Again, it's the challenge for access that we will address.

Medical Encounters



Valley Health Welcomes

Our Newest

Dr. Amanda Snodgrass

Dr. Amanda Snodgrass became a member of the Valley Health team in November 2007 as a Pediatrician at Valley Health—Youth and Pediatrics located on Ninth Avenue. In addition to seeing patients at the Ninth Avenue health center, Dr. Snodgrass will be pioneering a new collaboration with Pretera Mental Health Services. Dr. Snodgrass will spend one day each week at the Pretera location on Route 60, seeing pediatric patients who are under the care of a psychiatrist and coordinate care as well as manage the complete health of these patients. Dr. Snodgrass is a native West Virginian and received her Doctor of Medicine from Marshall University School of Medicine in 2004. Dr. Snodgrass has a keen interest in her own community as well as struggling communities abroad. She has participated in several mission trips to Nicaragua and plans to continue serving these impoverished children through similar mission trips each year. Dr. Snodgrass gives her time to the youth in her own community as well by working with the Youth Group at her church and volunteering as a camp counselor at a 4-H camp. Her hobbies include singing, playing piano and painting.



Dr. Clinton Sloan

Dr. Clinton Sloan joined the Valley Health team in March of 2007 when he brought his solo Internal Medicine practice under the umbrella of Valley Health. Dr. Sloan has been practicing in the Hurricane community for sixteen years and Valley is pleased to have him incorporated into our organization and provide a new access point for patients. Dr. Sloan received his Doctor of Osteopathy from the West Virginia School of Osteopathic Medicine in 1981. He completed an Internal Medicine residency at Cleveland Clinic Foundation Hospital and is Board Certified in Internal Medicine. Dr. Sloan is seeing patients at a new location on Teays Valley Road and the site is Valley Health—Hurricane. Dr. Sloan also cares for patients hospitalized at the CAMC-Putnam Hospital located in the community. When he is away from the clinical setting, Dr. Sloan can be found spending time on his farm and has an interest in raising Honey Bees.



Providers

Dr. C. Stephen Beckett

Dr. C. Stephen Beckett was welcomed to Valley Health in August 2007 as a member of the team of dentists. Dr. Beckett spends time at two Valley Health dental locations including Valley Health—Harts and Valley Health—Westmoreland. Dr. Beckett is a native West Virginian from West Hamlin. Dr. Beckett has been practicing dentistry since he graduated from the West Virginia University School of Dentistry in 1975. He has spent his years of practice in West Hamlin, Hamlin and Man West Virginia. Dr. Beckett is an undergraduate of Marshall University and is still an avid fan of Marshall football. In addition to being a Marshall fan, outside interests include significant experience with show horses.



Year in Review:

January – Dr. Carlton Herald's first full month

February – Opening of Highlawn

March - WIC hosted an all day health fair in Cabell County

April – Opening of Hurricane

May - Dr. Daniel Whitmore receives Outstanding Rural Clinician of the Year award from Marshall University School of Medicine

June – Valley Health recognized for highest participation rate in Relay for Life hosted at Huntington High

July – Addition of Dr. Molina to Highlawn & expanded OB/GYN

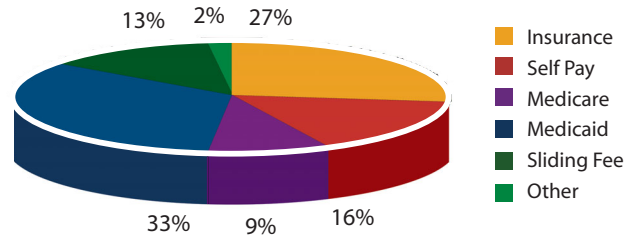
August – Renovations at Upper Kanawha completed

September – Grand Opening of Westmoreland & addition of mid-level to the staff

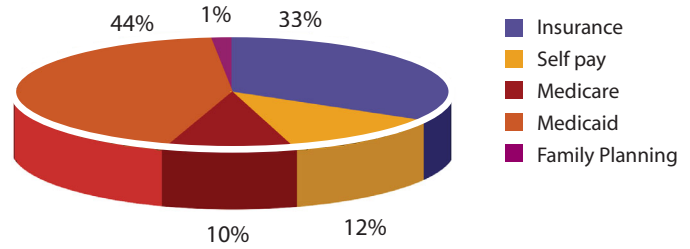
October – Urgent Care Reached New High

November – Grand Opening of AWP

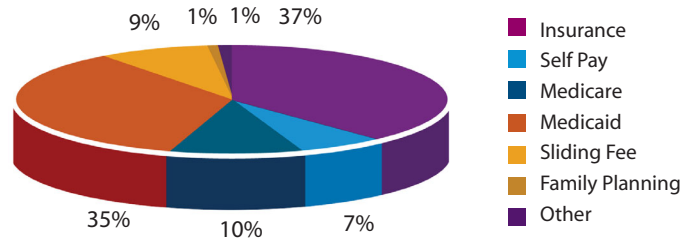
**Pay Types By Adjustments
Nov. 2006 - Oct. 2007**



**Pay Types By Receipts
Nov. 2006 - Oct. 2007**

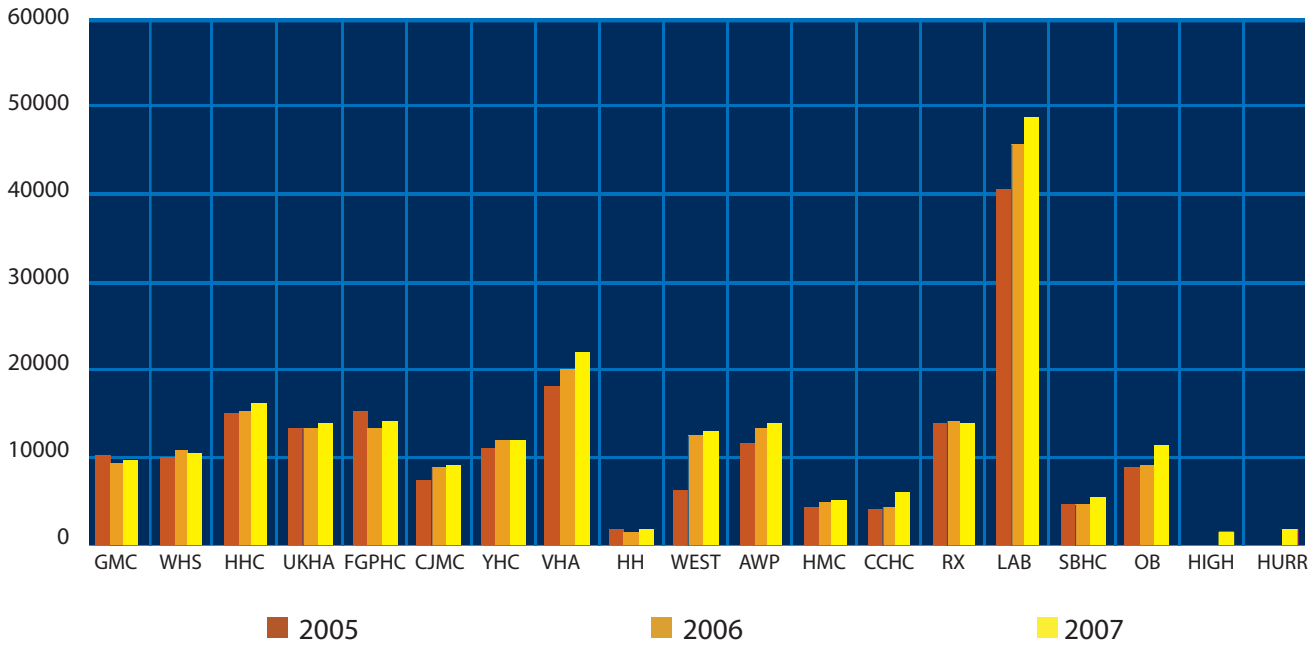


**Pay Types By Charges
Nov. 2006 - Oct. 2007**



Graphs

Encounters Per Site for January thru October



Provider Milestones

Maintaining Access

Fernandez to Retire After almost 30 years of service to Valley Health, Dr. Hortencia Fernandez has decided to retire from serving the patients of the Upper Kanawha health center. Dr. Fernandez started seeing family medicine patients with Valley in 1979 at the Carl Johnson location. Her tenure at Valley is significant and is another example of how access to care is given by dedicated community health center providers. Over the years it is estimated that Dr. Fernandez provided care through 140,000 individual patient visits.

Coming Full Circle Dr. Javier Vallejos began his medical career with Valley Health at the Wayne location back in the 1970's. He treated OB/GYN patients in Wayne for several years and then decided to go into private practice. Nearly 30 years later, Dr. Vallejos contacted Valley Health wanting to return his patients to the umbrella of care at Valley Health and particularly with Dr. Rafael Molina. Dr. Vallejos retired in July 2007, and his patients have been transferred to Valley Health – Highlawn. Dr. Vallejos' story is an example of access to care, starting with Valley recruiting a physician to the community and then caring for this doctor's patients upon retirement.



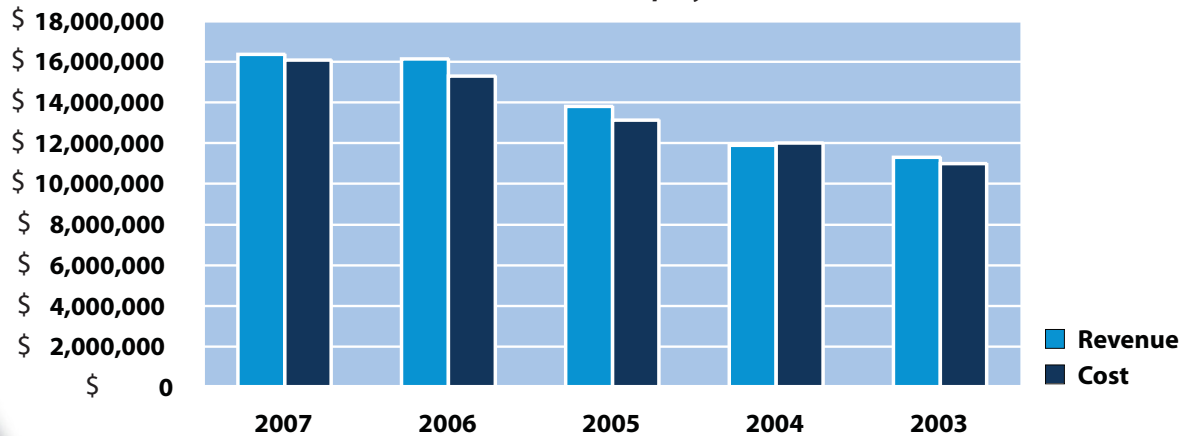
Dr. Rafael Molina
Ob/Gyn



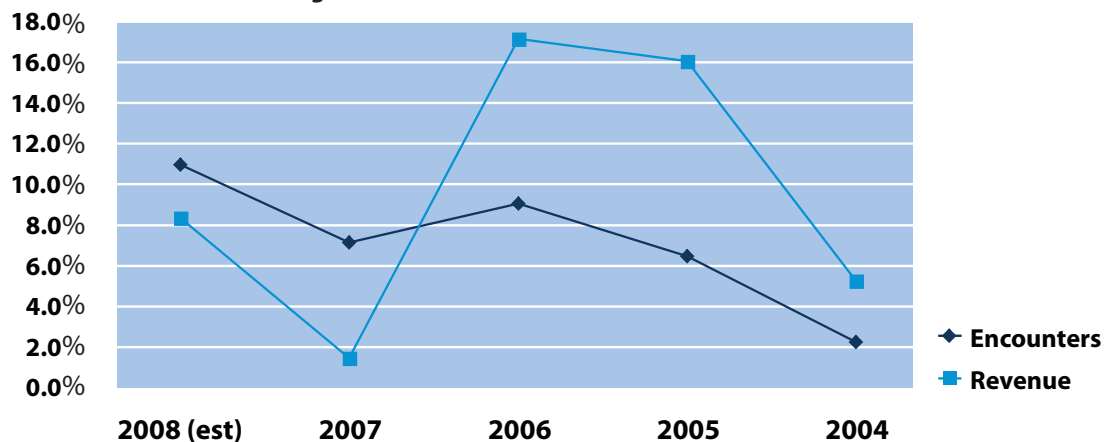
Dr. Hortencia Fernandez
Family Medicine

The Financials

Patient Revenue vs. Employment Costs



Percentage Increase in Utilization vs. Revenues



Challenging Operating Environment

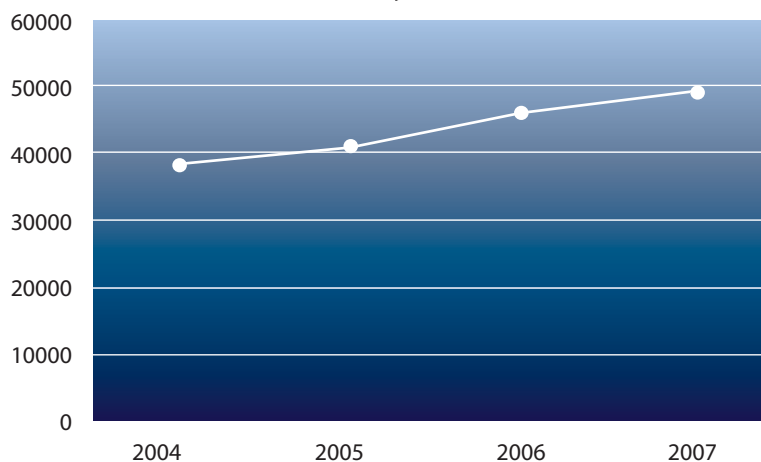
As of the end of 2007, Valley has almost completed its \$5,000,000 facilities acquisition and renovation. Bond financing has been secured to finance the projects.

Valley is providing access for its patients at an increasing rate, with encounters and gross revenues increasing as a result; however, collections from payers represent an ongoing challenge. Collections are not increasing at the same rate due to slowdowns from some of Valley's payers, as well as reduced reimbursements from others.

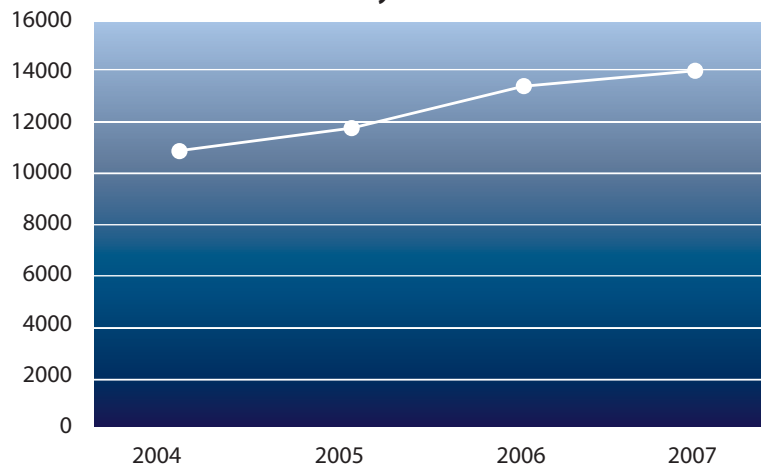
The challenge: salaries and other costs are increasing consistent with increased services rendered, but payers are not providing needed working capital at the same or an adequate rate.



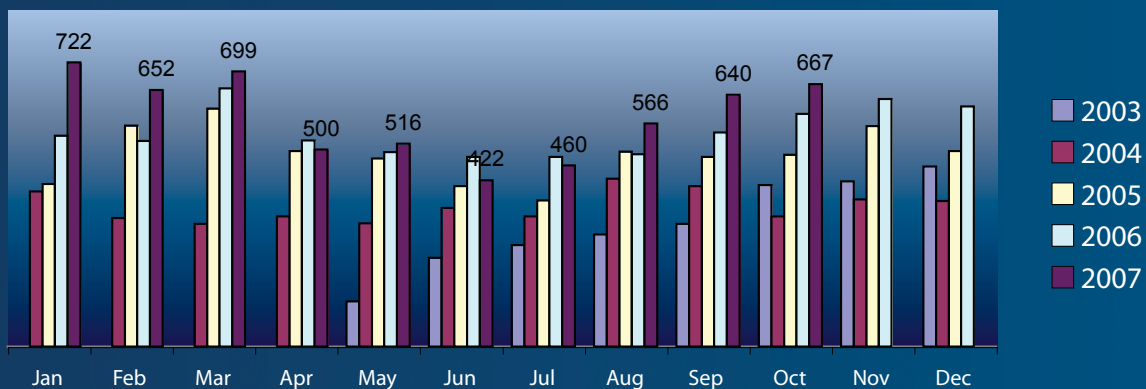
Laboratory Encounters



Ob/Gyn Growth



VH Huntington Urgent Care Productivity



Valley Health Providers

Family Medicine

Tamra Aman, DO
Amanda Bennett, MD
Hortencia Fernandez, MD
Jenifer Hadley, DO
Zachary Hansen, MD
Gregory Holmes, MD
Buddy Hurt, DO
Linda Kessinger, MD
David Revell, MD
Charles Vance, DO
James Walker, DO
Michael Ward, DO
David Whitmore, DO
Mary Adams, FNP-C
Karen Bailey, FNP-C
Thomas Belford, PA-C
Paul Connor, PA-C
Caroline Culver, PA-C
Byron Hoggatt, FNP-C
Larissa Pitts, FNP-C
Linda Salem, FNP-C
Janet Wilson, FNP-C
Heather Wood, FNP-C
Robin Yearout, FNP-C

Pediatrics

Melody Cyrus, MD
Amanda Snodgrass, MD
Manimekalai Veeraswamy, MD
Daniel Whitmore, DO

Internal Medicine

Carlton Herald, DO
Clinton Sloan, DO
Manimekalai Veeraswamy, MD
Daniel Whitmore, DO

OB/GYN

Richard Booth, MD
Brian Bower, MD
Joseph DeRosa, DO
Rafael Molina, MD
Herbert Myers, DO
Aaron Scaife, MD (2008)
Cathy Davis, NP
Cristina Menking-Hoggatt, CNM
Cynthia Pierzala, CNM
Maxine Yaged, CNM

Dentistry

Daniel Brody, DMD
Jon Paul Kardos, DDS
Andrea Kelly, DDS
C. Stephen Beckett, DDS
Matthew Scarberry, DDS
Lon Spain, DDS
Donya Byard, RDH
Michelle Endicott, RDH
Annette Gaskins, RDH
Barbara Hughes, RDH
Nanette Kirk, RDH
Wendy Mosteller, RDH
Bobbi Jo Muto, RDH

Pharmacist

Lori Moss, RPH

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Richard Weinberger, CPA · CFO
Herbert Myers, DO · Medical Director

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