

Rex Hospital 990 Information Executive Summary

The IRS ruled in 2005 that Rex Hospital is exempt from filing annual 990 informational returns. However, to ensure transparency into the operations of Rex Hospital, this executive summary provides key information typically found in the 990 return. The information contained in this summary is for the FY 2011 and the CY2010.

Rex Hospital reports significant financial and operational information on a regular basis to various state and federal agencies. This reporting includes the following:

- Annual licensure data reported to the North Carolina Division of Health Service Regulation
- Annual audited financials reported to the North Carolina Medical Care Commission
- Annual audited financials reported to the Office of the State Controller
- Quarterly financial and operational statistics posted to the public website www.msrb.org
- Annual audited financials, historical financials and pro forma financials and associated statistics reported to the NC Certificate of Need office as part of the application process
- Annual audited financials are provided to the media upon request
- Annual Community Benefits posted on the North Carolina Hospital Association (NCHA) website, NCHA.org
- Rex's Financial Assistance policy posted on the NCHA.org website
- Rex's Financial Assistance policy, application and other pertinent information posted on rexhealth.com

A copy of the most recent audited financials is attached to this summary.

Each heading below references the specific 990 document where the information would be reported:

Rex Mission (Form 990)

To provide the best in health services by bringing together compassionate care and leading-edge technology.

Rex Programs (Form 990-Part III)

The top three programs at Rex Hospital are:

- General Surgery
- Orthopaedics
- Cardiology

Rex Governance (Form 990-Part VII A)

Rex's Board of Directors is comprised of 14 members. In FY2011, board members included:

- Dale Jenkins, Chair
- Theresa Artis
- Jean Carter, MD
- Vincent Hoellerich, MD
- Jim Hylar
- Darlene Johns
- Jeff Lyash
- Gary Park
- Bill Roper
- David Strong
- Orage Quarles
- Waltie Rasulala
- Mark Stribel
- Bob Thomas

Rex maintains current governance and compliance policies including but not limited to the following:

- Conflict of interest
- Whistle blower
- Document retention and destruction

Rex Compensation (Form 990 Part VII A)

Rex's executive compensation is based on third party benchmarks. The Rex Board of Directors reviews and approves all executive compensation. The UNC Health Care Board of Directors provides an additional layer of review and approval for executive compensation. A schedule of Executive compensation is found in attachment A to this document. Also included in attachment A is a list of the five highest compensated employees.

The total number of coworkers whose income was \$100,000 or greater during CY2010 was 177.

Independent Contractors (Form 990 Part VII B)

Rex engages a number of independent contractors to provide services to the organization. The top 5 contractors ranked based on payments made during CY2010 are:

- SRI \$8,460,450
- BBH Designs \$7,035,456
- Mayo Collaborative Svcs \$1,734,708
- The Outsource Group \$1,692,537
- K & L Gates \$1,337,673

Reason for Public Charity Status (Schedule A)

Rex is a hospital described in section 170(b)(1)(A)(iii) of the IRS Code.

Schedule of Contributors (Schedule B)

Rex is a 501(c)(3). Contributors of \$5,000 or more include Rex Hospital Foundation and Rex Hospital Guild.

Lobbying Activity (Schedule C)

Rex's lobbying costs for FY2011 totaled \$100,266.

Supplemental Financial Statements (Schedule D)

Information available in annual audit

Financial Assistance and Community Benefits (Schedule H)

Rex's Financial Assistance policy is posted on two separate websites: NCHA.org and rexhealth.com. Additionally viewers of the UNC Health Care website can easily link to the Rex website to find this information.

Rex uses the Federal Poverty Guidelines (FPG) as the primary basis for participation in the RexAssist program. Families at or below the 250% of the FPG will receive free hospital care.

Uninsured patients whose income exceeds the threshold for financial assistance are eligible for discounts on their bills. They automatically receive a 15% discount on their bill. They can receive an additional 35% discount for prompt payment. Additionally Rex offers convenient interest-free payment plans tailored for our patient's personal circumstances.

All this is advertised on rexhealth.com for our patients' convenience. Additionally Rex patient care coworkers are kept current on Rex Assist and our payment programs to ensure that they can answer patient questions as they arise.

Total Financial Assistance and Means-tested Government Programs costs were \$29.6 million for FY11.

In addition to charity care costs, Rex recognized bad debt expense at a cost of \$7.0 million for FY11.

Total Medicare revenue was \$183 million while the costs of providing this care was \$230 million. This generates a deficit of \$47 million for Rex's care of our Medicare patients.

Rex uses a third party collection agency for those accounts that age out over 120 days. The collection agency attempts to collect payments on Rex's behalf. After a certain number of attempts at collection, the patient account delinquency will be reported to the national credit agencies.

Rex has a written policy that addresses the treatment of our patients under emergency conditions without discrimination regardless of the patient's eligibility under Rex's financial assistance policy.

Rex Related Parties (Schedule H)

Rex partners with various organizations to meet its mission. In FY2011 these relationships included:

- Smithfield Radiation Oncology, LLC with a total income of \$152,378. This is the only disregarded entity as defined by the IRS.
- Rex Healthcare
- Rex Hospital Guild
- The Rex Healthcare Foundation
- Rex Home Services
- UNC Health Care System
- Rex Enterprise Co
- Rex Physicians LLC
- Rex Surgery Center of Cary LLC

The FY2011 audit provides a narrative on these organizations.

Other facilities that are not licensed, registered or similarly recognized as hospital facilities include:

- Rex Healthcare of Wakefield
- Rex Healthcare of Cary
- Rex Rehabilitation and Nursing Care Center of Raleigh
- Rex Rehabilitation and Nursing Care Center of Apex
- Rex Healthcare of Knightdale
- Rex Wellness Center of Wakefield
- Rex Wellness Center of Raleigh
- Rex Wellness Center of Cary
- Rex Wellness Center of Garner

Grants and Other Assistance (Schedule I)

Rex is a very generous community partner providing significant funding to many local not-for-profit agencies. Some of the recipient agencies for FY2011 include:

- Wake County Medical Society
- Raleigh School of Nurse Anesthetists
- NC Museum of Art
- American Heart Association
- United Way of the Greater Triangle

Compensation (Schedule J)

Executive Compensation is approved by the Rex and UNC Boards. Each executive has a written employment contract and annual compensation studies are performed. A schedule of Executive Compensation is found in attachment A of this document.

Supplemental Information on Tax-Exempt Bonds (Schedule K)

Rex issued bonds for \$123 million in September 2010. The proceeds funded a central energy plant, routine capital and refunding of Series 1998 bonds issued 4/21/98. This information is included in the annual audited financial statements.

Transactions with Interested Persons (Schedule L)

A loan was provided to the CIO for relocation costs.

Related Organizations and Unrelated Partnerships (Schedule R)

The audited financials include a listing off all organizations associated with Rex Hospital.

Rex 990 Executive Summary
Attachment A
Compensation
For CY2010

Name	Related entity employees	Officer	Highest Compensated Employees	Base Comp	Bonus	Other	Nontaxable benefits	Total
William Roper	X			715,759	-	13,050	4761.7	733,571
Gary Park	X	X		655,141	-	7,411	7261.78	669,814
David Strong		X		425,759	121,765	6,141	14,506	568,171
Bernadette Spong		X		260,143	69,962	13,121	13,306	356,532
Mary Lou Powell		X		220,313	68,369	7,846	9,313	305,841
Steve Burriss		X		212,041	59,122	29,828	13,826	314,817
Novlet Bradshaw		X		209,210	56,652	6,994	10,306	283,162
Linda Butler		X		166,972	48,242	3,245	10,306	228,765
Don Esposito		X		194,944	59,199	629	14,206	268,978
Sylvia Hackett		X		174,735	48,734	5,601	8,613	237,683
Erick Hawkins		X		184,234	46,692	8,323	6,893	246,142
Chad Lefteris		X		141,712	41,413	6,569	6,059	195,753
Lisa Schiller		X		142,286	42,015	311	15,246	199,858
Jeffrey Crane			X	612,562	193,383	59,166	12,666	877,777
Kenneth Zeitler			X	640,051	110,359	48,608	6,359	805,377
Shahram Tehrani			X	449,364	29,000	23,166	11,506	513,036
Wayne Smith			X	415,593	-	21,742	6,059	443,394
Robert Wehbie			X	162,976	100,641	107,974	15,305	386,896

Rex Healthcare Awards & Accolades

Rex Healthcare is proud of the many ways that our efforts to provide excellent patient care, be a good community partner and honor a quality workforce are recognized. We're proud to share the following honors, just to name a few:

- Named as one of the Top 50 Best Hospitals in the nation by Becker's Hospital Review for 2011
- Granted the Outstanding Achievement Award by The Commission on Cancer (CoC) of the American College of Surgeons in 2011
- Honored nationally with the HealthStrong Award for market and financial strength by iVantage Health Analytics in 2011
- Received the Women's Choice Award for Outstanding Patient Experience by WomenCertified® in 2012 (can't promote externally)
- Recognized as one of the best organizations for learning and development nationally by Learning Elite
- Named one of the 2010 top 50 N.C. Family-Friendly Companies by Carolina Parent Magazine 12 consecutive times - one of only four companies to attain this achievement
- Designated a Bariatric Center of Excellence in 2010 by the American Society for Metabolic and Bariatric Surgery (ASMBS) and recognized as a Blue Distinction Center for Bariatric Surgery® by Blue Cross and Blue Shield of North Carolina
- Designated as a Blue Distinction Center for Total Knee and Hip Replacements by Blue Cross and Blue Shield of North Carolina
- Rex Rehabilitation and Nursing Care Center of Raleigh attained Commission on Accreditation of Rehabilitation Facilities (CARF) accreditation, the only skilled nursing center in North Carolina and South Carolina to achieve this designation
- The National Research Corporation (NRC) named Rex Healthcare a Consumer Choice Award winner from 2004 – 2010
- Recognized as the first hospital in the Triangle to be awarded Magnet designation by the American Nurses Credentialing Center (ANCC) and reaccredited in April 2011
- Recognized as the first Comprehensive Community Cancer Center in North Carolina and one of a select few accredited cancer centers in the state

- Received an Award of Merit for the Healthy Way program from the Medical Fitness Association (MFA) in 2011
- Received the Eco Sense award from Sterile Recoveries, Inc (SRI) in 2011
- Named to the Best Places to Work list by Triangle Business Journal in 2010
- Earned the Platinum Rule award from Triangle Business Journal for best places to work
- Earned the State of North Carolina Governor's Award for Excellence for its Workplace Wellness programs for five consecutive years
- Recognized as the first hospital in the Triangle to be a nationally named Chest Pain Center by the Society of Chest Pain Centers
- Named a Platinum Start! Fit Friendly Company by the American Heart Association in 2010, 2009 and 2008
- Recognized as Best Hospital and Birthing Center; and recognized for Emergency Room, Cardiac Center, and Cancer Center by Metro Magazine in 2010
- Honored by having Mary Atwood named to the Great 100 Nurses list in 2010
- Ranked 9th among hospitals named to the 2009 Best Places to Work in Healthcare in the U.S. list by Modern Healthcare Magazine, listed 27th overall
- Recognized as a Thomson Reuters Top 100 Hospitals national award winner - only hospital in North Carolina to receive this prestigious recognition in 2008 and named a Thomson Reuters Top 100 performance improvement leader (one of only 16 in the US to make both lists)

PRC (Professional Research Consultants) 2011

- Recipient of Top Performer and 5-Star Award for Medical Oncology
- Recipient of 5-Star Award for Outpatient Cardiac Cath Lab
- Recipient of 5-Star Award for 3 Women's
- Recipient of 5-Star Award for Wakefield Surgery Center
- Recipient of 5-Star Award for 3 East
- Recipient of 4-Star Award for Outpatient Services
- Recipient of Achievement Award for 3 West

HealthGrades

- Recipient of the HealthGrades America's 50 Best Hospitals Award™ 2012, 2011
- Recipient of the HealthGrades Distinguished Hospital Award for Clinical Excellence™ 2012, 2011, 2010
- Recipient of the HealthGrades Patient Safety Excellence Award™ 2011, 2010, 2009
- Recipient of the HealthGrades Emergency Medicine Excellence Award™ 2010
- Recipient of the HealthGrades Women's Health Excellence Award™ 2011
- Five-Star Rated in Women's Health 2012
- Recipient of the HealthGrades Outstanding Patient Experience Award™ 2009/2010
- Recipient of the HealthGrades Cardiac Care Excellence Award™ 2011, 2010
- Recipient of the HealthGrades Coronary Intervention Excellence Award™ 2011, 2010
- Recipient of the HealthGrades Gastrointestinal Care Excellence Award™ 2012, 2011, 2010
- Designated as an 'America's Best 100' in Gastrointestinal care 2012
- Recipient of the HealthGrades Gastrointestinal Surgery Excellence Award™ 2011, 2010
- Recipient of the HealthGrades General Surgery Excellence Award™ 2012
- Designated as an 'America's Best 100' in Surgery 2012
- Recipient of the HealthGrades Pulmonary Care Excellence Award™ 2012, 2011, 2010
- Designated as an 'America's Best 100' in Pulmonary 2012
- Recipient of the HealthGrades Stroke Care Excellence Award™ 2010