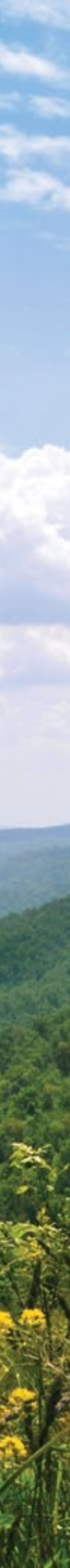


Together | Support | Charity Care |
Safety Net | Healthier | Future | Care
Community Partner | Cor
Emergency Preparedness
Invest | Jobs | Deliver | Wellness |
Stronger | Facilities | Prom
municate | Assist | Together
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Deliver | Enhance | Plan | S
Safety Net | Promote | Communicate |
Assist | Together | Support |
Care | Reach Out | Screeni
Future | Care | Help | Health Promoti
Community Partner | Community

2011
Special Report
to the Community





Caring for our community is a long-standing tradition at Valley Health. It's our mission.

For more than 100 years, we've been focused on making people healthier – in fact, making our communities healthier. We've accomplished this through increasing access to care, promoting healthy lifestyles, through new facilities, by educating generations of healthcare professionals, by providing free and discounted services, and by putting thousands of people to work across the region. We are proud to report that in fiscal year 2010 Valley Health invested \$96.7 million for the benefit of our regional community.

Our efforts have been guided by our mission, commitment to clinical excellence and a 2010 Community Health Needs Assessment (CHNA) we conducted. The CHNA drew on local, state and national data and feedback from community leader interviews and focus groups to identify top priorities. With more than 474,000 people in 14 counties and two cities, the communities we serve have distinctive needs and qualities. However, we realized that our communities are more alike than different. It's not just our way of life or our shared history, as much as by the need to improve access to primary health care, health education and outreach, and care for chronic conditions such as heart and respiratory disease, stroke, diabetes, obesity and certain cancers. These findings are shaping the way our six-hospital system approaches the health needs of our community, and we anticipate new collaborations will emerge.

As you will read in this Special Report to the Community, we've taken the opportunity to celebrate our community partnerships, with a shared goal of becoming "Healthier, together." We hope that you will join us.

– F. Dixon Whitworth, Jr.,
Chairman of the Board of Trustees

– Mark H. Merrill,
President and Chief Executive Officer

Our Mission: Serving our regional community by improving health.

VALLEY HEALTH BOARD OF TRUSTEES

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Mark H. Merrill
President and CEO, Valley Health

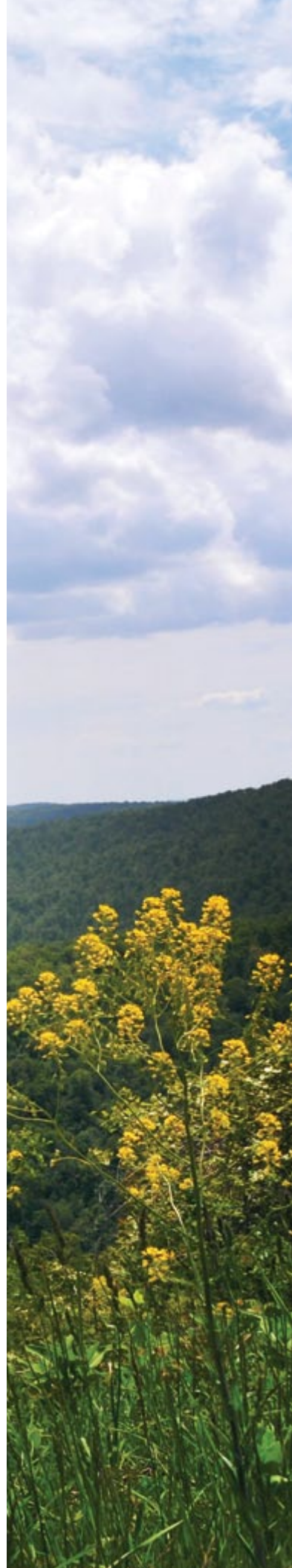
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Partnering for a Healthier Region

OUR HEALTH STRENGTHENS NON-PROFITS

Non-profit organizations in the Northern Shenandoah Valley have a strong ally to help them fulfill their mission of creating a healthier community. Founded in 1999 through collaborative efforts led by Valley Health, Our Health is a local non-profit community resource that provides tools to more than 45 local agencies including a community campus, grant support, a Volunteer Action Center, as well as access to Valley Health resources.

“One of the top five items in Valley Health’s 1996 Community Health Needs Assessment was the need for non-profit agencies to share space, administrative services, grant writing and technical support,” said Sharen Gromling, executive director of Our Health. “Thanks to a \$1 million start-up grant by Valley Health to the Our Health Capital Campaign, ground was broken. Today, this campus, its agencies and the thousands of clients served are clearly healthier because of our relationship with Valley Health.”

Completed in 2003, the Kendall Community Campus allows non-profits to collaborate with each other and clients to obtain assistance in one convenient location. More than 10 non-profit organizations are housed on the campus. It was expanded in 2010 with the renovation of the historic Snapp Foundry Building to provide more space and resources to local agencies, including the Winchester Department of Social Services, the Lord Fairfax Health Department Clinics, Child Advocacy Center and Clarke, Frederick and Winchester area Foster Care.

A HUB FOR HEALTHCARE PROFESSIONALS OF THE FUTURE

With a looming nursing, physician and healthcare professional shortage, it is more important now than ever before to attract youth to these professions. Shenandoah Memorial Hospital, Warren Memorial Hospital and Winchester Medical Center host programs that provide middle and high school students with the opportunity to explore careers in healthcare. For the past four years, the Camp WMC program at Winchester Medical Center has offered students unique experiences, including working a trauma call, suturing a pig’s leg, giving injections to a manikin, gathering forensic evidence, and learning about anatomy.

Valley Health partners with numerous colleges: Lord Fairfax Community College, Shenandoah University, Shepherd University, West Virginia University and others to provide students with an opportunity to refine their skills as they complete their education to become registered nurses, physical therapists, occupational therapists, pharmacists, physician assistants and nurse aides. As a result, many students choose to stay in the Northern Shenandoah Valley following graduation.

“We make each other better. Our robust health sciences programs draw outstanding students who often have several job offers at graduation. Valley Health’s facilities are very attractive and help us recruit students. In turn, Valley Health recruits our students to fill crucial vacancies. You can see the fruits of this relationship when you see how many Shenandoah grads remain in the community at the hospital, the Free Clinic, and physician offices.”

– Tracy Fitzsimmons, PhD, President, Shenandoah University

DE-MYSTIFYING MEDICAL CONDITIONS

The Samuels Public Library has been serving Front Royal for more than two centuries from its roots as a Library Society to the opening of its first library in 1952. Today, the Samuels Public Library now includes information about the latest advances in medicine.



“Our partnership with Warren Memorial Hospital gives us the ability to publicize current medical information right inside the library,” said Nicki Lynch, Library Director, Samuels Public Library.

“It helps someone who has visited the hospital, or the doctor’s office, understand the information the doctor has given them.”

As consumers become more involved in their own health, this community resource helps residents conduct research and make informed decisions about their health, lifestyle and, in particular, their healthcare needs.

PARTNERING WITH HEALTH DEPARTMENTS

Local health departments help improve the health and safety of community residents with initiatives such as health education, screenings, immunization clinics and physicals. In Morgan County, War Memorial physicians play a vital role in providing these community services.

“It’s a huge help that we get physicians from War Memorial’s staff for our clinics,” said Lee Fowler, Administrator, Morgan County Health Department.

Tamara Spriggs, M.D. a Valley Health physician, conducted the health department’s monthly breast and cervical cancer screening clinic and family planning clinic, and Kevin McLaughlin, D.O. who works in War Memorial’s emergency department, serves as the health department’s health officer. Through their efforts, Morgan County is able to provide these services free or at a low cost to a population in need.



Improving Access to Care

SUPPORTING FREE CLINICS

Free clinics provide access to healthcare services for people who can least afford them. With more than 50 million uninsured Americans, free clinics play a key role in ensuring that people, from infants to the elderly, receive ongoing care to keep them healthy. Ultimately, a free clinic aims to link people to preventive care and provides treatment for illnesses before they escalate to emergencies.

Valley Health partners with free clinics in Front Royal, Luray, Martinsburg, Winchester and Woodstock by providing more than \$1.6 million in direct and indirect support and physicians donate hundreds of hours of care. “We opened the Page Free Clinic in 2010 and the support of Page Memorial Hospital and Valley Health were pivotal,” said Arsheeya Mashaw, M.D., Founder of the Page Free Clinic.

INVESTING IN NEW COMMUNITY FACILITIES

The term “critical access” refers to a designation by the federal government for hospitals located in rural areas that are over 35 miles from another hospital, or 15 miles from another hospital in mountainous terrain or areas with only secondary roads. Hampshire Memorial and War Memorial are two of the four Valley Health facilities that are critical access hospitals. Without these hospitals, people in their communities would have difficulty accessing care.

In 2011, a new \$30 million replacement hospital for Hampshire county residents was completed, featuring 14 inpatient beds and 30 long-term care beds.

The replacement of War Memorial’s 63-year old facility will be completed in 2012 with a \$30 million, 87,000-square-foot hospital.

“Access to healthcare is very important to local residents as well as businesses and people wanting to locate or retire here,” said Bill Clark, Executive Director, Morgan County Economic Development Authority. “War Memorial and Valley Health have been incredible community partners.”

"250 physicians provide pro bono services through the relationship with the hospital. The doctors are extremely generous as is Valley Health."

**– Vicki McClelland, Executive Director,
Free Clinic of Northern Shenandoah Valley**

HURST HOUSE – A HOME AWAY FROM HOME

When a person is seriously injured or chronically ill, the last thing an out-of-town family member wants to think about is where they can stay while their loved one is in the hospital. That's why the Winchester Medical Center Auxiliary and Winchester Medical Center Foundation founded The Hurst House, a free, 24/7 lodging facility for out-of-town family members of patients. Opened in 2007, The Hurst House contains six pastel-colored guest rooms, a fully equipped kitchen, laundry, computer work station, living room, and sun room, while 32 volunteers and seven paid staff members provide guest services. More than 1,700 people from as far away as Australia and Norway have stayed at the facility.



According to one guest, "The Hurst House is a blessing! When you have a loved one in a critical situation, you don't want to leave their side. You have to sleep a few hours here and there in chairs in the waiting room. Days can go by without a shower and a change of clothes. It is such a blessing to have a place like this to shower and sleep so you can go on, especially if your home is far away."

" Our provision of charity care has grown substantially, year over year, and it is a financial challenge. But it is an obligation we take seriously as part of our social contract. "

– Mark Merrill, President and CEO, Valley Health

" Larger entities like Valley Health and Shenandoah Memorial are needed to assure that the region can have access to services that smaller rural communities would ordinarily find impossible. "

– Pam Murphy, Executive Director, Shenandoah County Free Clinic

" The business community is very optimistic about Page Memorial's construction plans, and the new services the hospital will be able to provide. "

– Carlos Ruiz of Allstar Lodging Vacation Cabin Rentals

Making Our Community Stronger

CREATING JOBS

Valley Health is proud that more than 5,230 individuals choose us as their employer. In fact, Valley Health is the region's largest employer, offering stable employment to nearly 8.6 percent of all workers in the Winchester, VA-WV metropolitan statistical region. In addition to employing individuals, construction jobs have been created as a result of the expansion of Winchester Medical Center, the replacement of Hampshire Memorial Hospital and War Memorial Hospital, and a new 19,000-square-foot Page Medical Office Building. Suppliers, vendors and related professionals have all benefited from the growth of Valley Health.

"This has been a challenging time for builders and Valley Health stepped in with some significant projects," said Jeff Boehm, Vice President, Howard Shockey & Sons, Inc. "In so doing, they gave skilled craftsmen a chance to continue to work. It is both crucial and encouraging that they continue to reinvest in the region."

ENHANCING THE REGION'S ECONOMY

Valley Health's economic impact extends beyond employee salaries and construction projects. When Valley Health purchases necessary items such as food, furniture, gasoline and computers within the region, the dollars spent on these items initiate an economic ripple effect as the dollars are spent and re-spent throughout the region. Estimated at \$1.24 billion in 2011, the economic impact of Valley Health has increased 36.5 percent over 2008. "Valley Health's growth and continued investment is especially notable during a recession," said the author of "The Regional Economic Impact of Valley Health", James Koch, Ph.D., Board of Visitors Professor of Economics and President Emeritus, Old Dominion University. "The health system is an economic engine for the counties it serves, with economic impact increasing at 10.9 percent per year in recent years."



Because its hospitals and facilities attract individuals and funding from outside of the region, Valley Health has become one of the region's single most important sources of economic growth. Essentially, more than five cents of every dollar spent in a nine county region is traceable (directly and indirectly) to Valley Health, regardless of when and where that dollar is spent. Additionally, \$129.9 million in economic activity connected to Valley Health's purchase of supplies generates an estimated \$1.3 million in annual sales tax revenues for the cities and counties of the region and approximately \$5.5 million in annual sales tax revenues for the Commonwealth of Virginia and the State of West Virginia.

"The new hospital is the biggest economic development project that has happened in Morgan County in a long time and it reaffirms that we are vibrant and growing."

**– Bill Clark, Executive Director,
Morgan County Economic
Development Authority**



TAKING CARE OF THE COMMUNITY

As a not-for-profit health provider, Valley Health reinvests in the care of the community. In 2010, Valley Health and its members provided \$96.7 million in community benefit that included charity care for those unable to pay, write-offs for uncompensated care, and under payments for care provided through Medicaid and Medicare, free community health and wellness programs and more. We're proud of this commitment which reflects an increase of more than 34 percent over the previous year. In addition, our employees contributed 18,899 volunteer hours to health screenings, education and community programs. This includes ImPACT™ (Immediate Post-Concussion Assessment and Cognitive Testing), which creates a baseline for doctors to screen for concussions in local high school athletes and programs such as Camp Superkids, a three-day summer experience for children with asthma, staffed by medical professionals.

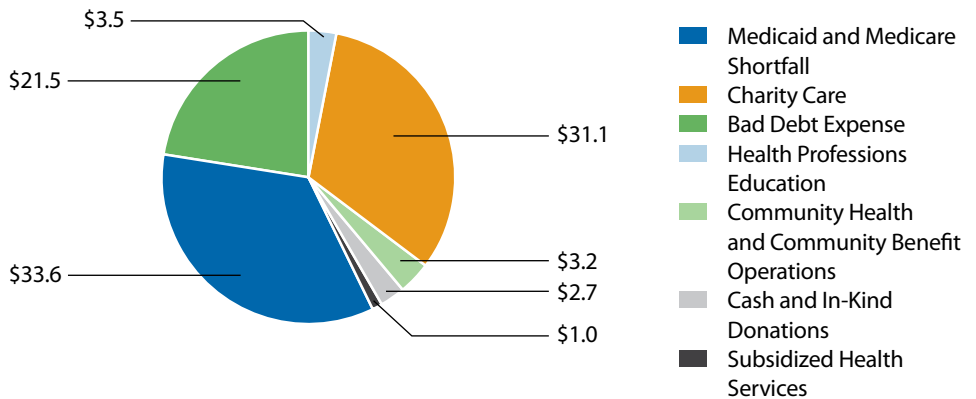


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– James Koch, Ph.D., Board of Visitors Professor of Economics and President Emeritus, Old Dominion University

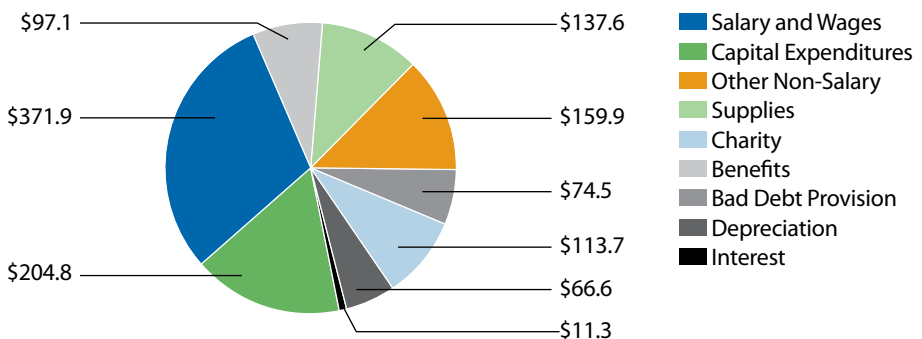
By The Numbers

2010 COMMUNITY BENEFIT (IN MILLIONS: \$96.7)



2011 REGIONAL ECONOMIC IMPACT INCLUDING RIPPLE EFFECT (IN MILLIONS)

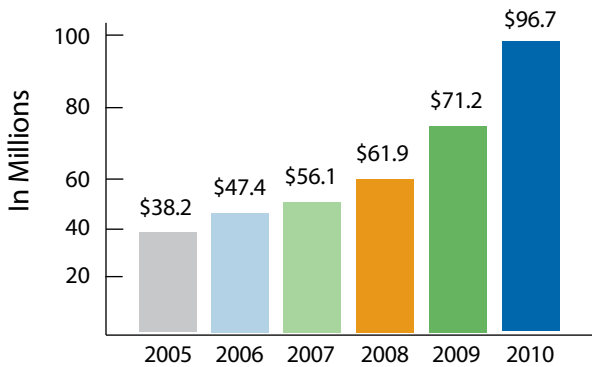
As dollars are spent and re-spent it creates a ripple effect totaling an estimated \$1.24 billion. (Source: "The Regional Economic Impact of Valley Health," June 2011, James V. Koch, Professor of Economics, Old Dominion University.)



"Everybody knew we needed a new hospital, but where was the money going to come from? I don't want to think how much longer we would have had to wait if Valley Health hadn't extended its hand."

- Robert Hott, Hampshire County Commissioner

ANNUAL COMMUNITY BENEFIT TREND



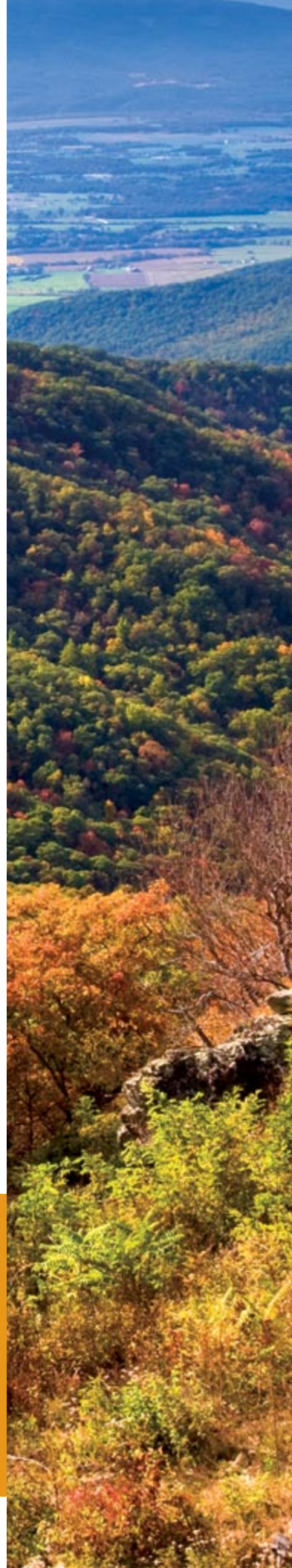
FIVE CENTS OF EVERY DOLLAR SPENT IN THE REGION IS TRACEABLE TO VALLEY HEALTH



- Clarke County
- Frederick County
- Page County
- Shenandoah County
- Warren County
- Berkeley County
- Hampshire County
- Jefferson County
- Morgan County
- City of Winchester

“Communities the size of Winchester normally don’t have 447-bed hospitals. By partnering and reinvesting in community hospitals, Valley Health supports the flow of patients to Winchester while enabling those smaller hospitals to provide crucial services in quality settings, close to home.”

**– F. Dixon Whitworth, Jr.,
Board Chair, Valley Health**



Invest | Deliver | Health Promotion
Stronger | Facilities | Promote | Com-
municate | Assist | Together | Support

Our Facilities

Winchester Medical Center • Warren Memorial Hospital • Shenandoah Memorial Hospital •
Hampshire Memorial Hospital • Page Memorial Hospital • War Memorial Hospital •
Winchester Rehabilitation Center • Surgi-Center of Winchester • Quick Care • Urgent Care •
Valley Home Care • Valley Medical Transport • Valley Pharmacy

Community | Out Reach | Help | Jobs
Deliver | Enhance | Plan | Stronger
Safety Net | Promote | Communicate |
Wellness | Together | Support | Charity
Care | Reach Out | Screenings | Help
Future | Care | Help | Professionals |
Prevention | Community Partner

“Could we provide hospice and palliative care services without Valley Health? Yes. Do we do it better with them? Most definitely. We could not operate an 8-bed inpatient hospice unit (on Cork Street) without Valley Health’s support.”

– **Ernie Carnevale, President & CEO, Blue Ridge Hospice**