

Baylor Health Care System
Annual Report of Community Benefits For
Baylor Specialty Health Centers d/b/a/ Baylor Specialty Hospital
3504 Swiss Avenue
Dallas, Texas 75204
Specialty Hospital License 586
Taxpayer Number 75-1765385
For the Fiscal Year Ended June 30, 2010

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September 1, 2010

Dear Fellow Texan:

Baylor Specialty Hospital is committed to fulfilling its mission to operate within an integrated health care system which exists to serve people as an extension of the Christian ministry of healing by offering a continuum of quality services with a commitment to patient care, medical education, research and community service.

Baylor Specialty Hospital (“BSH”) serves a unique population of patients with multiple acute physical care needs in a comprehensive multidisciplinary long term acute care setting with a commitment to excellence in safe and cost effective patient care providing outcomes that contribute to the commitment and value of the Baylor Health Care System. It opened in 1989 to offer innovative services for medically complex patients who have the potential to respond to individualized, comprehensive treatment plans developed by a multi-disciplinary care team

As this community benefit report demonstrates, Baylor Specialty Hospital provides quality patient care, including subsidized services otherwise not available in the community, and medical education and training for allied health professionals, hospital chaplains, nurses and physicians of the future.

I hope you will give me your reaction to this report. Please address your comments to me in care of Jennifer Coleman, Senior Vice President, Public Affairs, Baylor Health Care System, 3500 Gaston Avenue, Dallas, TX 75246.

Sincerely,

Jim Thaxton
President

Baylor Health Care System
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I. Mission Statement

Baylor Specialty Hospital d/b/a/ Baylor Specialty Hospital (“BSH”), an affiliated non-profit hospital of Baylor Health Care System (“BHCS”), is committed to fulfilling its mission to serve a unique population of patients with multiple acute physical care needs in a comprehensive multidisciplinary long term acute care setting with a commitment to excellence in safe and cost effective patient care providing outcomes that contribute to the commitment and value of BHCS.

II. Effective Dates of the Report

The report of community benefits provided is for the fiscal year ended June 30, 2010 (“Fiscal Year 2010”).

III. Description of the Community Served

BSH’s primary service area is Dallas County. Seven contiguous counties comprise its secondary service area: Tarrant, Johnson, Denton, Collin, Rockwall, Kaufman and Ellis Counties.

IV. Charity Care and Government-Sponsored Indigent Health Care Provided

For Fiscal Year 2010, BSH provided \$960,225 in unreimbursed costs of charity care and government-sponsored indigent health care.

V. Government-Sponsored Health Care Provided

For Fiscal Year 2010, BSH provided \$4,414,873 in unreimbursed costs of government-sponsored health care.

VI. Other Types of Community Benefits Provided

BSH is committed to improving the quality of life for the many citizens living and working in its area.

A. Medical Education \$69,901

Baylor Specialty Hospital provided medical supervision for nursing and therapy students so they could become trained in the areas of complex care.

B. Health Care Support Services \$147,438

Baylor Specialty Hospital provided ambulance and van transportation services to patients to help ensure comprehensive quality care.

VII. Total Operating Expenses and Calculation of the Ratio of Cost to Charge

As required by Texas Health and Safety Code. Section 311.046 (a) (4), BSH reports \$29,485,523 in total operating expenses. As required by Section 311.046(a) (5), the ratio of cost to charges was 44.79%. Please see the attached worksheet for the full calculation.

VIII. Report of Community Benefits Provided During Fiscal Year 2009

In a commitment to fulfill its mission, BSH's benefit to the community, conservatively estimated, was \$5,592,437 for Fiscal Year 2010. This is more than what was projected in BSH's Community Benefits Plan for Fiscal Year 2010, which is attached to this report. BSH is filing its Annual Statement of Community Benefits Standard ("Statement") as a consolidated system with the other affiliated non-profit hospitals of BHCS (excluding those that qualify as Medicaid disproportionate share hospitals).

Through community benefit activities, BHCS-affiliated non-profit hospitals provided: quality patient care and subsidized services otherwise not available in the community; medical education, training for medical technicians, hospital chaplains, nurses, and future physicians; and medical research that will speed the time between scientific finding and its application to improving medical care.

Any comments or suggestions in regard to the community benefit activities are greatly welcomed and may be addressed to Jennifer Coleman, Senior Vice President, Consumer Affairs, Baylor Health Care System, 3500 Gaston Avenue, Dallas, Texas 75246.