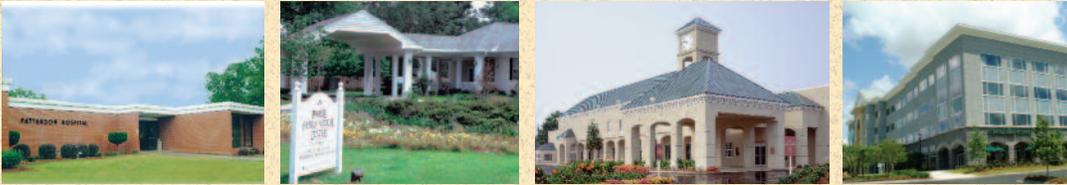


A STRATEGIC FOUNDATION FOR THE SECOND CENTURY



PHOEBE

100 Years
A CENTURY of
COMMITMENT

A STRATEGIC FOUNDATION FOR PHOEBE'S SECOND CENTURY

CONTENTS

Phoebe Putney Health System: The Second Century	3
Our Mission, Vision and Values	4
Where We Have Been	7
Where We Are Going	9
Phoebe Putney Health System Model of Delivery	10
Strategic Pillars	12
Driving Assumptions	14
Strategic Goal Statement #1	16
Strategic Goal Statement #2	18
Strategic Goal Statement #3	20
Strategic Goal Statement #4	22
Strategic Goal Statement #5	24
Strategic Goal Statement #6	26
Guiding Principles	29

THE HEALTHCARE DELIVERY SYSTEM IN THE UNITED STATES FACES UNPRECEDENTED UNCERTAINTIES IN THE COMING YEARS, SHAPED BY DRAMATIC CHANGES IN FUNDAMENTAL REFORM POLICIES.



PHOEBE PUTNEY HEALTH SYSTEM: THE SECOND CENTURY

A Strategic Foundation

The healthcare delivery system in the United States faces unprecedented uncertainties in the coming years, shaped by dramatic changes in fundamental reform policies. Phoebe Putney Health System has formulated strategic directions to guide our organization through these changes, so that we will remain a strong, high quality, leading provider of care in this region for our patients and our communities.

Although healthcare delivery is changing rapidly, Phoebe's founding mission remains a guiding force: to care for all who come to our doors, regardless of ability to pay. In recent years, Phoebe has placed strategic emphasis on creating access to care close to home, where it is most effective and least costly. Expanding access and reducing barriers to care are recognized as key components to improving the health status of our communities. Providing safe, effective care in an efficient and timely way and leading technology adoption are at the core of our philosophy.

Strategic Priorities

Quality

Expanded clinical markets

Cost Reduction

Volume Growth

OUR MISSION, VISION AND VALUES

Mission Statement

(All System Hospitals)

To deliver superior health care services that improve the health and wellness of the people and communities we serve.

Vision Statement

(All System Hospitals)

To be the leading health care provider of choice, delivering uncompromising quality through innovation, education and community service.

Health System Vision Statement

To be a comprehensive family of health care providers advancing the quality of life of the communities we serve.

Core Values

- **People** come first, are treated with dignity and respect, and diversity of culture and thought is respected.
- **Relationships** are built on honesty and integrity.
- **Reputation** is based on trust and pride.
- **Excellence** is achieved through teamwork, leadership, creativity, and a strong work ethic.
- **Efficiency** is achieved through wise use of human and financial resources.
- **Commitment** is our guiding inspiration.



PHOEBE HAS PLACED STRATEGIC EMPHASIS ON CREATING ACCESS TO CARE CLOSE TO HOME, WHERE IT IS MOST EFFECTIVE AND LEAST COSTLY. ACCESS TO QUALITY CARE IS RECOGNIZED AS A KEY TO QUALITY OF LIFE IN OUR REGION.

WE HAVE EXTENDED
THE BOUNDARIES OF
CARE TO SHAPE A
REGIONAL HEALTHCARE
DELIVERY SYSTEM,
OPERATING HOSPITALS,
CLINICS AND SERVICES
IN LOCATIONS
THROUGHOUT OUR
REGION.



WHERE WE HAVE BEEN

We have extended the boundaries of care to shape a regional healthcare delivery system, operating hospitals, clinics and services in locations throughout our region to ensure access to care close to where people live and work. We have provided the environment for a growing physician practice group that provides a continuum of care – from primary care physicians to specialists and subspecialists caring for patients in locations throughout Southwest Georgia. We train the next generation of physicians and allied health professionals, and we continually seek out educational partnerships with institutions of higher learning in our state, including those that have expanded access to clinical care. We have both responded to and anticipated needs through a defined process. We have focused on developing a service line structure based on the healthcare needs of our community to include:

- Cancer Care
- Heart and Vascular
- Women's and Children's Services
- Orthopedics
- Neurosciences
- Surgical Services

PHOEBE WILL
CONTINUE TO CARE
FOR AND ADVOCATE
FOR VULNERABLE
POPULATIONS AND
ELIMINATE BARRIERS
TO ACCESS TO CARE.



WHERE WE ARE GOING

Phoebe's service area includes almost 500,000 Southwest Georgians living in 33 counties that are predominately rural. Albany is an urban retail and medical hub. The System serves a diverse patient population that exhibits large dichotomies of wealth, educational attainment and health status. As a region, the System's service area experiences higher incidences of chronic diseases and a greater burden of cancer than other parts of the state. Almost 15% of the regional population is 65 or older, and one in five lives in poverty.

The System is anchored by a 443-bed tertiary care facility with multidisciplinary clinical service lines and multispecialty and primary care practices; general and critical access hospitals; outpatient facilities; home health and assisted living; a community hospice and inpatient hospice facility; a well deployed integrated electronic record system; and a health (insurance) partners organization.

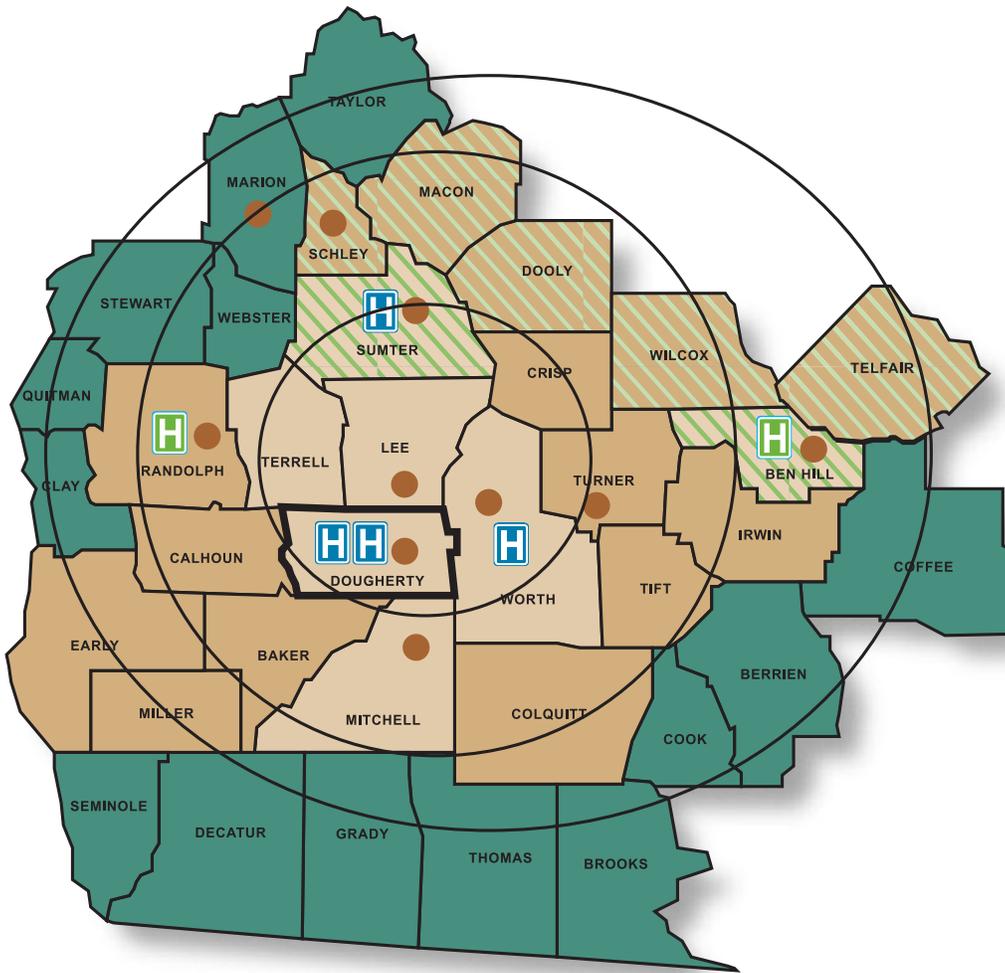
Phoebe is a growth organization with a hub-and-spoke strategy for expanding markets and is therefore positioned to provide consistent high quality care across the region with seamless delivery from community hospitals, to specialists and to tertiary care as required, as well as for chronic disease management in targeted populations.

PHOEBE PUTNEY HEALTH SYSTEM MODEL OF DELIVERY

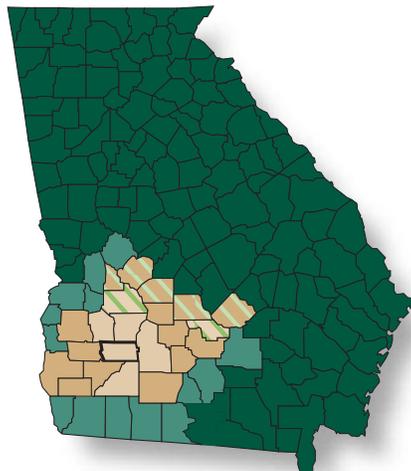
With increasing regulatory and market mandates, Phoebe will continue to build on our service line structure. Our strategic plan focuses on initiatives for developing effective and efficient care delivery models that achieve the quality and integration goals set by government and payors. We will address initiatives on clinical quality, patient safety and patient satisfaction, recruitment and retention of highly trained professionals. We will continue to partner with educational institutions to provide training for future generations of physicians and caregivers. We will continue to seek innovation in care delivery and be recognized for best practices. We will continue to care for and advocate for vulnerable populations and eliminate barriers to access to care.

Phoebe has demonstrated remarkable growth in its ability to expand services, programs and facilities. The System has generated a strong balance sheet to ensure the continuation of mission in the decades to come.

MODEL OF DELIVERY



- Phoebe Primary Service Area
- Phoebe Secondary Service Area
- Phoebe Tertiary Service Area
- Transition to Primary Market
- Transition to Secondary Market
- PPG Physician Practice Locations
- H Phoebe Owned/Leased Hospitals
- H Phoebe Managed Hospitals



PHOEBE HAS DEMONSTRATED REMARKABLE GROWTH IN ITS ABILITY TO EXPAND SERVICES, PROGRAMS AND FACILITIES. THE SYSTEM HAS GENERATED A STRONG BALANCE SHEET TO ENSURE THE CONTINUATION OF MISSION IN THE DECADES TO COME.

STRATEGIC PILLARS

Phoebe's strategic plan is supported by defined key pillars. They are the foundation of the strategic plan and ensure balance and organizational alignment by guiding priorities and goals. They are:

Quality

We provide uncompromising quality and safety in all measures of patient-centered care.

Growth

We are a growth organization that seeks to provide healthcare services to meet the needs of the citizens and improve the health status of the communities in our region.

People

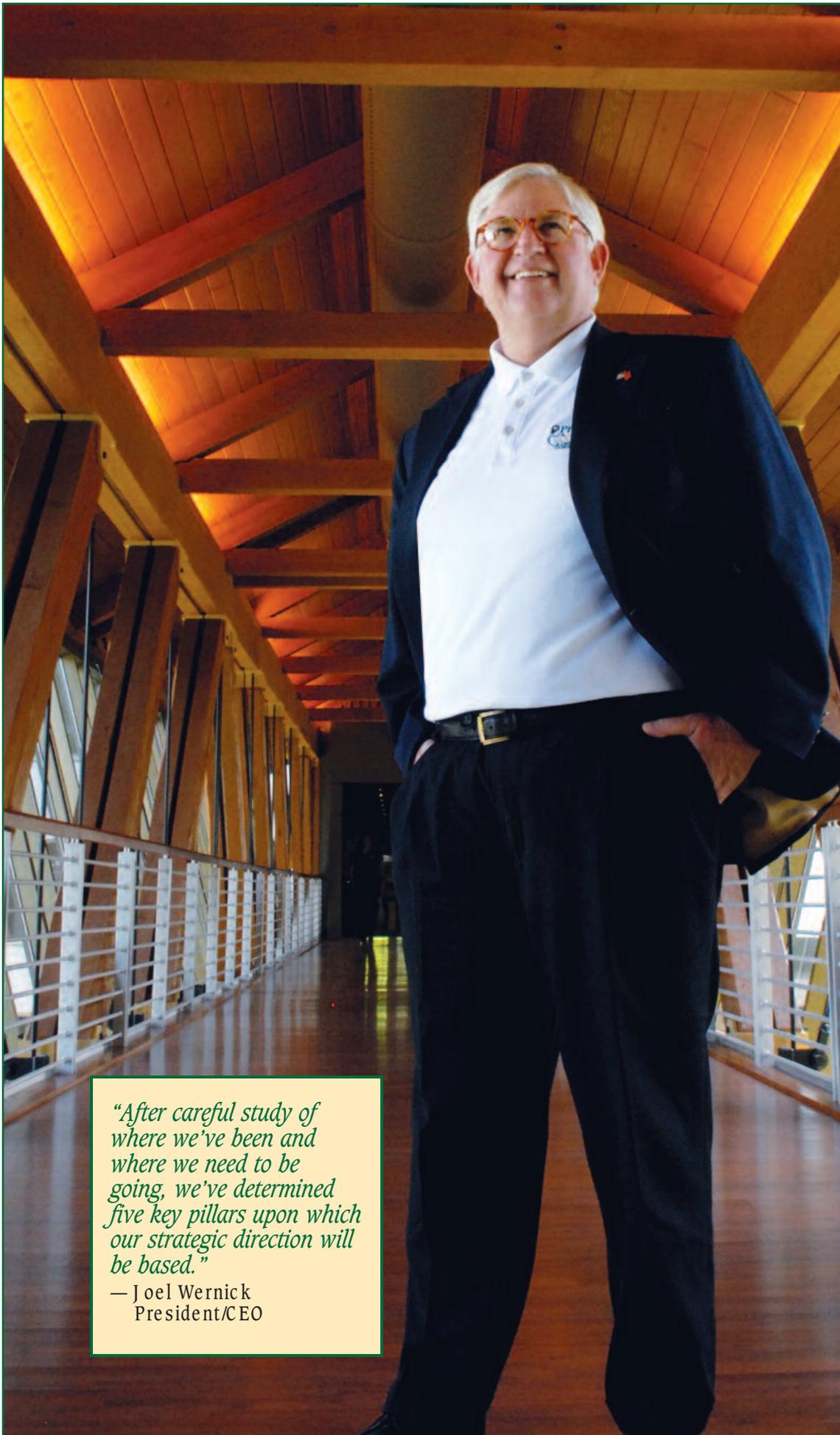
We recruit and retain talent to provide uncompromising quality in patient and family-centered care.

Service

Our commitment to service makes us the provider of choice for patients, physicians and payors.

Financial Excellence

We use resources efficiently and manage assets to provide revenue growth and long-term viability.



BUILDING ON A SUCCESSFUL HISTORY OF MEETING THE CHALLENGE

— Joel Wernick

Over its 100-year history, in our pursuit of our mission to care for the region we serve, Phoebe has faced challenges as the landscape changed around us. The challenges may have been purely medical. Or financial. Or societal. Or competitive.

Each time, the Phoebe Family has found ways to successfully meet these challenges and emerge better positioned to serve the citizens of our region.

Today, we face a dramatically changing landscape of regulations, payment systems and consumer expectations. All health care providers face this coming change. As in the past, some will deal with it better than others.

As our world shifts from volume-based to value-based payment structures and higher expectations of quality, effective planning and careful execution will determine who deals best with this new landscape. This document is a part of that planning process.

After careful study of where we've been and where we need to be going, we've determined five pillars upon which our strategic direction will be based: growth, quality, service, financial excellence and, supporting it all, our people. Combined with strategic assumptions found in the following pages, we've determined seven specific strategic goal statements which will form the foundation of our planning for the coming years.

As with any challenge, there is opportunity here. Opportunity for the Phoebe Family – working together – to create a comprehensive health care system of the future that most effectively and efficiently harnesses the exceptional talent and technology Phoebe already has, to even better serve the citizens of Southwest Georgia.

“After careful study of where we've been and where we need to be going, we've determined five key pillars upon which our strategic direction will be based.”

— Joel Wernick
President/CEO

DRIVING ASSUMPTIONS

- Physician, nursing and allied health shortages will continue to increase.
- The government's role in financing health care and defining standards of measurement and delivery will grow.
- Regulatory pressures will require delivery systems to meet demands for price, quality, efficiency and community service from payors, government and consumers.
- Reimbursement rates will continue to decline.
- The payor mix will shift towards greater percentages of Medicaid, under-insured and uninsured patients.
- Clinical integration is a marketplace advantage and is needed for support performance compliance. Continued deployment of informatics into hospital physician practices will accelerate differentiation with other health care delivery systems.
- Healthcare reform will require new care delivery models and a higher level of cost and quality accountability.
- Technological advances will be evaluated on clinical effectiveness, cost and comparison to alternatives.
- An aging population will place significant pressure on care delivery.
- Consumers will become increasingly involved in their healthcare decisions and plans.



A BROAD STRATEGIC APPROACH WITH A SINGULAR FOCUS ON OUR MISSION

— Joe Austin

In the midst of the healthcare debate, one thing rings true: we must never lose sight of our mission to care for those in need of healing. How well we do that in the years to come will be dictated by our commitment to strategic initiatives to improve the quality of patient care, and contain the costs of the healthcare delivery system. Phoebe is committed to an aggressive strategic platform focused on improving quality, providing excellence in patient experience and containing the cost of care. We are also an organization of dedicated professionals who perform robust operations in caring for our patients and community. Those distinct characteristics will guide our pathway to success.

We will continue to structure our organization and our care delivery models to follow best practices, so that our patients can expect the best possible outcomes. Our vision of quality and service will be pervasive throughout our organization no matter where a patient enters our system, because all Phoebe employees are charged with advancing our quality agenda.

Improving quality of care requires continued investment in technologies, physical facilities and staff. From electronic medical records to robotics to advanced imaging, Phoebe has been a leader in making the kinds of investments that are strategically aligned to our patients needs, so that we serve patients by improving access to care and the health of our community.

We will also continue to develop our strategic educational partnerships for medical students and residents, nursing allied health sciences and pharmacy students. This strategy assures our region a continuous pipeline of health professionals to care for future generations.

Finally, we will also focus on cost containment in the coming year with comprehensive strategies that will touch every aspect of care delivery.

Phoebe is a great community hospital system, and these initiatives are positive responses to the challenges and opportunities ahead.

“Our vision of quality and service will be pervasive throughout our organization no matter where a patient enters our system.”

— Joe Austin
Chief Operating Officer

STRATEGIC GOAL STATEMENTS

#1:

**Expand the number and availability
of physicians and allied health
providers based on core needs.**



HOW OUR PHYSICIANS NETWORK ALLOWS US TO PROVIDE A WIDER RANGE OF SERVICES THROUGHOUT THE REGION

— Bob LaGesse & Rich Bowe, M.D.

The Phoebe Physician Group is a growing regional network of physicians from primary care to specialty and subspecialty care. We now offer programs and services to more patients and communities than ever before across Southwest Georgia. Our physician network allows us to bring Phoebe quality and services to people in this region through provider clinical locations and provider partnerships. In a region with great needs, these strategic partnerships are an important part of our mission to provide access to high quality care.

One of the key ingredients to having a successful hospital or health systems is gaining patient trust. Patients want to trust their physicians, trust that everyone communicates, and trust that they are going to experience a healthy outcome. They need to believe in the people taking care of them, and the best way to build patient trust is to model it by equipping physicians, nurses, administrators, and staff members to work together as trusted teams. We are working collaboratively within these partnerships to improve care and provide services for our patients.

From the Phoebe Physician Group, our patients can expect quality-focused care and improved access. This regional physician network also expands our clinical markets to meet patient needs through primary and specialty care and then tertiary care as required.

Without the physician network, a preponderance of people in our region would be without access to care, which is at the foundation of Phoebe's mission and vision. Our success in the future relies on being able to continue our mission by marrying the needs of our patients with the needs of the System. That philosophy is the foundation for our strategic directions and a solid reason for growing a physician network that meets the needs of our patients and improves the health of our communities.

“Without the physician network, a preponderance of people in our region would be without access to care.”

— Bob Legesse & Rich Bowe, M.D.
Senior Vice Presidents of
Physician Practices

STRATEGIC GOAL STATEMENTS

#2:

**Create sustainable advantage
through increased preference of
Phoebe Putney Health System.**



IN TODAY'S ENVIRONMENT, SUPERIOR SERVICE IS ESSENTIAL.

— Laura Shearer, R.N.

The selection of where an individual receives their health care is an intentional one. The healthcare industry has entered an age of consumer awareness where patients rely on more than word of mouth to assess an organization's performance. Today, publically reported data around cost and quality enable patients to make informed choices about how and where they receive care.

As the gap in quality scores narrows, the differentiating factor in organizations must lie elsewhere – in service. In our competitive environment, service excellence is not a choice, but rather a strategic imperative that ensures the continued financial health of our organization.

When patients select Phoebe as their provider of health services, we consider it an honor that they have placed their health and the health of their loved ones in our hands.

Our care is patient centered and our goal is to meet their physical, emotional, psychological and spiritual needs. In doing so, we recognize the frightening nature and vulnerability that comes with being in the hospital. Towards that end, our care is more than what happens between the four walls of the hospital. It is every touch or interaction between us and the patient and the patient's family, from the point of the patient determining the need for care to long after their discharge.

Our service excellence goals are centered around the patient's needs to feel welcome and safe while in our care. Staff must be as warm and compassionate as they are technically skilled.

Each time a patient honors us with their choice, it's an honor we intend to live up to. Our service excellence initiatives provide a pathway to that end. With every encounter, every time, we demonstrate to our patients our commitment to them – and to the community we serve.

“As the gap in quality scores narrows, the differentiating factor in organizations must lie elsewhere – in service.”

— Laura Shearer, R.N.
Senior Vice President
and Chief Nursing
Officer

STRATEGIC GOAL STATEMENTS

#3:

Demonstrate and communicate superior performance on all dimensions of patient care.



A NEW IMPERATIVE: INTEGRATING GREATER COST EFFECTIVENESS INTO THE DEFINITION OF QUALITY CARE

— Doug Patten, M.D.

In the changing environment of health care delivery, quality improvement is the greatest catalyst for energizing everyone to embrace the need for change. Therefore, even our definitions and perceptions of quality have changed.

I used to say that the most important thing was providing the best care in the safest possible environment. Now our definition of quality is providing the best possible care in the safest possible environment in the most effective manner possible. As healthcare professionals we have a duty and obligation to be effective.

It's important to acknowledge that in today's move toward value-based health care delivery, the equation itself has changed, where, quality – however it is defined – is the numerator and cost is the denominator. That is how people measure the value of the care we deliver.

What does our strategic focus on quality mean to the patient? In the past we always felt like we provided quality care. Now there are measurable objectives people expect us to perform well on, from a warm blanket and the cleanliest environment to excellent physicians, nurses and staff. We recognize the importance of our progress in meeting the defined measures of quality. We believe that the intangible feelings for quality as well must be there as well. One lifts the other.

Specifically our quality strategy impacts all areas of care, and being effective means we need to be efficient as well. We strive for perfection and in the process we promote best practices across the organization, identifying opportunities and working for improvement.

“It's important to acknowledge that in today's move toward value-based health care delivery, the equation itself has changed.”

— Doug Patten, M.D.
Chief Medical Officer

STRATEGIC GOAL STATEMENTS

#4:

Rely on strong fiscal policy to build an integrated information systems model to support system growth and expand technological capabilities.



USING WISE FISCAL POLICY TO SUCCESSFULLY RIDE THE WAVE OF CHANGE

— Kerry Loudermilk, C.P.A.

These are challenging times for any healthcare organization. We face budget and reimbursement changes coupled with uncertain regulations in national healthcare policy. Now more than ever, healthcare leaders are called upon to improve financial excellence if we are to manage unpredictability successfully.

With more than 50% of the nation's hospitals operating in the red, Phoebe continues to adhere to strategies that maintain and enhance financial excellence. We want to ensure that we are always able to meet our mission – the continuing needs of our widespread community and its citizens for decades to come. Phoebe's fiscal strategies must support the delivery of quality care for all, including the most vulnerable among us. In short, without margin, there can be no mission.

We have a strategic imperative to improve the operating margin so that this health system – and the health status of those we serve – are never at risk. The Phoebe leadership and all who deliver care or work in any capacity within our organization must be mindful stewards of the hospital's resources. We are aligning our responsibility to provide care with business strategies that result in a strong financial foundation.

The healthcare needs of the region our system serves are enormously complex, caring for more patients, in more locations and with increasing levels of specialization and technologies. How we manage margin in the coming years will impact our ability to ensure the scope of services, build facilities and employ the people who are charged with improving the health of communities throughout Southwest Georgia.

“Today when more than 50 percent of the nation’s hospitals operate in the red, Phoebe has long adhered to strategies to maintain and enhance financial excellence.”

— Kerry Loudermilk, C.P.A.
Senior Vice President &
Chief Financial Officer

STRATEGIC GOAL STATEMENTS

#5:

**Recruit and retain a highly talented,
diversified workforce.**



CREATING AN ENVIRONMENT TO ATTRACT AND RETAIN THE BEST PEOPLE

— Dave Baranski

At Phoebe, our most valuable resource is our people who deliver on the promise of our mission. Our people come first, for without the hands of the employees who deliver care, there can be no mission. We rely on our employees to have the special skills, talent and knowledge to improve the health of our patients and our community.

Every day, we care for patients who come to us and place the most valuable thing they have – their health – in our hands. We rely on our employees to deliver on Phoebe's brand promise. We recruit those who have the personal passion to perform at their best and create consistent and meaningful patient experiences wherever they work in our organization.

We must recruit and retain the best talent and attract employees who understand and deliver the high quality care that the patients we are privileged to treat deserve and expect.

We value each and every Phoebe employee. We value their work and therefore we provide an environment that allows our employees to care for patients with the highest possible quality and in the most cost effective manner. Our recruitment strategies include the training of physicians, residents, medical students, pharmacists, nurses, operational leaders and staff, so that we always have a vital and abundant pipeline for the future. We strive to recruit and retain the highest quality employees and provide workplace environments that will nurture and sustain their productivity and success.

Our goal is to be the employer of choice for our region and to be at the leading edge as providers of care. First and last, it's always all about mission.

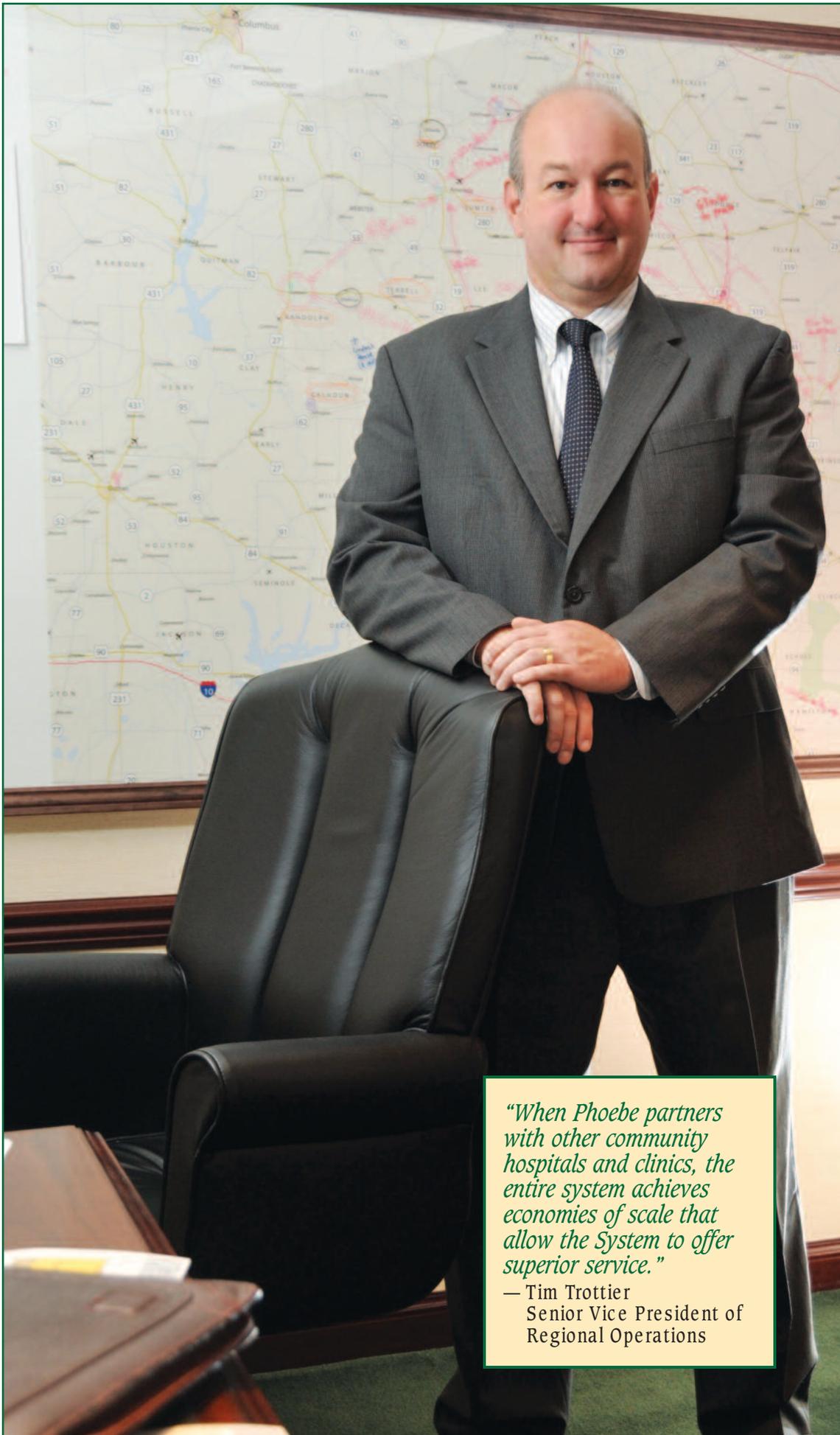
"We must recruit and retain the best talent and attract employees who understand and deliver the high quality care that the patients we are privileged to treat deserve and expect."

— Dave Baranski
Senior Vice President &
Chief Human Resource Officer

STRATEGIC GOAL STATEMENTS

#6:

Improve the health status of communities by expanding access, promoting prevention and eliminating barriers to care.



WHY EXPANSION AND GROWTH IS CRITICAL IN A CHANGING HEALTH CARE ENVIRONMENT

— Tim Trottier

Phoebe has chosen to pursue a path of growth and expansion through partnerships with hospitals and clinics in other communities. Why?

The answer can be found in two major trends taking place in health care: Reimbursement rates are decreasing and consumer expectations for quality and service are rising. The hospitals and health care systems that best adapt to these changes will be the ones who succeed in the future.

Simply put, establishing a regional network of hospitals and clinics means all of the components of that system can deliver superior service and to achieve efficiencies not possible for each unit individually.

How? One example: One of the benefits to both the System and to patients is standardization of processes. When primary care clinics, small community hospitals and tertiary units use common systems and records, patients entering the System at any point can be better cared for at any other point in the System. And more cost-efficiently.

Another example: A regional network can supply specialists to small community hospitals on a rotating scheduled basis, bringing specialty care close to where citizens live. We're already doing it. Specialties like oncology, cardiology and orthopedics can be available in small hospitals that could never have justified the expense on their own. Better service. More cost-efficient.

In short, when Phoebe partners with other community hospitals and clinics, the entire system achieves economies of scale that allow the System to offer superior service.

Phoebe is pursuing win-win opportunities with other communities, but only when we are invited to those communities. Because of that, we continue to be invited into more communities.

By adapting to this changing environment together, all the components of Phoebe Putney Health System will be able to better meet the needs of the citizens of Southwest Georgia and make the region a healthier place to live.

"When Phoebe partners with other community hospitals and clinics, the entire system achieves economies of scale that allow the System to offer superior service."

— Tim Trottier
Senior Vice President of
Regional Operations

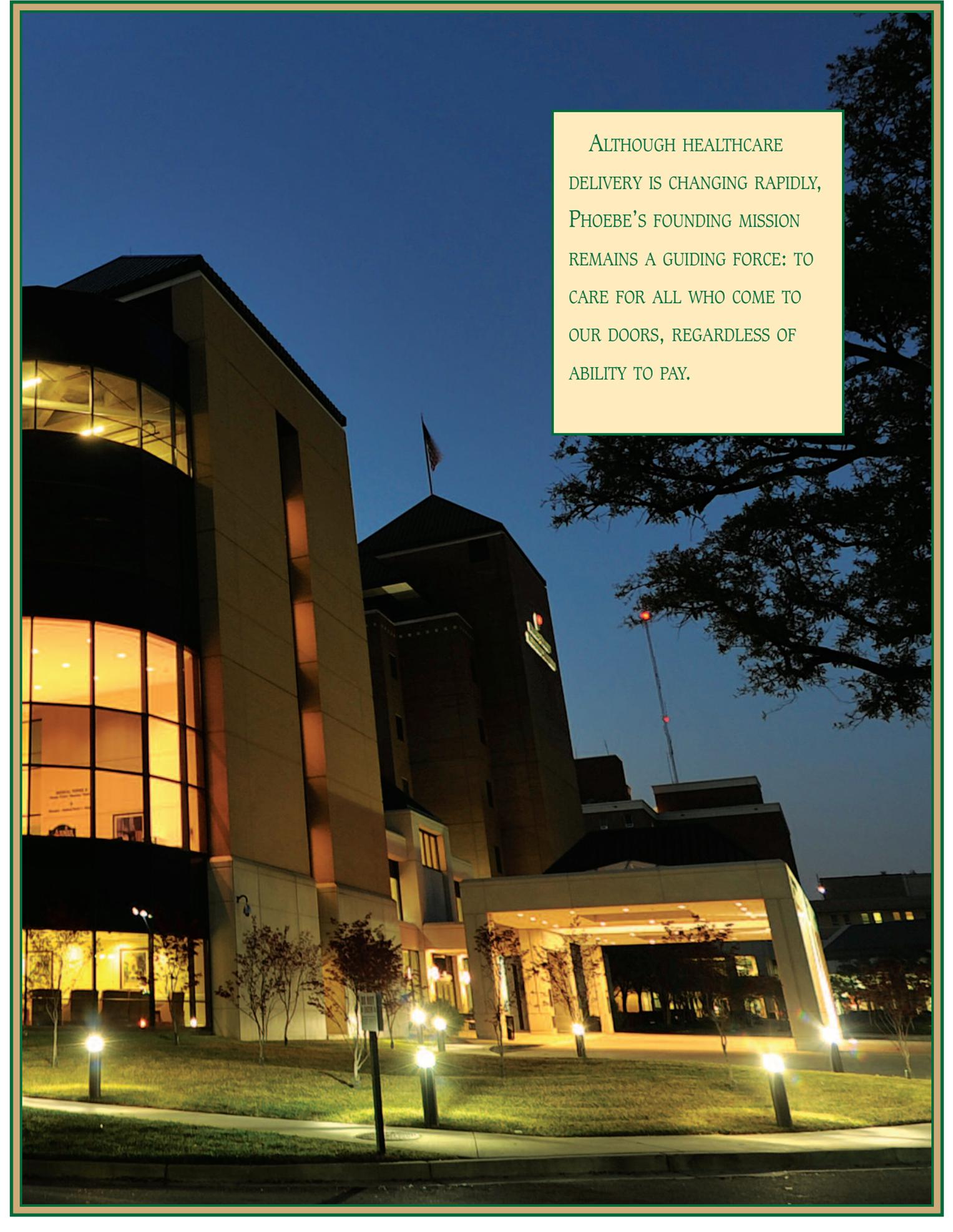
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HEALTH STATUS OF
OUR COMMUNITIES.



GUIDING PRINCIPLES

Phoebe strategies, actions and culture are embedded in basic operating maxims to ensure our patients and communities continue to have access to quality health care through an accessible and seamless delivery system. We will:

- Achieve quality performance goals
- Achieve a strong fiscal position through volume growth and retention
- Create care models to ensure effective and efficient management of patient outcomes
- Achieve cost reduction goals



ALTHOUGH HEALTHCARE
DELIVERY IS CHANGING RAPIDLY,
PHOEBE'S FOUNDING MISSION
REMAINS A GUIDING FORCE: TO
CARE FOR ALL WHO COME TO
OUR DOORS, REGARDLESS OF
ABILITY TO PAY.

 **PHOEBE**

 **100 Years**
A CENTURY of
COMMITMENT

World-class medicine. Hometown commitment.

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