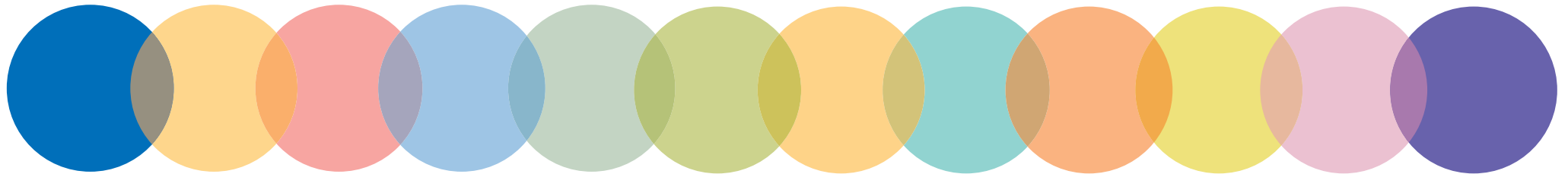


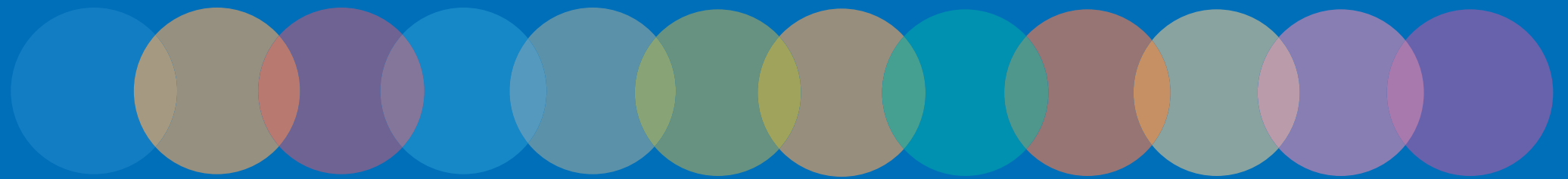


ANNUAL REPORT 2008



UCSF Medical Center

UCSF Children's Hospital





## MESSAGE FROM THE CEO

In 2007, four national rankings placed UCSF Medical Center among the leading hospitals nationwide, validating a focused effort from our entire staff to continually improve the services we provide patients, many of whom require a level of acute care that is not widely available.

In October 2007, the University HealthSystem Consortium, an alliance of 102 academic medical centers and 191 of their affiliated hospitals, recognized UCSF Medical Center as one of the nation's seven "rising stars" for our significant improvements in patient care and safety over the past year. It also ranked UCSF first in serving a diverse patient population in gender, race and socioeconomic status, and among the top 10 nationwide in offering patient-centered care.

We also received full accreditation in January 2008 by The Joint Commission, a nonprofit agency that evaluates and accredits health care facilities nationwide. In March, the medical center received a "superior" ranking for overall patient service in a hospital evaluation by the California Hospital Assessment and Reporting Task Force. In June, we placed seventh among the nation's hospitals in the 2007 annual ranking by *U.S. News & World Report*.

These accolades represent a concerted effort to champion a culture of care and safety at every level, from department chairs, service chiefs and nurse managers to all our staff in clinical care.

The medical center's most important responsibility is to deliver the highest-quality and safest care; we are committed to this as our top priority every day. Delighted as we are by our progress, we know there's much more to be done. Quality, after all, is a quest – an ongoing pursuit – not a destination. We will continue the journey, inspired and guided by the patients and families we serve.

**Mark R. Laret**  
*Chief Executive Officer*  
UCSF Medical Center  
UCSF Children's Hospital

*“The medical center’s  
most important  
responsibility is  
to deliver the  
highest-quality and  
safest care; we are  
committed to this as our  
top priority every day.”*



## Goals of the UCSF Strategic Plan

- Provide high-quality, patient-centered care leading to optimal outcomes and patient satisfaction
- Set the standard for patient safety
- Improve access to care



Events of the past year illustrate how the medical center is meeting these benchmarks and championing a culture of care and safety every day and at every level.

### **ValleyCare and UCSF Join Forces in Tri-Valley Region**

In January 2008, UCSF Children's Hospital and ValleyCare Health System began a unique collaboration – a long-term shared vision to broaden the availability of specialty services for women and children in the Tri-Valley region. Medical services provided through this collaboration are building on the combined strengths of the tertiary clinical expertise of UCSF Children's Hospital and ValleyCare's community resources to provide excellent specialty care close to home.

### **Superior Outcomes in Heart, Liver, Lung Transplants**

One-year survival rates for patients receiving heart, liver and lung transplants at UCSF Medical Center were higher than national averages at "statistically significant" levels, according to new data compiled by the Scientific Registry of Transplant Recipients. UCSF is the only medical center in *U.S. News & World Report's* "honor roll" that exceeds the national averages or the "expected" survival rates at these levels in all three transplant programs.

### **On the Leading Edge of Molecular Biologic Testing**

In 2008, UCSF Clinical Laboratories expanded its testing capabilities involving DNA- and RNA-based tests with a new state-of-the-art molecular pathology lab. Molecular biologic testing can play a key role in cancer diagnosis and prognosis, infectious processes diagnosis, patient evaluation for inherited disorders and evaluation of drug metabolism markers.

### **Work Begins on New Orthopedics Institute**

UCSF Medical Center and the Orthopedic Surgery department began work to create a new Orthopedics Institute, which will provide comprehensive outpatient services and surgery for conditions affecting the foot and ankle, hand and spine as well as all conditions treated by sports medicine. The 42,000-square-foot center, scheduled to open in 2009, will be located at 1500 Owens St., near the Mission Bay campus.

### **Highest Rating for National LGBT Healthcare Equality**

UCSF Medical Center received the highest possible rating on the groundbreaking lesbian, gay, bisexual and transgender (LGBT) Healthcare Equality Index. The Index evaluates the nation's hospitals on their treatment of LGBT patients and their families.

### **Exceptional Neurological Care for Newborns**

With the April 2008 opening of a new Neurointensive Care Nursery, neonatologists, neurologists and radiologists at UCSF Children's Hospital are leading a program to improve neurodevelopmental outcomes in very premature infants and in full-term babies who are at high risk of neurological injury or who show clinical evidence of encephalopathy, seizures or stroke.

### **Cancer Center Renamed**

Last November, UCSF's cancer center was renamed the UCSF Helen Diller Family Comprehensive Cancer Center. Helen Diller and her family are longtime residents of the San Francisco Bay Area and are dedicated to giving back to the community, especially through the advancement of education, science and the arts. "The new name is a tribute to the family's commitment to improving lives around the world and their trust in UCSF's ability to rapidly translate cancer discoveries into compassionate care," said Chancellor J. Michael Bishop, MD.

## Building a Brighter Future

The new \$1.7 billion, 289-bed medical center at Mission Bay will provide an opportunity to expand programs within three new integrated hospitals – one for children, another for cancer patients and a third for women – while freeing up space for expansion at other UCSF locations. As planning continues for the largest single project in the history of UCSF, civic leaders and philanthropists are working together to make this world-class, sophisticated, efficient, flexible, patient- and family-centered healing environment a reality.



**UCSF Medical Center at Mission Bay will realize a long-term vision of another major integrated clinical and research campus to complement the dynamic and growing facilities at UCSF's Parnassus and Mount Zion locations.**

**Leading the Way**

The Campaign for UCSF Medical Center, under the leadership of volunteer chair Diane B. "Dede" Wilsey, continued to lay the foundation to raise at least \$600 million for the children's, women's and cancer hospitals. Wilsey is joined in these efforts by a campaign cabinet that includes prominent civic and business leaders, including Barbara Bass Bakar, Ronald Conway, Patricia Dunn, Robert Lesko and Richard M. Rosenberg.

**Ads Highlight UCSF Innovation**

Philanthropist Ronald Conway, founder and general partner of Angel Investors LP, a privately held venture capital firm, was featured in an ad campaign highlighting UCSF's advances in translational research that lead to improved patient care. In the ad, Conway states "Invest in the right company, and you see good returns. Invest in the right medicine, and it changes the world."

**Design Plans Endorsed by Regents**

UCSF Medical Center officials presented the architectural designs for the proposed hospital complex at Mission Bay to the members of the Regents' Committee on Grounds and Buildings. UC Regents endorsed the preliminary exterior design plans on May 13, 2008.

**Going Green**

Design, construction, operations and purchasing strategies for the new Mission Bay hospital complex will integrate the best green practices available, and buildings will be certified by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED). The project aims to achieve "LEED Gold" certification, meeting or exceeding the highest environmental standards.

**Design with Care in Mind**

The new UCSF Medical Center at Mission Bay will not only be adaptable for evolving program needs and new technology, but it will also provide operational and cost efficiencies – all in a unique patient- and family-centered environment that celebrates the art of healing.



# FINANCIALS

Fiscal years ending June 30, 2007 and June 30, 2008 (dollars in thousands)

## BALANCE SHEET

|  | 2008             | 2007      |
|--|------------------|-----------|
| <b>Assets</b>  |                  |           |
| Total current assets   | <b>435,359</b>   | 484,194   |
| Capital assets, net  | <b>682,856</b>   | 601,542   |
| Other assets   | <b>12,811</b>    | 12,404    |
| Total assets   | <b>1,131,026</b> | 1,098,140 |
| <b>Liabilities and Net Assets</b>                            |                  |           |
| Total current liabilities                                    | <b>165,220</b>   | 173,669   |
| Long-term debt and capital leases,<br>net of current portion | <b>229,490</b>   | 219,935   |
| Other liabilities  | <b>27,531</b>    | 29,395    |
| Total liabilities  | <b>422,241</b>   | 422,999   |
| Net assets   | <b>708,785</b>   | 675,141   |
| Total liabilities and net assets                             | <b>1,131,026</b> | 1,098,140 |

## INCOME STATEMENT

|                                 | 2008             | 2007      |
|---------------------------------|------------------|-----------|
| <b>Operating Revenue</b>        |                  |           |
| Net patient service revenue     | <b>1,457,023</b> | 1,363,149 |
| Other operating revenue         | <b>25,815</b>    | 23,207    |
| Total operating revenue         | <b>1,482,838</b> | 1,386,356 |
| <b>Operating Expenses</b>       |                  |           |
| Salaries and employee benefits  | <b>715,258</b>   | 623,352   |
| Supplies and purchased services | <b>576,522</b>   | 518,535   |
| Depreciation and amortization   | <b>60,711</b>    | 55,968    |
| Other                           | <b>85,769</b>    | 75,989    |
| Total operating expenses        | <b>1,438,260</b> | 1,273,844 |
| Income from operations          | <b>44,578</b>    | 112,512   |
| Non-operating expenses, net     | <b>(3,014)</b>   | (1,670)   |
| Net income                      | <b>41,564</b>    | 110,842   |

## ADDITIONAL INFORMATION

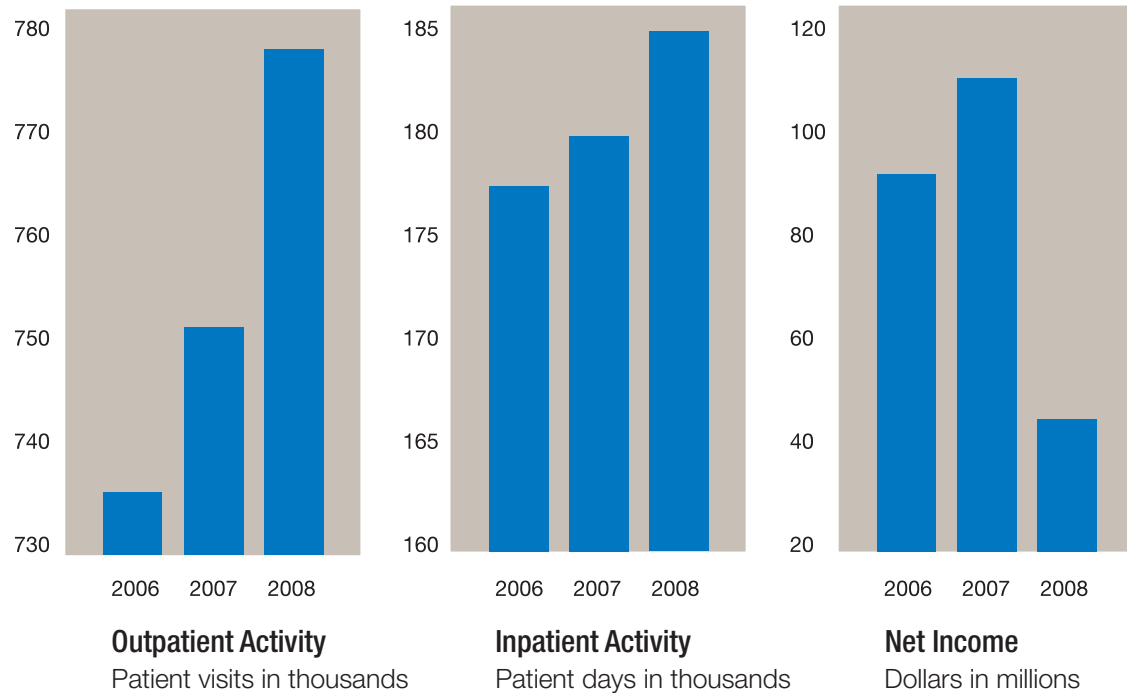
|  | 2008           | 2007    |
|--|----------------|---------|
| Uncompensated/undercompensated care      | <b>146,568</b> | 168,764 |
| Reinvestment in facilities and equipment | <b>142,927</b> | 154,688 |

By funding charity care, subsidizing the Medi-Cal shortfall and shouldering the burden of bad debt, the medical center, at a cost of \$146.6 million in 2008, works to provide needed medical care to those who require our specialty services.

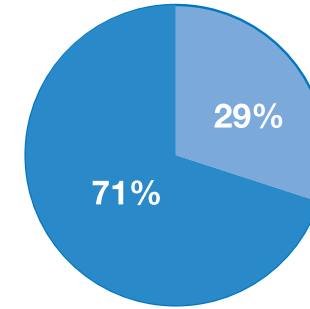


## CARING FOR OUR COMMUNITY

UCSF Medical Center's goal to provide the highest-quality care inspires us to reach out to our local community. Passionate and dedicated physicians, nurses and employees regularly share their expertise outside the hospital, educating and giving medical care to people throughout Northern California. Their efforts include high-tech procedures, primary care and educational outreach at health fairs, seminars and classroom lectures.

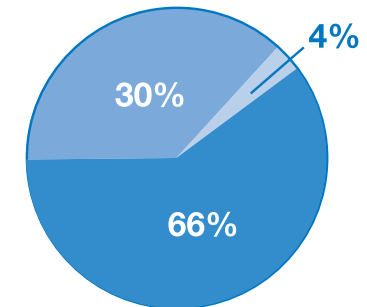


UCSF Medical Center's net income exceeded \$40 million for the sixth year in a row. Our financial performance decreased from fiscal year 2007 but still allowed us to reinvest more than \$140 million in capital improvements and to continue to make plans for future expansion of our facilities.



### Patient mix\*

Adult: 71%  
Pediatric: 29%



### Patient origin\*

San Francisco residents: 30%  
Other California residents: 66%  
Outside of California: 4%

\* Based on patient days

# THE UCSF MEDICAL CENTER EXECUTIVE COUNCIL

The UCSF Medical Center Executive Council serves as a business advisory board to the chief executive officer of the medical center. Helping to guide us on key strategic decisions, such as construction of the new hospitals at Mission Bay, they are invaluable liaisons to the business, political and philanthropic communities throughout Northern California.

*“The members of the executive council bring an extraordinary wealth of experience and insight to address the business strategies, operations and financial performance of the medical center. We at UCSF Medical Center, and by extension, the patients and families we serve, benefit tremendously from their guidance.”*

*Mark Laret, CEO,  
UCSF Medical Center and  
UCSF Children’s Hospital*

**RICHARD M. ROSENBERG, CHAIR**

Mr. Rosenberg is the retired chair and CEO of Bank of America Corp. and Bank of America NT&SA. The former banker is a veteran of many boards, including the California Institute of Technology, University of Southern California and United Way of the Bay Area.

**WILLIAM H. DAVIDOW**

Mr. Davidow has been a high-technology industry executive and a venture investor for more than 30 years. He continues as an active advisor to Mohr Davidow Ventures, of which he is a founding partner.

**PATRICIA C. DUNN**

Ms. Dunn was the Global CEO of Barclays Global Investors, one of the world’s largest and most successful investment management firms, a position she held from 1998 to 2002.

**W. HOWARD LESTER**

Mr. Lester is chair of the board and CEO of Williams-Sonoma Inc. and has been with the company since he purchased it in November 1978. He has guided the company to become a nationwide specialty retailer comprising six distinct merchandise brands.

**HAROLD M. MESSMER, JR.**

Mr. Messmer is chair and CEO of Robert Half International Inc., the world’s largest specialized staffing firm and the first to provide placement services for accounting, finance and information technology professionals.

**DOUGLAS W. SHORENSTEIN**

Mr. Shorenstein is chair and CEO of Shorenstein Properties LLC, one of the country’s oldest real estate organizations active nationally in the ownership and operation of office properties.

**MYRON E. ULLMAN, III**

Mr. Ullman is chair of the board and CEO of JCPenney Company Inc. Before joining JCPenney, he served as group managing director of LVMH Möt Hennessy Louis Vuitton as well as chair and CEO of R.H. Macy & Co. Inc.

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\* on June 30, 2008

The 2008 annual report of UCSF Medical Center and UCSF Children's Hospital was produced by the Marketing Department.

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ANNUAL REPORT 2008



UCSF Medical Center | UCSF Children's Hospital

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I am pleased to support The Campaign for UCSF Medical Center.

- Enclosed is a check for \$ \_\_\_\_\_ made payable to UCSF Foundation.
- Please charge \$ \_\_\_\_\_ to  Mastercard  Visa  American Express
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This gift is:

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Your contribution is tax-deductible as provided by law. Employer matching gifts are welcome.

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|--|---|
| <input type="checkbox"/> <i>Establishing a named fund</i>                | <input type="checkbox"/> <i>Making a gift of appreciated securities</i> |
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| <input type="checkbox"/> <i>Including UCSF Medical Center in my will</i> | <input type="checkbox"/> <i>Making a gift through life insurance</i>    |

**Please contact me about additional giving opportunities**

**I have included UCSF Medical Center in my will.**

Name \_\_\_\_\_ Phone ( \_\_\_\_\_ ) \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_

**Please call the Development Department at (415) 353-3860 with your questions. Thank you!**

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**UCSF Medical Center**