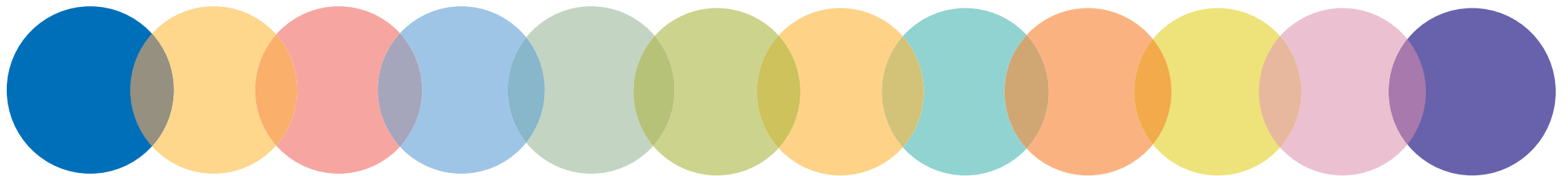


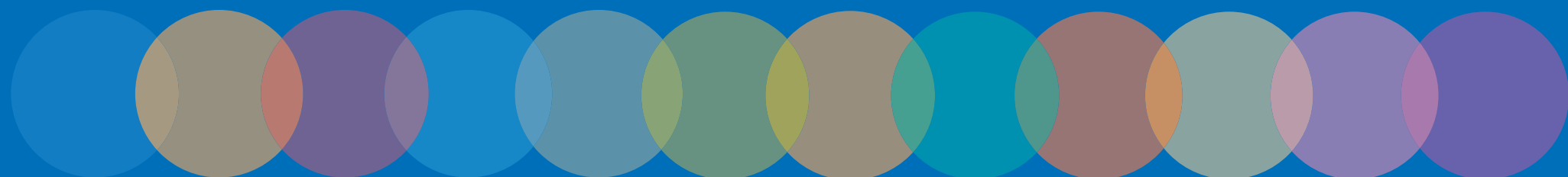


ANNUAL REPORT 2008



UCSF Medical Center

UCSF Children's Hospital





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

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



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

INCOME STATEMENT

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

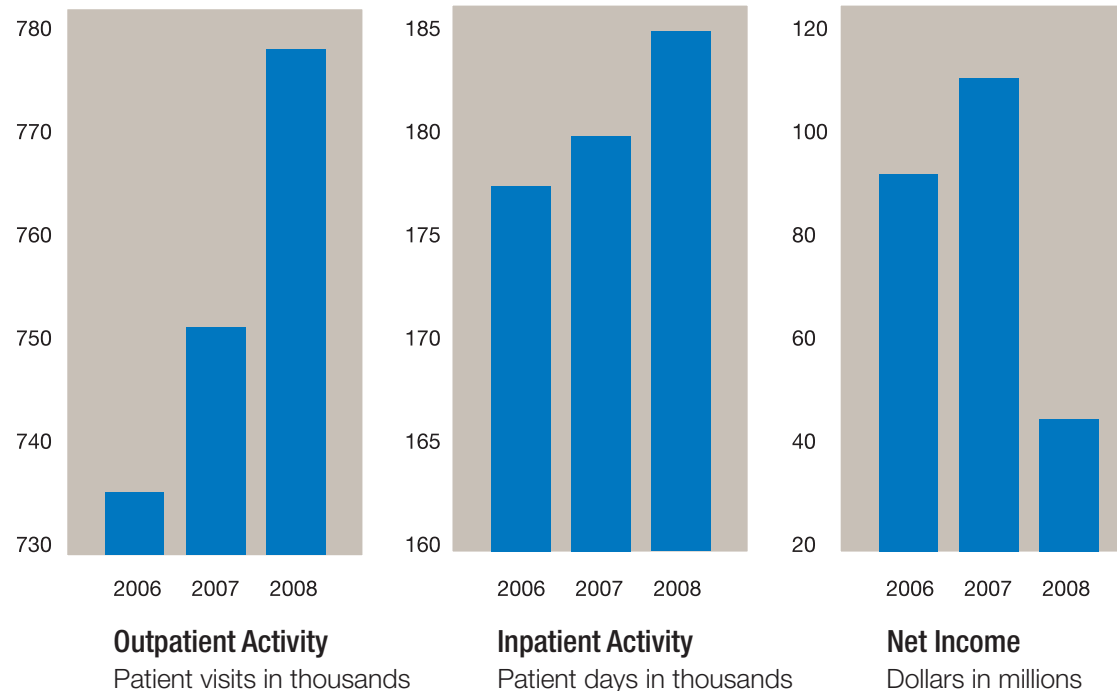
ADDITIONAL INFORMATION

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

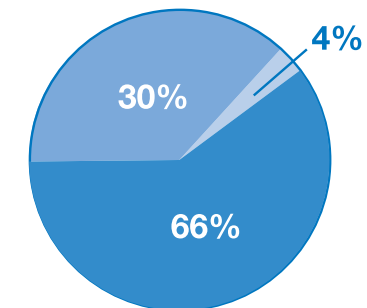
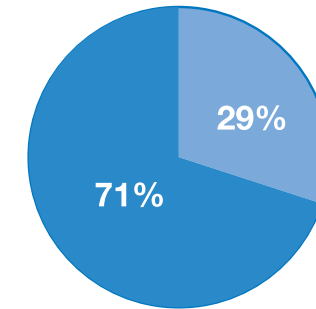
By funding charity care, subsidizing the Medi-Cal shortfall and shouldering the burden of bad debt, the medical center, at a cost of \$146.6 million in 2008, works to provide needed medical care to those who require our specialty services.

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.



* 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.

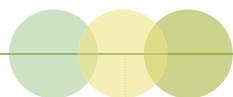
Mr. Messmer is chair and CEO of Robert Half International Inc., the world’s largest specialized staffing firm and the first to provide placement services for accounting, finance and information technology professionals.

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 Moët 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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UCSF Medical Center | UCSF Children's Hospital

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- ☐ Enclosed is a check for \$ _____ made payable to UCSF Foundation.
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This gift is:

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Please notify the following family of my gift:

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

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Records Manager, UCSF Box 0248, San Francisco, CA 94143-0248 or email HIPAAOptOut@support.ucsf.edu.

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☐ *Establishing a named fund*

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☐ *Including UCSF Medical Center in my will*

☐ *Making a gift through life insurance*

☐ **Please contact me about additional giving opportunities**

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

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

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UCSF Medical Center