

N:

Our people.
Our patients.
Our purpose.



-  Novant Health medical centers
-  New medical centers under construction
-  Novant Health UVA Health System medical centers
-  Hospitals with an Adept Health agreement
-  Physician offices
-  Imaging centers

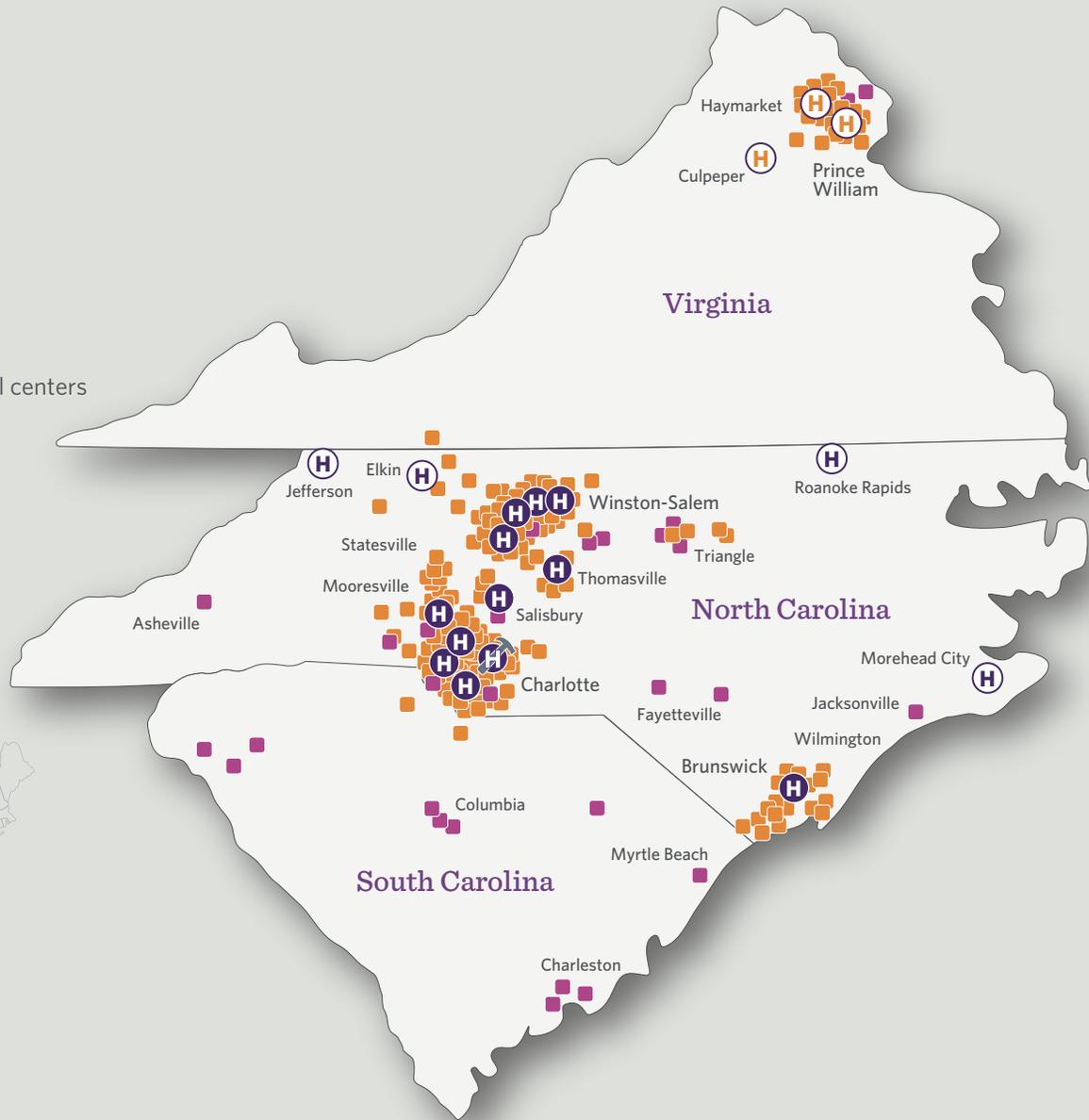
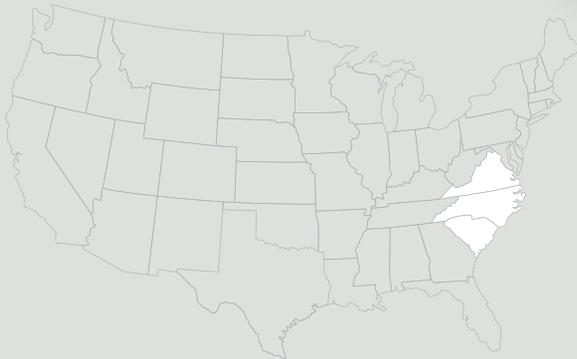


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Reaching higher

When you provide remarkable care, you don't just go for what's easy. You reach.

That's why at Novant Health, we're always reaching out, reaching across and reaching in.

Over the last year, we reached out to our patients with more services than ever. That meant offering a lot of firsts. We opened the first memory care clinic to the Winston-Salem area, brought neurology and endocrinology services to the North Carolina coastal communities, and, thanks to a \$7 million gift from Michael Jordan, announced plans to open two medical clinics to serve at-risk and underserved communities in Charlotte. These Novant Health Michael Jordan Family Clinics will provide comprehensive medical care, as well as behavioral health, physical therapy and social work.

In a time of great change in healthcare, Novant Health is reaching across markets and industries to share our expertise with regional and national audiences. Nurses shared their knowledge in a meeting at a White House summit. We received a spot on the international stage to work in women's and children's health, poverty and food security, following the United Nations Economic and Social Council granting us special consultative status. We're actively shaping the conversation about the way healthcare gets delivered.

How do you reach out to patients with all that they need, and reach across boundaries to make whole communities healthier? By reaching in. Our team members and physician partners are the foundation for all we accomplish, and we're continuing to invest in them in new and creative ways — with programs addressing everything from nursing burnout to the development of female leaders.

Over the last year, I and other Novant Health leaders have made it a point to round weekly in our facilities. We did this through what some might call a workplace disruption — the creation of "no-meeting Wednesdays." We decided that talking with patients and seeing our team in action is so important that we needed to be wherever they are, every Wednesday — and that it was important enough to clear all meetings for that day.

I'd like to invite you to round along with me, through the pages of this report. You'll see how our team in 2017 made the remarkable reachable — and how we're poised for the future, to do even more.



Carl S. Armato
President and CEO, Novant Health



Growth on the ground, access in the air



Novant Health Med Flight picks up critically injured patients from accident scenes and serves as a flying intensive care unit.



Inside, the patient rests securely, tended by emergency medical workers. Outside, the blades cleave the air, lifting the helicopter above the North Carolina Piedmont on a course for a Novant Health medical center. Each landing of Novant Health Med Flight connects a patient with emergency care, and also serves as another reminder that Novant Health is a healthcare system that never stands still.

Novant Health Med Flight is the result of a partnership with Med-Trans Corp. and the newest addition to our critical care transportation fleet. The helicopter is just one of the many ways Novant Health grew in 2017, adding access, services and facilities. While we've added new methods of delivering care, our mission is still the same — to make our communities healthier, one person at a time.

It's a mission that took on new meaning in 2017, as we addressed deeply entrenched health problems endemic in our region. Among those: stroke. Here in the "buckle-of-the-stroke-belt" Southeast, we're seeing death rates from stroke climb — reversing earlier trends. This is nothing short of tragic, because we know that half the deaths from stroke are preventable.

“I enjoy visiting our new facilities as they take shape. We launched Novant Health Mint Hill Medical Center in 2017 to meet the needs of that growing community.” – Carl

To meet this challenge, Novant Health deepened its neurosciences treatment and expertise. To our recently expanded neurosciences team, we added even more neurosurgeons and neurologists, including hospitalists and neurointensivists — experts in critical care who treat stroke patients when seconds count. We expanded our teleneurology services, which connect care teams 24/7 with neurosciences experts, so patients can stay close to home and yet access the care they need.

Our 2017 growth also included a signature achievement: Novant Health Presbyterian Medical Center's first-ever advanced Comprehensive Stroke Center recognition and the recertification of Novant Health Forsyth Medical Center in Winston-Salem.

These hard-to-earn recognitions — given after rigorous review from The Joint Commission, the nation's leading healthcare accrediting organization — make Novant Health one of just a handful of healthcare systems in the nation with two or more comprehensive stroke centers.

Most important, they mark the fact that we can provide patients with the highest level of stroke care.

Patients need new services and new access points and we grew to meet those needs. Just two examples: We launched the North Carolina Triad's first genetic counseling video visits for cancer risk and introduced bariatric services at Novant Health UVA Health System Haymarket Medical Center.

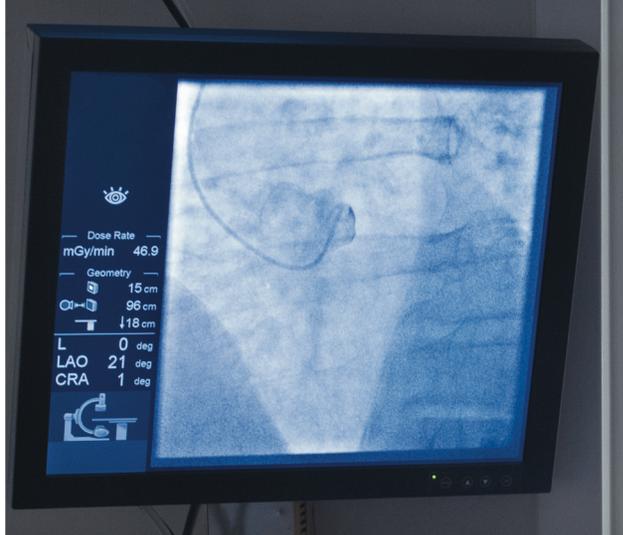
Throughout 2017, we grew facilities across our footprint. Those projects include expansions to Novant Health Orthopedic Hospital and Novant Health Clemmons Medical Center, the launch of Novant Health Mint Hill Medical Center, groundbreaking on an expansion of Novant Health Huntersville Medical Center and the opening of the Novant Health Mint Hill Medical Office Building.

From growth on the ground to access in the air, our aim is simple: to make sure that wherever our patients have needs, Novant Health is there. ■

Delivering patient care with a purpose



We added more providers to our Novant Health Heart and Vascular Institute to bring remarkable patient care to our communities.



When it comes to providing remarkable patient care, it's all about meeting patients where they're at — and, in innovative ways.

Our patients' needs change constantly. So we are always changing, too, because we're committed to reaching patients with the care they need.

That's what we did in the Clemmons community, where people told us they wanted access to advanced care services closer to home. When our expanded Novant Health Clemmons Medical Center opened in August, we included more services — from hip replacements to rehabilitation programs. We introduced transitional care, a popular program that allows patients to receive on-site treatment during the day while returning to the comfort of home every night.

Big data can also be used to help patients get healthier. Through our electronic health records system, we know nearly 90,000 people who come to Novant Health for care have diabetes. Clinicians use that information to plan medical treatments. Because of our protocols, the numbers now show 67 percent of these patients are keeping their A1C levels within a healthy range.

We're also taking a fresh approach to tackle one of the most stubborn healthcare problems facing our nation: heart and vascular disease. Within our Heart and Vascular

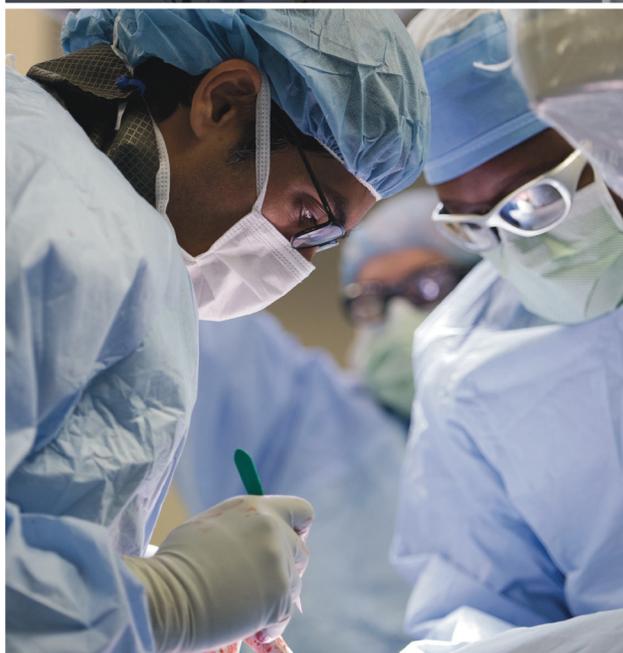
Institute, we added more physicians performing a range of procedures — from heart valve replacement to catheterizations for diagnosis and treatment of heart conditions.

Recognizing that most cardiovascular disease is preventable, we launched the "10,000 Healthy Hearts Challenge" to call patients' attention to the way risk factors prematurely age their hearts and to help them get the screening, prevention services and treatment they need to stay, literally, young at heart.

We're addressing a growing need in our communities: help for behavioral health and substance use disorder issues. As more patients seek our help, we're responding with creative, effective approaches. In Virginia, Novant Health UVA Health System partnered with local organizations and hosted two "Open Minds" forums on mental health and substance use disorder. In the wake of our nation's growing opioid epidemic, we've launched a three-year initiative to develop best practices to identify and treat patients who have opioid use disorder, as well as how to better prescribe controlled substances for pain management.

As we deliver innovative care in new ways, people respond by trusting us with their health. In 2017, we logged over 4.5 million patient visits. Nearly 800,000 patients in 2017 used MyChart to manage their health records electronically and email their providers.

Those numbers say that we are meeting patients when and where they need us, and that those patients also are driving across counties to come to our facilities. Word is out about our commitment to making healthcare remarkable. It's the type of healthcare experience our patients deserve, so they can focus on getting better and staying healthy. ■



“I passionately believe our expanded Novant Health Clemmons Medical Center provides an opportunity to transform patient care in the community.” – Carl

Celebrating our people



Nurses at work at Novant Health Brunswick Medical Center. A healthy work environment inspires our people to deliver remarkable care.



In 2017, Novant Health celebrated

20 years of remarkable care — a milestone made possible because of our dedicated people. After all, it's our business to care for all people, and that starts right within our organization, with each of our 28,000 team members. Our team is the foundation for everything we do.

Across our footprint, and across roles — from support people to clinicians, from those at the bedside to those working behind the scenes — our physician partners and team members remain focused on caring for each other, our patients and our communities.

Those values are at the core of our “people credo,” which we introduced in 2017 as a new addition to our mission, vision and values. Our credo emphasizes the fact that our people are at the center of what we do. It states, “We are an inclusive team of purpose-driven people inspired and united by our passion to care for each other, our patients and our communities.”

Our commitment over the last two decades holds true today: We're dedicated to creating a team that's ready to meet any challenge.

“I'm proud our organization is training the next generation of physicians through our Novant Health Family Medicine Residency Program.” – Carl

We're investing in creating a healthy work environment for nurses and physicians through our innovative resiliency initiative. Through this program, team members renew their passion to provide care — which ultimately improves the experience of patients.

Novant Health is committed to developing more female leaders. Our new LIFT (Leveraging Internal Female Talent) program is helping to make that happen. This program broadens participants' understanding of our organization's leadership competencies, and prepares them for opportunities to use those skills in the future.

Through our family medicine residency program, we're enhancing the ranks of our primary care providers. We graduated our first class and are proud to train the next generation of innovative physician leaders.

It's important for us to recognize that our team members deal with the same issues that our patients do. This year's Novant Health Reads book choice about mental health and addiction, *A Common Struggle*, fostered helpful conversations about how we deliver compassionate care to our team, family members and patients.

At Novant Health, our people are at the heart of how we live and what we do every day. As we move toward our next milestone, we remain committed to being world-class in investing in our people, so they can be world-class in investing in our communities. ■

Serving our communities in unexpected ways



Kids learn about healthy cooking at a class cosponsored by Novant Health.



With a flip of the pan, the students turned the sizzling chicken strips — and eagerly gathered to plate their harvest salad creation. The middle schoolers at John Motley Morehead STEM Academy in Charlotte weren't just learning a recipe. They were learning how food choices and cooking techniques can serve up a full menu of health for a lifetime.

The students were part of the Kids Cook with Heart program, a partnership between Novant Health and the American Heart Association. Novant Health dietitians teach the kids how heart health begins in the kitchen, and the students hone their skills in hands-on classes that culminate in a cooking contest.

These classes are one of the ways in which Novant Health enriches the communities we serve. It's part of our commitment to give back, and we gladly do so in every market we serve.

North Carolina team members stepped up to donate school supplies for children in need while colleagues in the Winston-Salem area read weekly with elementary students to improve their literacy skills.



“Our team members taught Mecklenburg County Courthouse officers how to apply tourniquets and take lifesaving steps. Sharing our expertise helps us in our mission to make our communities healthier, one person at a time.” — Carl

Giving back also had us training citizens in delivering emergency care. Our trauma center team at Novant Health Presbyterian Medical Center posed this question: What if everyone learned how to stop bleeding? It would save lives. So we brought the national Stop the Bleed program to our neighbors in Charlotte.

In Virginia and North Carolina, thanks to generous donations, we provided mammograms to hundreds of low-income women who were uninsured and underinsured, and we provided free health screenings to thousands of others.

Our team also helped install 265 home smoke detectors to support an American Red Cross community initiative in Charlotte. In Northern Virginia, we delivered meals to a local mosque after the daily fast during Ramadan. Our Brunswick County team hosted a ball for LGBTQ teens. We continued to work alongside another healthcare system, Atrium Health, as part of the One Charlotte Health Alliance to provide underserved Charlotte neighborhoods with clinics and easier access to healthcare by 2020.

We serve our communities in many ways, reaching well beyond healthcare and volunteerism. In Clemmons, giving back has taken the form of Novant Health helping with funding for road improvements, greenway trails and fire department equipment, as well as selling land at half of market value for a new school.

Providing remarkable healthcare is Novant Health's reason for being, but our teams go above and beyond to deliver so much more. By doing so, our mission and vision have become interwoven into the fabric of those neighborhoods, allowing us to become an integral member of every community we serve. ■

Investing in the future of our communities

For 2017, Novant Health reported a net income of \$477.9 million on operating revenues of \$4.6 billion. The not-for-profit health system also reported \$794.4 million in total community benefit, including \$138.9 million in financial assistance to members in the communities we serve.

Novant Health's community benefit includes hundreds of programs, such as unreimbursed health services to individuals with Medicaid and Medicare coverage; community health education; support groups; partnerships with other organizations to provide outreach services; community events and screenings; and participation in medical research and academic health programs.

The organization also invested in access to healthcare with several key 2017 projects. Novant Health's capital investments totaled \$286 million and, in addition to ongoing investments in technology, key construction projects included:

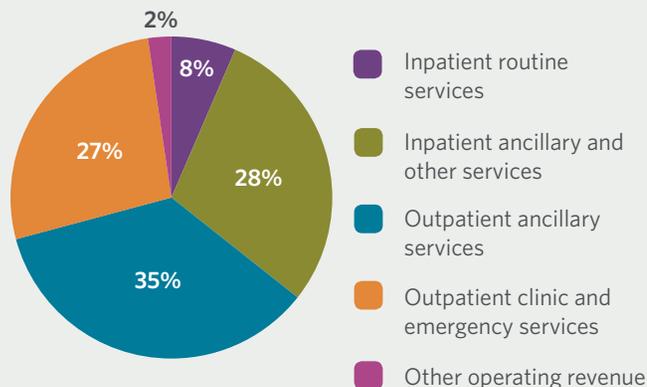
- Completion of Novant Health Clemmons Medical Center, adding 36 beds and three operating rooms
- Opening of Novant Health Charlotte Orthopedic Hospital with 32 beds and seven operating rooms
- Continued construction of Novant Health Mint Hill Medical Center, scheduled to open with 36 beds in the fall of 2018
- Groundbreaking to add 48 beds to Novant Health Huntersville Medical Center

- Expanded use of Novant Health's electronic medical record, resulting in nearly 800,000 registered users

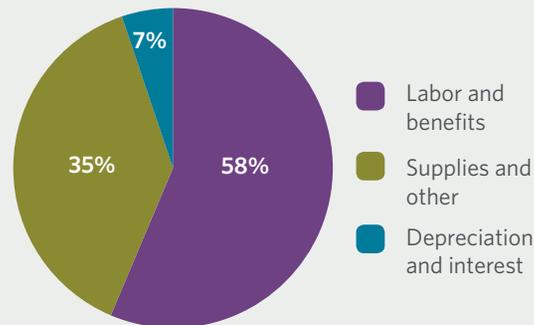
Access to convenient healthcare options for patients continued to expand as new urgent and express care clinics opened in many markets — helping people stay healthy and out of the hospital. We also added more providers to the Novant Health Medical Group to deliver more comprehensive care to the communities Novant Health serves.

With a strong focus on expanding access care, Novant Health saw significant increases in physician office visits for preventive and specialized care. •

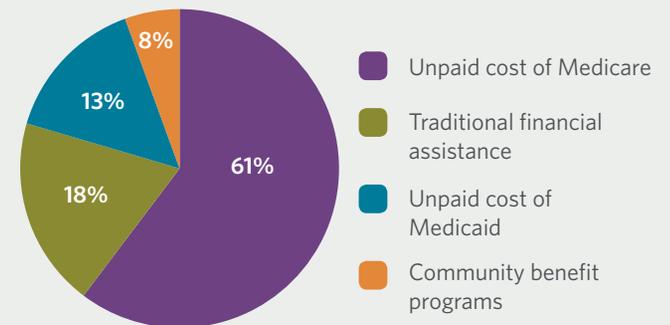
Sources of revenue



Distribution of expenses



Community benefits



Summary of balance sheet

(in 000s) as of Dec. 31, 2017

Cash and investments	\$3,023,453
Other current assets	757,685
Property, plant and equipment, net	2,018,908
Other assets	662,867
Total assets	\$ 6,462,913
Current liabilities	\$804,453
Long-term debt	1,343,676
Other liabilities	384,906
Total liabilities	\$2,533,035
Net assets	
Unrestricted	\$3,855,893
Restricted	73,985
Total net assets	\$3,929,878
Total liabilities and net assets	\$6,462,913

Summary statement of revenue and expenses

(in 000s) for the year ended Dec. 31, 2017

Operating revenue	\$4,595,392
Operating expenses	
Labor and benefits	\$2,543,037
Supplies and other expenses	1,568,236
Depreciation and interest	309,680
Total operating expenses	\$4,420,953
Operating income	\$ 174,439
Nonoperating income	303,431
Excess of revenues over expenses	\$477,870

Service volume growth

	2017	2016	2015
Licensed beds	2,703	2,697	2,627
Maintained beds	1,888	1,890	1,784
Inpatient discharges	125,916	122,662	119,512
Adjusted patient days	1,238,957	1,213,052	1,172,363
ER visits	538,911	539,085	515,659
Surgeries	133,952	132,611	123,103
Physician office visits	4,739,637	4,425,334	4,144,859
Newborn deliveries	20,002	19,685	18,644
Employees	28,092	26,532	24,376

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Our leadership

Novant Health executive team

Carl S. Armato
President and CEO

Tanya S. Blackmon
Executive vice president and
chief diversity and inclusion officer

Peter S. Brunstetter
Executive vice president and chief legal officer

Jesse J. Cureton
Executive vice president and chief consumer officer

Fred M. Hargett
Executive vice president and chief financial officer

Jeffery T. Lindsay
Executive vice president and chief operating officer

Denise B. Mihal
Executive vice president and chief nursing
and clinical operations officer

John D. Phipps, MD
Executive vice president and president of
Novant Health Physician Network

Janet M. Smith-Hill
Executive vice president and chief
human resources officer

Angela J. Yochem
Executive vice president and chief
digital and technology officer

Thomas N. Zweng, MD
Executive vice president and chief medical officer

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Novant Health

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Joseph H. Ely
Aon Hewitt (retired)
(Ex-officio, nonvoting member)

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Bank of America (retired)
(Emeritus trustee)

Christine P. Katziff
Bank of America

Viola A. Lyles
Mayor, city of Charlotte

Ian A. McDonald
BAE Systems (retired)

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Gastroenterology Associates of the Piedmont, PA

T. David Neill
Bob Neill Inc.

David R. Plyler
Forsyth County Board of Commissioners

Larry D. Stone
Lowe's Companies Inc. (retired)

P. Anthony Zeiss, EdD
Museum of the Bible (retired)
(Ex-officio, nonvoting member)

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NovantHealth.org    

Making healthcare remarkable