

Report to the Community



2015

GOOD SHEPHERD
REHABILITATION 

About Good Shepherd

Good Shepherd Rehabilitation Network (GSRN), based in Allentown, Pennsylvania, is a nationally recognized rehabilitation leader, offering an unmatched continuum of care for adults and children with physical and cognitive disabilities. Good Shepherd is known for its inpatient and outpatient care of patients with catastrophic injuries and conditions, such as spinal cord injury, brain injury, stroke, amputation and major multiple traumas. Good Shepherd also excels at providing outpatient musculoskeletal and orthopedic rehabilitation services, inpatient long-term acute care and long-term care (skilled nursing).

Good Shepherd's more than 2,100 employees seek to enhance lives with the organization's trademark compassionate care and excellent service as well as unrivaled rehabilitative and technological innovation.



Fiscal Year 2015 Highlights

Good Shepherd is highly regarded for clinical excellence and its commitment to maximizing patients' functional outcomes, delivering compassionate care and being a national leader in the use of innovative rehabilitation technologies. Some highlights from the past fiscal year include:

Innovation and Technology

- Good Shepherd is the world's leading clinical user of the Ekso Bionics exoskeleton – a device that allows people with lower leg paralysis or weakness the ability to stand and walk.
 - ✓ This year, Good Shepherd's patients surpassed 3 million steps in the device or the equivalent of 1,500 miles.
 - ✓ Using the Ekso with intense, repetitive therapy, some Good Shepherd patients who are unable to walk or have difficulty walking are making incredible progress in re-awakening their brains' signals to their spine and legs (neuroplasticity).
- Good Shepherd acquired the ProtoKinetics Zeno Walkway – a state-of-the-art gait and balance analysis system that is not available anywhere else in the region. At 20 feet long by 4 feet wide, the walkway has 40,080 sensors embedded in it to collect data while a patient is walking, running, jumping and turning.
- Good Shepherd developed numerous leading edge rehabilitation programs, including: physical therapy-based Pilates, women's health, oncology, bowel and bladder, neonatal abstinence syndrome (infant drug withdrawal) and non-accidental injury (for children who are victims of abuse or neglect).



Good Shepherd serves more than **40,000** people a year

in the greater Lehigh Valley and another 19,000 people a year in the Philadelphia region through Good Shepherd Penn Partners, a partnership with Penn Medicine initiated in 2008.

Good Shepherd provides access to innovative assistive and rehabilitation technologies, such as the

Ekso Bionics exoskeleton,

a robotic device that allows people with paralysis and other neurological conditions to stand up and walk.

Growth

- Credit rating organizations Standard & Poors and Fitch have reaffirmed GSRN's A bond rating as well as moved Good Shepherd's overall financial outlook from stable to positive.
- GSRN renovated a 4,000 square-foot area on the second floor of the Health & Technology Center in Allentown to allow for expansion of many services that focus on performance, function and recovery.



Good Shepherd Pediatrics acquired the NTrainer System – the first in-market FDA-approved technology that reinforces non-nutritive suck in neonates (premies born as early as 25 weeks gestation). Good Shepherd is the only pediatric rehabilitation hospital east of Nebraska using the state-of-the-art system.

- Good Shepherd's joint venture with Penn Medicine in Philadelphia, now, in its eighth year of operation, continues to grow. This year, Good Shepherd Penn Partners acquired a large practice in Bala Cyward and opened Penn Therapy & Fitness – University City, a supersized 28,000-square-foot facility that offers physical, occupational, speech and aquatic therapy.

Good Shepherd attracts people from across the country to its inpatient rehabilitation hospital in Allentown and provides intensive therapy to return people to their **highest level of functional independence.**

Good Shepherd became the first rehabilitation facility in the region to offer the adult and pediatric ZeroG devices, which help people with a variety of neurological and orthopedic conditions to maximize function and improve independence.





Good Shepherd has the most certified rehabilitation registered nurses (CRRNS) and specially certified therapists in the region. The therapy staff alone boasts more than 20 different specialty certifications.

Clinical Excellence

- Good Shepherd's two long-term care facilities have earned U.S. News and World Report's Best Nursing Homes highest rating – five stars – five years in a row.
- The Rehabilitation & Community Providers Association honored GSRN with its 2014 Innovation Award in recognition of implementing technologies and therapies that are maximizing recovery for people with neurological conditions.



Community Support

- Good Shepherd contributed more than \$6.7 million in total quantifiable community benefits in FY14 .
- Good Shepherd Associates participated in numerous community fundraisers to benefit causes that align with its mission, including: Walk Now for Autism Speaks, March of Dimes March for Babies, Stay Connected MS Walk, Bike MS: City to Shore Ride and MDA Muscle Walk.
- Good Shepherd's management team committed to serve on 15 local non-profit organizations' boards and committees.
- Good Shepherd held soccer clinics for children with disabilities at Steelstacks in conjunction with the 2015 women's World Cup Viewing party.



Good Shepherd partners with community organizations that have a

significant impact on the health and wellness

of Lehigh Valley residents, including the Children's Care Alliance, the Health Care Council of the Lehigh Valley and the Partnership for a Disability Friendly Community.

Good Shepherd Financial Highlights Fiscal Year 2015

Patient Utilization

	2015	2014	% Change
Rehabilitation Hospital Admissions	1,637	1,763	-7%
Specialty Hospital Admissions	393	419	-6%
Outpatient Visits	236,426	226,100	5%
Long-Term Care Occupancy Rates	99.6%	99.6%	0%

Financial Performance

(dollars in thousands)

Unrestricted Revenues, Gains and Other Support

Patient Service Revenues, net of doubtful collections	\$119,287	\$113,873	5%
Less: Charges Provided as Free Care	1,834	1,627	13%
Net Patient Service Revenues	117,454	112,246	5%
Other Operating Revenues	2,818	3,563	-21%
Professional Service Revenue	6,287	6,012	5%
Contributions	3,071	4,212	-27%
Income on Investment in Unconsolidated Subsidiary	8,145	6,666	22%
Gain (Loss) on Disposal of Equipment	(2)	0	-816%
Net Assets Released from Restriction	1,910	1,901	0%

Total Unrestricted Revenues, Gains and Other Support	139,682	134,600	4%
---	----------------	----------------	-----------

Expenses

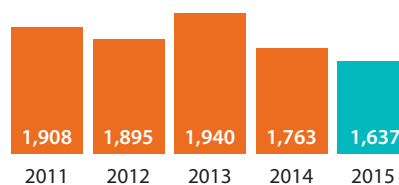
Salaries and Wages	69,158	63,988	8%
Employee Benefits	17,046	17,708	-4%
Interest	4,926	5,029	-2%
Depreciation and Amortization	7,451	7,709	-3%
Supplies and Other Expenses	31,407	30,296	4%
Total Expenses	129,987	124,730	4%

Operating Income	9,695	9,870	-2%
-------------------------	--------------	--------------	------------

Investment Income and Other Gains (Losses)	10,443	10,311	1%
--	--------	--------	----

Revenues in Excess of Expenses	\$20,138	\$20,181	0%
---------------------------------------	-----------------	-----------------	-----------

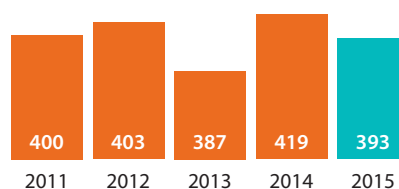
Rehab Hospital Admissions



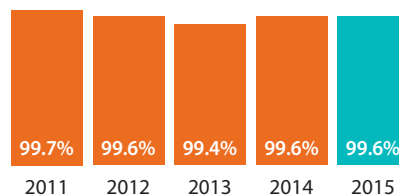
Outpatient Visits



Specialty Hospital Admissions

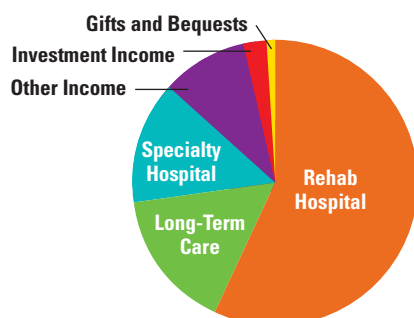


Long-Term Care Occupancy Rates



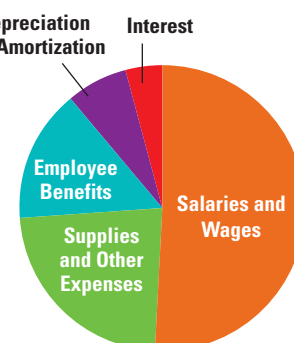
Revenue Composition by Business Line

Rehab Hospital ⁽¹⁾	57%
Long-Term Care	15%
Specialty Hospital	12%
Other Income	8%
Investment Income	6%
Gifts and Bequests	2%



Expense Breakdown

Salaries and Wages	53%
Supplies and Other Expenses	24%
Employee Benefits	13%
Depreciation and Amortization	6%
Interest	4%



⁽¹⁾ This item includes the revenues generated by Good Shepherd's inpatient rehabilitation units and its outpatient programs and services.

Good Shepherd Endowment Fund

Good Shepherd is deeply appreciative of the community and individual support towards the growth of its endowment funds. Endowments are received from donors with the requirement that the principal remain intact in perpetuity. Income is allocated based on the purpose of the fund.

Good Shepherd Endowment Funds – Investment Objective and Spending Policy

The Investment Committee, which is a sub committee of the Finance Committee, is responsible for the management and oversight of all Temporarily and Permanently Restricted, Operating and Pension investments. The Committee is governed by an Investment Policy that is applied universally to all of these assets.

Good Shepherd also has an Endowment Spending Policy that is overseen by the Finance Committee and the Board of Trustees. Under this policy, the annual distribution from each endowment account will be 5 percent of the 3-year rolling average fair market value.

Following is a summary of the existing endowment funds at the end of FY15.

Unrestricted - Used towards general operations of the entities within Good Shepherd.

Conrad W. Raker Educational Endowment - Used as a funding mechanism for the education and training of Good Shepherd employees.

Linny and Beall Fowler Endowment for Pediatrics - Provides a perpetual source of funding to benefit all the children served by Good Shepherd's Pediatrics Program.

Joseph & Marjorie Correll Pediatric Chair - Used as a perpetual funding mechanism for Good Shepherd's developmental pediatrician.

Howard W. and Ester M. Dornsife Endowment for Pediatrics - Used on an annual basis to support the Dornsife Pediatric Center.

Donley Family Pediatrics Endowment - Used towards supporting operating expenses associated with the Developmental Pediatrics Program.

Romig-DeYoung Community Access - Used for the psychosocial and recreational enrichment of residents through community outings as well as interstate trips including, but not limited to concerts, restaurants, sporting events, amusement parks and recreational areas. Monies from this fund also will be used to purchase transportation vehicles and equipment for community access by residents.

Pediatric Endowment - Used to support Good Shepherd's Pediatric Program.

Walter W. and Jacqueline G. Mock Fund for Pediatrics - Provides income in perpetuity to support charitable care, staff education and training, salaries, equipment, technology, research and other expenses of the Pediatrics Program.

Long-Term Care Endowment - Directed towards operating needs associated with the Conrad W. Raker Center and the Good Shepherd Home – Bethlehem.

Rehabilitation Hospital Endowment - Directed towards operating needs associated with the rehabilitation hospitals.

Jaindl Family Neurologic Endowment - Used towards operating costs associated with the Neurorehabilitation Program at Good Shepherd Rehabilitation Hospital. This includes patients with stroke, as well as brain or spinal cord injury.

John Raker Hudders Endowment - Provides funding for continuing education of staff working with patients recovering from brain injury.

Fleming Family Endowment - Used to support the Assistive Technology and Research programs at Good Shepherd.

Walter W. Mock, Sr., Ph.D., and Marie S. Mock Fund for Research and Technology - Used to support technology and research programs at Good Shepherd.

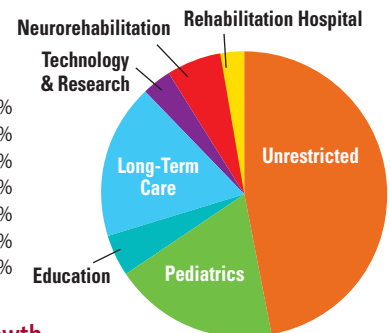
Oberly-Allen Nursing Scholarship Endowment - Used as a funding mechanism for the education and training of Good Shepherd nurses.

Good Shepherd Endowment Summary – June 30, 2015 (dollars in thousands)

Permanent Endowments	Principal	Market
Unrestricted	7,191	8,990
John Raker Hudders for Education	105	114
Conrad W. Raker-Education	884	935
Linny and Beall Fowler Endowment for Pediatrics	242	257
The Joseph & Marjorie Correll Pediatric Chair	1,155	1,133
Dornsife Pediatric Endowment	100	132
General Pediatric Endowment	1,742	1,857
Donley Family Pediatrics	1,000	1,018
Romig-DeYoung Community Access	1,129	1,492
Walter W. and Jacqueline G. Mock Fund for Pediatrics	255	249
Long-Term Care	1,467	1,896
Rehabilitation Hospital	536	583
Jaindl Family Neurologic	1,005	1,084
Fleming Family Endowment	384	379
Walter Mock, Sr. and Marie Mock Fund for Research and Technology	254	277
Oberly-Allen Nursing Scholarship Endowment	388	393
Total Endowments	\$17,837	\$20,789

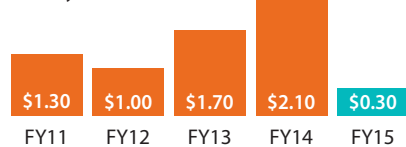
Endowment Funds by Purpose

Unrestricted	43.2%
Pediatrics	22.4%
Education	6.9%
Long-Term Care	16.3%
Technology & Research	3.2%
Neurorehabilitation	5.2%
Rehabilitation Hospital	2.8%



Endowment Funds Growth

(in millions)
(Fiscal year Ends June 30)



Good Shepherd Charity Care and Community Benefits

Consistent with our mission, Good Shepherd provides certain services without the expectation of reimbursement or at reimbursement levels below the cost of providing such services, as summarized below:

(rounded to the nearest thousand)	2015	2014
Benefits for Individuals Living in Poverty		
Charity Care at Cost	\$536,000	\$523,000
Unreimbursed Costs of Public Programs		
Medicaid	2,708,000	1,321,000
Subsidized Health Services	1,752,000	1,545,000
Total Quantifiable Benefits for Individuals Living in Poverty	4,996,000	3,389,000
Benefits to the Broader Community*		
Community Health Improvement Services	39,000	38,000
Health Professions Education	5,776,000	3,221,000
Subsidized Health Services	0	0
Research	0	0
Financial and In-kind Contributions to Other Community Groups	51,000	42,000
Community-building Activities	15,000	17,000
Community Benefit Operations	1,000	1,000
Total Quantifiable Benefits to the Broader Community	5,882,000	3,319,000
Total Quantifiable Community Benefits	\$10,878,000	\$6,708,000
Total Expenses	\$129,987,000	\$124,730,000
Community Benefits as a Percentage of Total Expenses	8.4%	5.4%

*This category represents those community benefit activities that are undertaken by Good Shepherd employees. They include the hosting of community health screenings and educational sessions, educational opportunities for aspiring health-care professionals and community-building activities.

When calculating the benefits that it provides to the community, Good Shepherd conforms to the conservative standards set by the Catholic Health Association (CHA). For more information on the CHA standards, visit www.chausa.org.

During FY15, Good Shepherd Associates donated more than \$53,000 to the United Way of the Lehigh Valley and delivered more than 200 backpacks filled with school supplies to students at Roosevelt Elementary School in Allentown.



We gratefully acknowledge all those who served on Good Shepherd's Board of Trustees, our facility medical directors and our administrators for fiscal year 2015.

BOARD OF TRUSTEES

GOOD SHEPHERD REHABILITATION NETWORK

DAVID G. DeCAMPLI, MS, Chair, Allentown
F. MARK GUMZ, Vice Chair, Bethlehem
SCOTT A. BAKER, MBA, Secretary, Schnecksville
LAURIE K. STEWART, BS, BA, CPA, Treasurer, Center Valley
PATRICK J. BRENNAN, MD, Havertown
ALVARO DIAZ, MS, Allentown
ROBERT E. GADOMSKI, MS, Bethlehem
ELSBETH G. HAYMON, M.Ed, Allentown
JAN HELLER, MBA, Bethlehem
JOHN KRISTEL, MBA, MPT, President & CEO, Allentown
JAAN NAKTIN, MD, FACP, Center Valley
ROSALIN PETRUCCI, Whitehouse Station, NJ
THE REV. JOHN C. RICHTER, M.Div., Sinking Springs
GARY SCHMIDT, MA, Orefield
DONALD W. SNYDER, Esq., Orefield
SANDRA L. JARVA WEISS, Esq., Haverford
DANIEL J. WILSON, PhD, Allentown
ERIC YOUNG, MD, Allentown

TRUSTEE EMERITI

JOHN V. COONEY, MS, Allentown
NELVIN L. VOS, PhD, Maxatawny
THE REV. DR. HAROLD S. WEISS, M.Div., Allentown

BOARD OF TRUSTEES

GOOD SHEPHERD SPECIALTY HOSPITAL

JOHN KRISTEL, MBA, MPT, Chair, Allentown
SAMUEL MIRANDA, Jr., MS, RN, NEA-BC
Vice Chair, Allentown
RONALD J. PETULA, CPA, Secretary/Treasurer,
Wallingford
JAMES J. DALEY, MD, Center Valley
PETER T. ENDER, MD, Center Valley
WILLIAM GOULD, MD, Bethlehem
SUSAN L. LAWRENCE, MS, CPHQ, Bethlehem
GREGORY WUCHTER, RN, MSN, Easton

FACILITY MEDICAL DIRECTORS

SCOTT K. EPSTEIN, MD
Good Shepherd-Wayne Memorial
Inpatient Rehabilitation Center
CLINTON C. HOLUMZER, MD
The Good Shepherd Home-Bethlehem
CATHERINE GLEW, MD
The Good Shepherd Home at Conrad W. Raker Center

GOOD SHEPHERD SPECIALTY HOSPITAL PROGRAM MEDICAL DIRECTORS

JAMES J. DALEY, MD
PETER ENDER, MD
WILLIAM GOULD, MD
JAAN P. NAKTIN, MD

ADMINISTRATION

JOHN KRISTEL, MBA, MPT, President & CEO
ANDREA BOHN, Vice President, Accounting
MICHAEL A. BONNER, MBA
Senior Vice President of Strategic Planning
and Business Development
FRANK HYLAND, MSPT
Vice President, Rehabilitation Services,
and Administrator, Good Shepherd
Rehabilitation Hospital
FRANCES IANNACCONE, RN, CRRN, MSHA, NHA
Administrator, The Good Shepherd Home
at Conrad W. Raker Center
CYNTHIA LAMBERT, M.Ed.
Vice President, Government and
Community Relations
DAVID F. LYONS, CFRE
Vice President, Development
SAMUEL MIRANDA, Jr., MS, RN, NEA-BC
Senior Vice President, Patient Care & Chief Nursing
Officer, Ethics & Compliance Officer
SCOTT NIER, PT, MA
Vice President, Practice Acquisitions
GEORGINE A. OLEXA, Esq., JD, MBA
Vice President, Legal Affairs
RONALD J. PETULA, CPA
Senior Vice President, Finance,
and Chief Financial Officer
JOSEPH SHADID, MBA, MSN, RN, NHA
Administrator, Good Shepherd Home-Bethlehem
LAURA M. SHAW-PORTER
Vice President, Human Resources, and Interim Executive
Director, Good Shepherd Penn Partners
SANDEEP SINGH, MD
Division Medical Officer, Vice President of Medical Affairs
GREGORY WUCHTER, MSN, RN
Administrator, Good Shepherd Specialty Hospital

