



2100 Powell Street, Suite 920  
Emeryville, CA 94608-1803  
800.476.1504  
info@cep.com  
www.cepamerica.com  
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**Driven by Excellence**

# Meeting the Top Challenges of Our Hospital Clients

**FOUNDED IN 1975**, CEP America today is the third largest provider of emergency department (ED) management and staffing solutions in the nation. Our notable strengths include world-class physician leadership as well as continual top rankings on national performance measures in clinical, operational, and health care service delivery.

Achieving operational excellence in today's emergency department is a complex and daunting task. CEP America's distinctive competence is successfully managing this complexity. Even in the face of constantly escalating challenges, the CEP America administrative team and dedicated local medical directors continue to provide creative solutions that hit consistently high performance levels. The benefits for our hospital clients include:

- Shorter wait times for patients to be seen by providers
- Improved ED department efficiency
- Increased profitability
- Reduced staff turnover
- Greater patient satisfaction and higher quality of care

**OUR GROWTH** over the past three decades has been fueled by requests from physician groups, nurses, and administrators already familiar with CEP's outstanding ED staffing model, proven programs, and effective systems. As our reputation has spread beyond our beginnings in California, staffing relationships have expanded to hospitals in four additional states—Arizona, Georgia, Oregon, and Texas.

CEP America's ongoing commitment to excellence and to improving ED performance is the hallmark of our success, which is reflected in the model programs we design and manage for the clients that we serve. Many of the ways in which we serve our clients are further highlighted throughout this Annual Report.



**I AM PLEASED TO REPORT** another outstanding year of performance by CEP America for our hospital clients. In this annual report, I want to highlight what we have learned about the challenges that you, our hospital clients, have identified as your top issues in providing emergency services.

For many years we have asked you about barriers you face in delivering the best emergency services possible. The resulting information then serves as the basis of a year-long dialogue among the medical directors at each site and the CEP management support team about each hospital client's local concerns. CEP America brings the aggregate expertise and knowledge that resides within our medical group leadership to provide innovations, initiatives, and solutions that address the needs of each individual client.

This year's top five challenges will come as no surprise to most hospital administrators;

- Patient Throughput /Patient Satisfaction
- Capacity Management and Holding Patients
- Managing Patient Volume and ED Renovation and Space Issues
- On-Call Specialty Physician Coverage
- Core Measures Performance

These issues are faced by hospitals everywhere. The practice environment continues to remain difficult, and there are no near-term solutions forthcoming from state or federal legislators; nor do the current presidential candidates have

specific plans that can be implemented without a long public debate. Against this challenging backdrop, CEP America has been using our management resources, initiatives, and innovations to achieve some remarkable results, such as reducing patient wait times and increasing patient satisfaction. These outcomes have been sustainable and reproducible regardless of patient volume, physical plant limitations, demographics, or hospital system.

We have learned that dedicated physician and nurse leaders collaborating with an engaged and committed hospital administration can result in high-performance emergency departments. Effective care and management strategies can mitigate the negative influence of ED challenges, and deliver significant operational and economic improvements for the hospital. This annual report includes a number of examples that demonstrate how CEP has made a real difference to our hospital clients in the pursuit of excellence.

**I INVITE YOU** to contact me should you like to know more about how other CEP America clients are coping with difficult obstacles, and how CEP America can assist you in addressing the specific challenges your organization encounters.



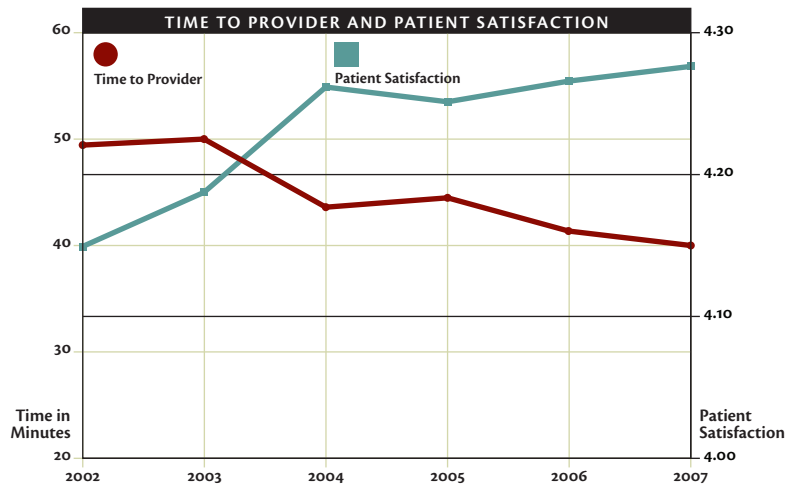
*Wesley A. Curry, M.D.*

Wesley A. Curry, M.D., FACEP  
President

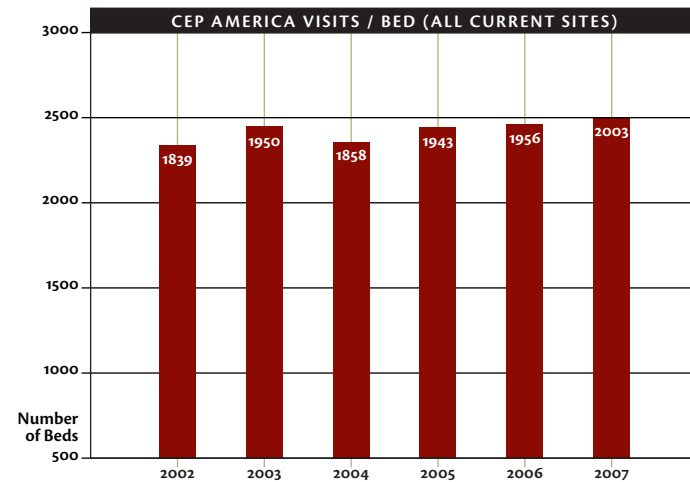
# Continuing to Expand Our Value Proposition



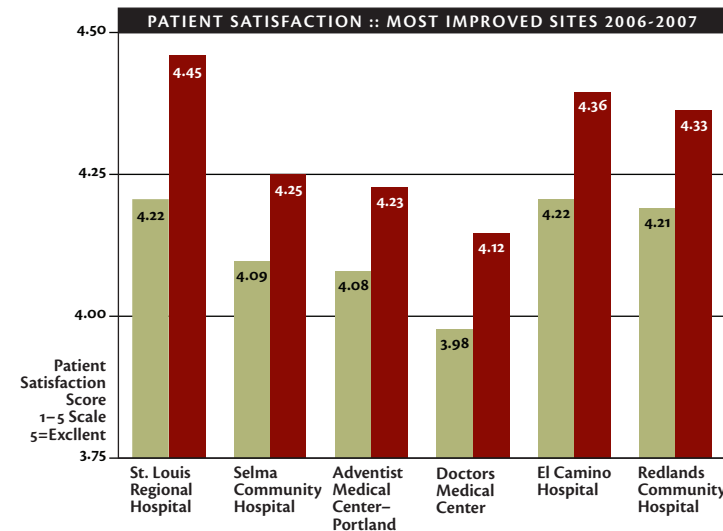
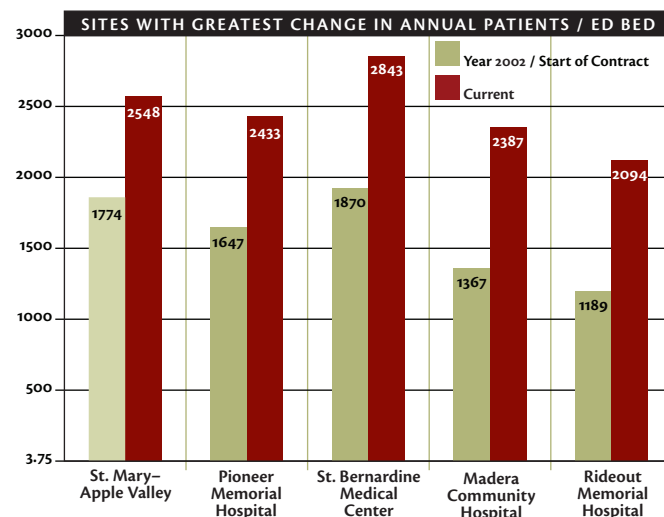
While emergency department wait times continue to increase across the country, CEP America has defied this trend. In fact, ED wait times have decreased by an average of more than 20% across all CEP sites since 2002. What accounts for these industry-changing results is our innovative Rapid Medical Evaluation (RME®) program, which has established our reputation as the nationally recognized leader in improving hospital emergency department patient flow. Moreover, we've discovered that our RME program not only has improved patient flow, it also has decreased hospital and physician risk, as well as improved nurse retention, team spirit, and patient satisfaction.



One of the most impressive outgrowths from our RME program has been the increase in "effective" ED beds. Despite increasing patient acuity, bed utilization at CEP America client hospitals has increased by almost 10% across all sites since 2002, and more than 70% at select new sites where the greatest improvements were needed. For our hospitals, this increase in patients/ED bed/year translates into increased profitability. For CEP, it translates into the ability to recruit and retain the highest quality emergency physicians.



**ATTENTION TO SERVICE** excellence is a hallmark of CEP America-staffed emergency departments. Through initiatives such as our patient callback program, leader rounding, and proprietary Check Six™ ED team communications program, CEP has been able to improve the patient experience and increase patient satisfaction.



Note: CEP America's proprietary patient satisfaction survey has been sent to over 2,000,000 patients. Changes of 0.10 on the CEP survey are equal to an approximately 20% change on the hospital surveys such as Press-Ganey and Gallup.

**CEP AMERICA'S COMMITMENT** to improved ED operations and service is matched only by our attention to quality excellence. To continually improve the care offered by our physicians and mid-level providers, we have developed a comprehensive provider education program that focuses on improving uniformity and quality of care, increasing physician productivity and ED efficiency, and decreasing risk. In 2007, CEP America awarded more than 10,000 Continuing Medical Education (CME) credits. In combination with provider education, CEP America has also developed a comprehensive risk reduction program that addresses individual practitioner, site, and system issues. The impact of these programs is real and measurable as is evidenced by the fact that MedAmerica Mutual, our A.M. Best, A- rated malpractice liability carrier, actually decreased CEP America malpractice liability premiums in 2008 because of our exceptional risk performance.

**OUR UNIQUE ABILITY** to partner with client hospitals enables us to implement successful ED operational service and quality excellence programs. CEP America understands that hospital change management is a complex process that requires the support and leadership of the physician staff. We are committed to developing high-level collaborative management teams. Our philosophy is to drive change through the development of leaders and managers who support not only ED, but hospital-wide change. To this end, we have developed training programs that represent the industry standard in Leadership and Management Education. These programs include a year-long, comprehensive Leadership/Management Education Series, a Medical Director Academy, a Nurse Manager Academy, a Mid-Level Provider Leader Academy, and an interdepartmental inclusive management approach—EPIC (Emergency Department Improvement Committee)—to change management.

As always, our goal is to be your ED physician group of choice by accurately predicting the health care environment, and by partnering with you to provide the leadership and management expertise necessary to meet the ongoing challenges of emergency medicine.



*Prentice Tom*  
Prentice Tom, M.D., FACEP  
Chief Medical Officer

# An Unwavering Commitment to Nursing

**“What a great experience it has been to join with CEP. Thank you. I am very satisfied with where we are now over where we were a year ago.”**

**MERCY MEDICAL CENTER**  
Redding, California

**TO FOSTER** mutual respect, collaboration, and teamwork among all members of the Emergency Department, CEP America continues its unwavering commitment to nursing. Creating a strong team environment makes for a demonstrably better work place, enhances the quality of patient care, and improves overall operational efficiency. CEP has implemented a physician-nurse relationship program across our sites. The program's success is measured through a formal nurse survey as well as ongoing feedback from our client Nurse Leaders.

#### Practice Management Consultants

CEP America's Practice Management Consultants (PMCs) provide value-added services to our hospital clients, aligning with our Nursing partners for the overall operational success of the emergency department. CEP sites can draw upon our PMCs' wealth of expertise and breadth and depth of experience in the following areas:

- Hospital Administration
- Nursing Administration
- ED Nursing Management
- Clinical Emergency Nursing
- Medical Staff/Credentialing Management
- Medical Group/IPA Practice Management
- Regulation (JCAHO, EMTALA, Title 22, Nursing Standards)
- Industrial Engineering
- ED Operations Consulting
- ED Construction Management
- Process/Quality/Performance Improvement
- Patient Safety
- Staff Development

The PMCs, employed by CEP's wholly owned practice management organization, MedAmerica, also offer Nurse Leaders such value-added consultation services as:

- ED Operational Assessments
- ED Risk Assessments
- Nursing and ED Staff Teambuilding
- Nursing Staffing Modeling
- Implementation of Key Operational Programs, including Rapid Medical Evaluation, Provider at Triage, Immediate Bedding, Expedited Discharge Processes



# Strategies for Driving Our Success Forward

**IT IS NO ACCIDENT** that CEP America had a very positive year in 2007. Our hospital clients rewarded us with high scores on our CEP hospital service survey. Our patients also rated us high, with many of our sites at or near the very top of patient satisfaction scores for their hospital systems. Our operational excellence has demonstrated improvements in time to physicians and ED throughput at the same time that many other non-CEP Emergency Departments are showing worsening performance due to the stresses on our healthcare system. In addition, CEP has improved our risk metrics, delivering a far better risk (malpractice) experience than our peers.

In 2007, as the CEP leadership team developed plans for 2008 and beyond, we agreed that the primary factor distinguishing CEP from other emergency physician groups is the quality of our operations, including recruiting quality providers, establishing effective programs, and creating a positive environment to succeed. Another factor that drives our success is our ability to manage complexity by focusing on a few things and doing them well. Partnership-wide we determine what those “few things” are in our annual Balanced Scorecard (BSC) process, during which we distill our financial, customer (both hospital clients and patients), internal, and developmental goals into a single page of objectives that chart our operational direction for the year.

For 2007, these key objectives were to:

1. Improve service and operations
2. Improve clinically
3. Develop CEP leadership

I'd like to focus for a moment on the third objective, developing CEP leadership. Quality leadership is needed to drive initiatives that continue to improve patient care and deliver outstanding support to our clients. Anticipating our organization's ongoing evolution and preparing for the time when some senior executives will transition into new roles, we are focused on

developing our next generation of leaders. To this end, we have established an intensive and comprehensive Medical Director Academy. We also offer Medical Director/Leadership meetings several times a year, where Medical and Assistant Medical Directors from across the organization share best practices, learn from one other, and grow as leaders. Further, we have created emergency medicine fellowships that encourage interested, young ED physicians to learn about leadership from senior team members. In addition to leadership development, in 2007 we also redesigned our management structure, increasing the number of regions (now 11) while decreasing their size and adding two physician Division Directors to support this regional realignment. By having smaller regions with additional support, we believe that we can bring more personalized service to each emergency department.

**OUR ANNUAL OBJECTIVES**, of course, stem from our long-range strategic plan, which is focused on delivering ever-higher levels of care to a growing number of patients and hospitals. We believe that we currently are the top ED group in the country, but we know that we can—and must—continue to improve our services and capabilities to sustain our success over the long term. As a CEP Partner, I am very proud of all that we have accomplished to date, and I am extremely optimistic about the future of our organization going forward.



Mark Spiro, M.D., FACEP  
Chief Operating Officer and  
Vice President of Operations

# Why Do Hospitals Choose to Partner with CEP America?

**“We are exceedingly pleased with CEP. Keep up the great work! Rapid care has been an excellent innovation.”**

**DESERT REGIONAL MEDICAL CENTER**  
Palm Springs, California

CEP America, a very stable democratic physician partnership, has a more than 30-year track record of superior performance in emergency department management, staffing, and consulting services based on strong physician leadership and quality clinical practice. With extensive experience and success in merging with single and multiple groups of physicians, we have added 21 new hospital clients since 2004, including six new ED contracts in 2007. With over 1,300 providers (physicians and physician extenders), we provided emergency physician services to more than 60 emergency departments and to about 2.7 million patients in five states this past year and expect to see 3 million patients in 2008. In addition, CEP has partnered with its client hospitals and their respective medical staffs in 19 Ambulatory Care Clinics to provide urgent care, family practice, and occupational medicine services.

**CEP BRINGS AN UNMATCHED** physician management knowledgebase and support structure to enhance medical director leadership, medical direction, and the performance of the emergency physicians at each client hospital. We not only determine what areas need to be focused on, we actualize our recommendations with follow-through and solutions that are maintained into the future.

CEP enables our high-quality Board Certified physician partners to enjoy the best attributes of both a small and large emergency department group. They can function as an integral part of the local community and the hospital team and, at the same time, access the physician management brain trust, experience, and resources developed at multiple sites over 30 years to help craft local solutions to local issues.

**TIME AND AGAIN**, CEP has proven that it has the tools and management expertise to effect radical changes for the better in emergency departments of all types. Our physicians believe that the hospital ED in which they work is their own emergency department practice. They treat its problems as their problems, and its success as their success. The results are sustained for our current clients and achievable for our new clients.

Our organizational philosophy emphasizes the fact that the emergency department does not stand alone, and that for the ED and hospital to successfully improve overall performance, CEP must be an active partner. When a hospital chooses CEP to staff its emergency department, it doesn't just get a hired hand; it gets a partner who shares the same goals as the hospital, a partner who offers the resources and development opportunities of an established group of physicians and a partner who delivers what it says it will deliver.



*Ted Kloth MD*  
Ted Kloth, M.D., FACEP  
Vice President of  
Business Development

# Ongoing Success at St. Mary Medical Center



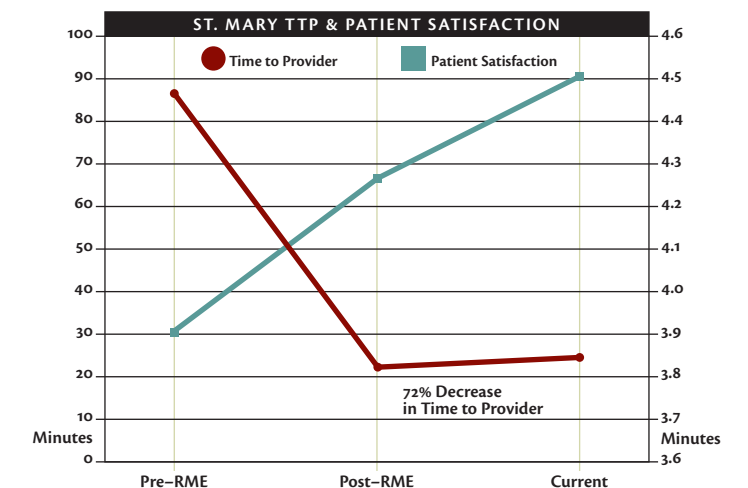
**ST. MARY MEDICAL CENTER**, located in the high desert of Apple Valley, California, is a Level II, 186-bed acute care hospital that treats over 50,000 emergency department (ED) patients annually. It was among the first CEP America sites to implement our Rapid Medical Evaluation (RME) program. Upon being awarded the St. Mary contract back in 2003, CEP America conducted an operations assessment to identify any problem areas or issues affecting ED patient flow and services. This led to the formation of a multidisciplinary Triage and ED Efficiency Task Force charged with creating an expedited medical screening process.

**SIX MONTHS LATER**, St. Mary had completely reengineered its front-end process and implemented the RME approach. As a result, its ED experienced:

- A 75% decrease in time to provider (TTP)—from 87 to 22 minutes
- An approximately 60% decrease in total turnaround time for discharged patients—from 360 to 143 minutes
- A significant decrease in the percentage of patients who left without being seen (LWBS)—from 10.6% to approximately 1%
- A dramatic increase in patient satisfaction scores—from the 25th percentile in Q1 to the 70th percentile in Q2

In 2004, St. Mary was awarded CEP America's ED Operational Award, and in 2007 received CEP's ED of the Year Award in recognition of its sustained performance.

**AS OF SPRING 2007**, St. Mary has maintained its operational and patient satisfaction improvements with a new provider at its triage area to accommodate the growth in patient volume. Its current TTP is 24 minutes and the percentage of LWBS patients remains extremely low at 1.5%. Patient satisfaction has continued to improve, with St. Mary ranking third on this metric among CEP America's high-volume sites. Since implementing the RME program, St. Mary has also achieved vast improvement in diversion hours, slashing times from more than 328 minutes per month to just 26 minutes per month today.



# Rising to New Challenges

In my letter to you last year, I speculated about several issues that were of concern to CEP America's Board. We wanted to be sure that we were acting to substantially improve emergency medical care while bringing added value to our affiliated hospitals.

Now, a year later, I have the opportunity to reflect on how accurate our concerns were, and to consider 2008, already shaping up to be another challenging period for our industry. Let me share the following observations:

**CHANGING REIMBURSEMENT** The cost of care continues to increase, with the latest predictions again threatening expenditures that will likely double over the next few years. Pressure on payments to physicians and hospitals is, of course, also growing, with some state and federal budget changes (translation: reductions) already implemented, and others expected. CEP America's Board is addressing this issue on several fronts by:

- Continuing to support the use of mid-level providers at many of our sites in an effort to enhance the cost-effectiveness of care for ED and ambulatory care patients
- Standardizing best practice approaches at all of our locations, striving for consistent and efficient use of ED and hospital resources
- Fully participating in the Medicare Physicians Quality Reporting Initiative helping ensure that we capture all appropriate revenue, and continuing to work closely with our clients as CMS broadens this effort
- Expanding the use of innovative approaches, such as the Rapid Medical Evaluation (RME)<sup>®</sup> program, to improve ED operations
- Actively participating with professional societies and hospital associations in the political process, educating legislators and government agencies about the unique problems and constraints that we collectively face under current laws and regulations

Effecting positive change in this last area is at times a frustratingly slow process, but one that the CEP America Board will continue to pursue.

**PAY FOR PERFORMANCE** I believe that we collectively have much to be proud of here. The Board has aggressively supported CEP America's work to address and

meet all current core performance measurement requirements. As a result, our clients have achieved excellent compliance scores, reaching the highest percentiles on many ED measures, including those relating to coronary artery disease and pneumonia. We will continue to work closely with our clients as additional performance-driven incentive changes are introduced. Our Board anticipates that this will help meet the regulatory and compliance burden that will continue to impact us all for the foreseeable future.

**HEALTH CARE REFORM** The bandwagon seems to be moving, albeit in fits and starts, both at state and federal levels. At the very least, the 2008 elections will offer us the opportunity to participate in what may prove to be truly meaningful debate and discussion. In my home state of California, Governor Schwarzenegger's reform proposals have hit a budget deficit wall, stopping progress at least for the moment. Nationally, all presidential candidates seem to have taken some sort of a position, although exact details remain fuzzy. Fortunately, there seems to be a universal desire to reduce the number of uninsured. Needless to say, any development that improves coverage will be good for us all. The CEP America Board will continue to focus our advocacy efforts on those areas where we may be able to generate common benefit.

It is often all too easy to be put off by the challenges that lie ahead, and conversely, far more difficult to recognize and take advantage of the accompanying opportunities. I know, however, that the CEP America Board is squarely focused on the latter approach in acting to strengthen our client services, continue to build strong relationships, and find the best ways to meet our mutual needs. The Board and I invite you to contact me or any of my CEP America colleagues with your questions or comments.



Joel A. Stettner, M.D., FACEP  
Chairman of the Board

## CEP America Sites

Oregon



California



Arizona



Georgia



Texas

