

2011

ANNUAL REPORT

A G R O U N D B R E A K I N G Y E A R



UCSF Medical Center

UCSF Benioff Children's Hospital



GROUNDBREAKING VISION

Dear friends,

The word “groundbreaking” often defines innovative and pioneering events. So it’s an especially appropriate description of activities in late 2010, when we broke ground on our new children’s, women’s and cancer hospitals at Mission Bay. That day marked the culmination of nearly one decade of work that began with an ambitious vision: create a state-of-the-art, environmentally friendly medical center where we can provide unparalleled care to our patients.

The steel structures that since have risen from the site are changing the San Francisco skyline – and the future of health care. Hundreds of the world’s top clinicians and scientists will work together in technically sophisticated facilities, translating science into patient care. The new hospitals also will become a training ground for team-based, interdisciplinary care that capitalizes on the expertise of all the health professionals at UCSF.

Even as we build our new medical center, we’re continuing to embrace the latest advancements in technology at our existing hospitals to make the care we provide today safer and more personalized. Our new electronic medical record is streamlining care by creating one electronic chart accessible to all the clinicians involved with a patient. Our automated hospital pharmacy, believed to be the nation’s most comprehensive, has administered 1.5 million doses error-free.

We take seriously our responsibility to the hundreds of thousands of patients who put their well-being, and often their lives, in our hands. And we will never stop pushing ourselves to provide them with the highest-quality, safest care. As we look forward to 2012 and beyond, it’s important to recognize how fortunate we are to be surrounded by donors, community members, patients, faculty, staff and supporters who are equally passionate about our vision. Without them, without all of you, our groundbreaking efforts would not be possible. To each of you, we are profoundly grateful.



Mark R. Laret
Chief Executive Officer
UCSF Medical Center
UCSF Benioff Children’s Hospital

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*On June 30, 2011

YEAR IN REVIEW 2010-2011

As the fiscal year began, UCSF Medical Center was once again named among the top 10 hospitals in the nation by *U.S. News & World Report*. In the months that followed, the medical center continued to lead the way by championing changes that seek to greatly improve the lives of patients and their families. From ensuring patient safety through embracing the latest technology to breaking ground on innovative facilities that will set a new standard of care, UCSF Medical Center continued to push the horizons of medicine for patients today and for generations to come.

Groundbreaking at Mission Bay

After a decade of planning, UCSF broke ground in October 2010 on a state-of-the-art and sustainable medical center at Mission Bay – a 289-bed, 878,000-square-foot complex that promises to transform care for children, women and cancer patients. More than 200 community members, elected officials, donors and UCSF leaders, faculty, staff and patients celebrated the milestone.

UCSF Medical Center and UCSF Benioff Children's Hospital Rank Among the Nation's Best

UCSF Medical Center ranked among the nation's top 10 premier hospitals for the 10th consecutive year, and UCSF Benioff Children's Hospital ranked among the nation's best children's hospitals in nine specialties, according to annual surveys conducted by *U.S. News & World Report*.



Employees celebrate the hospitals' groundbreaking



UCSF Benioff Children's Hospital ranked among nation's best



New home for UCSF Osher Center for Integrative Medicine

First UCSF Clinics Implement Electronic Health Records

UCSF implemented our first electronic health record at the Mount Zion campus on April 6, 2011, transforming how health care providers, staff and patients exchange information. The system, called APEX, puts increased emphasis on patient safety and medical error prevention by creating one electronic patient chart that's accessible across the institution, increasing the continuity of care.

UCSF Osher Center for Integrative Medicine Celebrates New Building

UCSF's center for integrative medicine opened the doors of its new home at the UCSF Mount Zion campus. The UCSF Osher Center for Integrative Medicine offers the best of modern medicine with established healing practices from around the world, and is a major hub of research, education and patient care in integrative medicine.

New UCSF Robotic Pharmacy Aims to Improve Patient Safety

Although it won't be obvious to UCSF Medical Center patients, behind the scenes a family of giant robots now counts and processes their medications. With a new automated hospital pharmacy, believed to be the nation's most comprehensive, UCSF is using robotic technology and electronics to prepare and track medications with the goal of improving patient safety.

UCSF Challenge for the Children Breaks \$1 Million

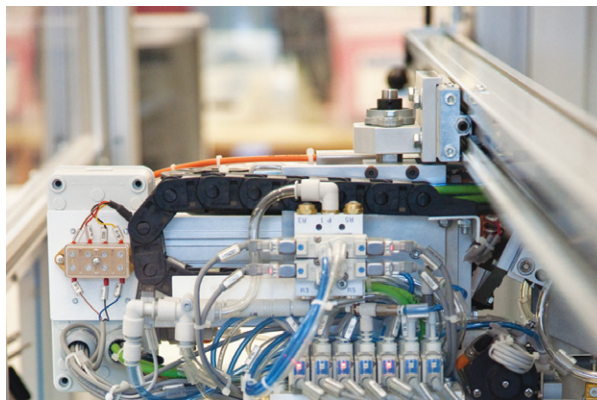
The UCSF Challenge for the Children, a social media-based fundraising contest that won the support of prominent Silicon Valley companies, tech industry executives and other celebrities, raised more than \$1 million for UCSF Benioff Children's Hospital. Nearly 165,000 people donated to the highly successful campaign.

Fetal Surgery Found to Be More Effective Than Operating After Birth

Thirty years ago, the first human fetal surgery was performed at UCSF. Now, a randomized, controlled trial led by UCSF researchers has proven definitively that babies who undergo an operation to repair the birth defect spina bifida while still in the womb develop better and experience fewer neurological complications than babies who have corrective surgery after being born.



UCSF Challenge for the Children raises more than \$1 million



Robotic arm in the new hospital pharmacy



UCSF Medical Center ranked among the top 10 in the nation



The new UCSF Smith Cardiovascular Research Building

UCSF Cardiovascular Care and Prevention Center at Mission Bay Opens

The 236,000-square-foot center, which opened on November 1, 2010, brings together heart care patients, world-class clinicians and leading-edge researchers in an enterprise designed to accelerate the translation of basic research into clinical findings and, eventually, therapies for patients. Featuring a full range of interdisciplinary care and research in the new UCSF Smith Cardiovascular Research Building, the center is housed with the world-renowned Cardiovascular Research Institute as well as cardiology and vascular practices and the Center for Prevention of Heart and Vascular Disease.

UCSF Forms Cancer Care Partnerships

The UCSF Helen Diller Family Comprehensive Cancer Center joined forces with Enloe Medical Center, Chico; Community Hospital of the Monterey Peninsula, Monterey; and Renown Institute for Cancer in Reno, forming an affiliation of cancer programs to enhance patient care and improve access to top-level medical experts. These affiliations will bring a team of local and national experts together to offer patients the latest therapies and promising new treatments. UCSF is also affiliated with two other California cancer centers: Mercy Medical Center Redding and St. Helena Hospital, St. Helena.

FINANCIALS

Fiscal years ending June 30, 2010,
and June 30, 2011
(dollars in thousands)

In fiscal year 2011, UCSF Medical Center provided \$140 million in care for which it received no payments (charity care and bad debt) or payments that were less than the cost of the care provided (Medi-Cal reimbursement shortfall). UCSF Medical Center offers medical care to children, emergency patients and those community members who require our specialized services, regardless of ability to pay.

2011 2010

BALANCE SHEET

Assets

Total current assets	737,099	590,861
Capital assets, net	957,406	824,471
Cash restricted for hospital construction	628,185	–
Other assets	30,991	28,933
Total assets	2,353,681	1,444,265

Liabilities and Net Assets

Total current liabilities	224,112	198,794
Long-term debt and capital leases, net of current portion	946,642	262,810
Other liabilities	59,423	50,732
Total liabilities	1,230,177	512,336
Net assets	1,123,504	931,929
Total liabilities and net assets	2,353,681	1,444,265

INCOME STATEMENT

Operating Revenue

Net patient service revenue	1,864,052	1,766,688
Other operating revenue	25,152	21,069
Total operating revenue	1,889,204	1,787,757

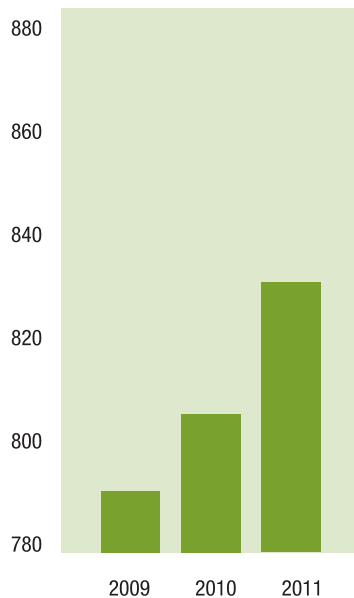
Operating Expenses

Salaries and employee benefits	841,510	793,754
Supplies and purchased services	700,318	669,988
Depreciation and amortization	81,474	77,790
Other	91,494	95,646
Total operating expenses	1,714,796	1,637,178
Income from operations	174,408	150,579
Non-operating expenses, net	32,559	(1,474)
Net income	206,967	149,105

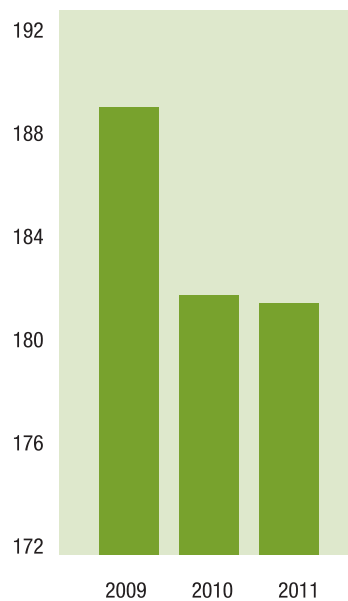
ADDITIONAL INFORMATION

Uncompensated/undercompensated care	140,426	137,957
Reinvestment in facilities and equipment	216,512	168,532

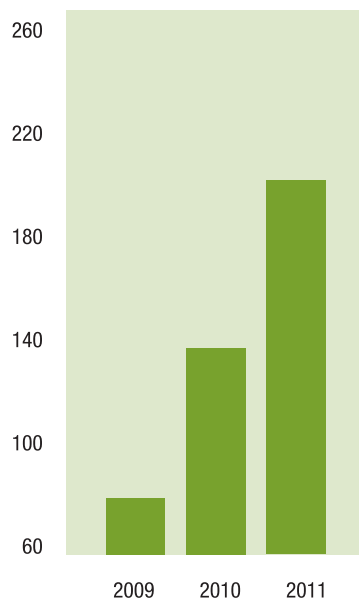
Outpatient activity
Patient visits in thousands



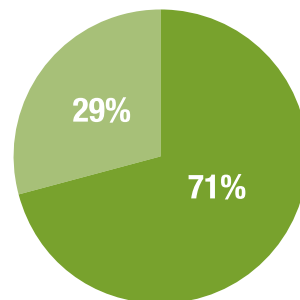
Inpatient activity
Patient days in thousands



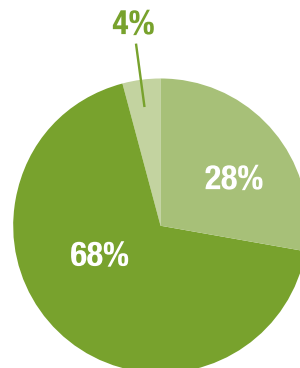
Net income
Dollars in millions



Patient mix*
Adult: 71%
Pediatric: 29%



Patient origin*
San Francisco residents: 28%
Other California residents: 68%
Outside of California: 4%



*Based on patient days

BUILDING A HEALTHY COMMUNITY

UCSF Medical Center is the leading hospital in San Francisco and Northern California and a destination for patients with complex conditions from around the world. The medical center is self-supporting and uses its margins to meet important needs in our communities, including training physicians and other health professionals, supporting medical research, providing care to the medically and financially needy, and building and operating facilities to serve the diverse needs of our patients.

The 2011 annual report of UCSF Medical Center and UCSF Benioff Children's Hospital was produced by the Marketing Department.

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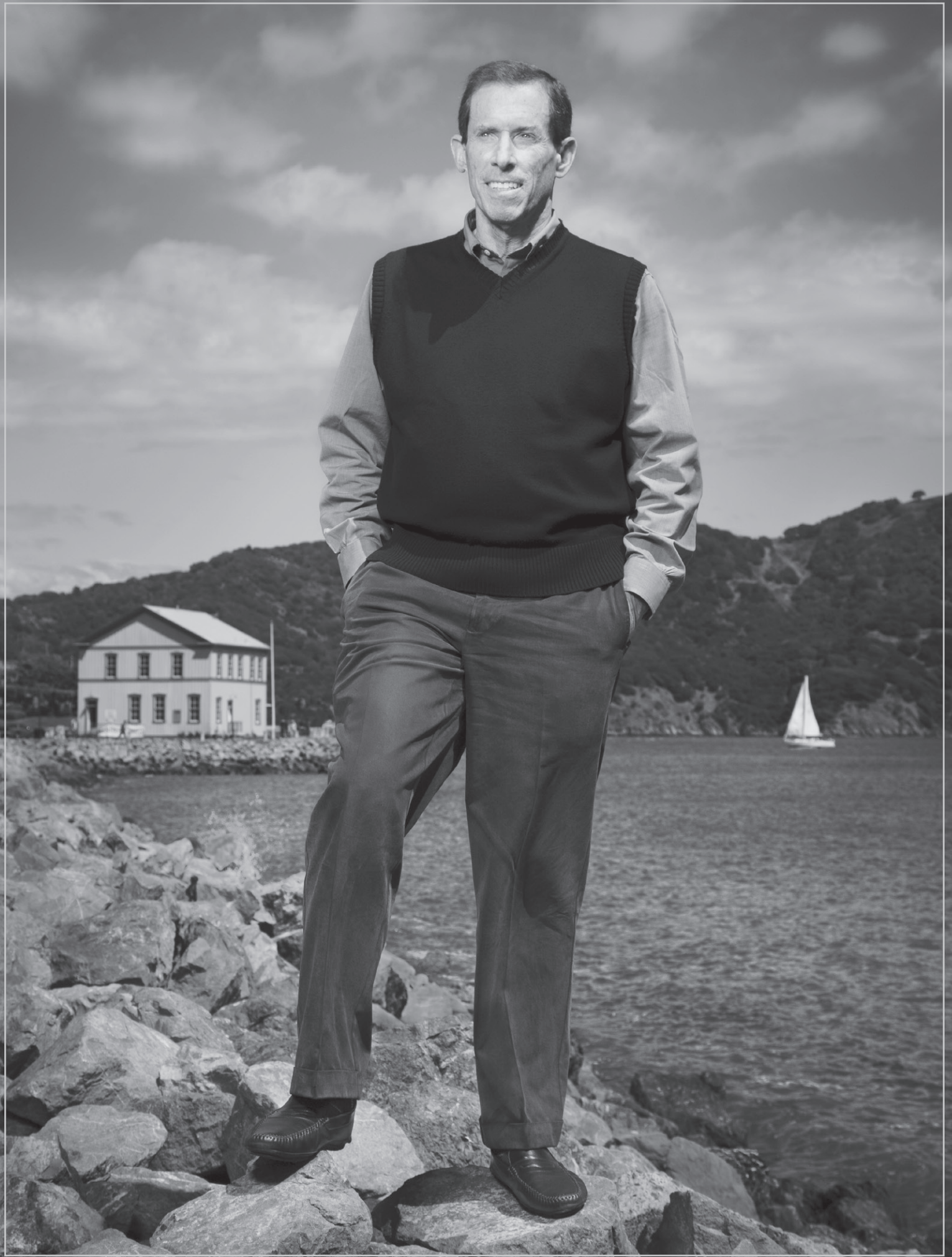
University of California
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advancing health worldwide™

At UCSF Medical Center, the champions don't wear gold medals. They wear scrubs, nurses' smocks and lab coats. They cover post-chemo baldness with wigs, and tiny preemie heads with the world's smallest watch caps. They wear downtown suits, hard hats, gowns that open at the back and sweatpants for long nights by a sick child's bedside. At UCSF, ordinary-looking people are often extraordinary. Patients, caregivers, scientists, philanthropic partners – they are the faces of advanced science translated into innovative medicine. And they are the inspiration for The Campaign for UCSF Medical Center – transforming health care for the world, starting right here in San Francisco.

MEET THE CHAMPIONS





ART KERN

BOARD MEMBER, PROSTATE CANCER FOUNDATION /
ADVOCATE FOR PROSTATE CANCER RESEARCH

When Art Kern discovered he had prostate cancer, he didn't just become a UCSF patient. He became part of the research. And through his perseverance, insight and generosity, he is influencing prostate cancer solutions that will help men everywhere.

In the mid-'90s when Kern's doctor saw an elevated PSA reading, he said, "Don't worry." After all, Kern was not yet 50 years old, and he was healthy.

But when Kern mentioned his PSA level to an endocrinologist he knew from UCSF, he heard different advice: See Dr. Peter Carroll, a leading expert in prostate cancer. "Being treated by Peter probably saved my life," Kern now says. Gratitude, combined with the same thirst for innovation that made him a business leader, inspired Kern to cross over from prostate cancer patient to research advocate.

"UCSF at Mission Bay will be a place where 21st-century science meets 21st-century medicine, with the best research and the best care available."

Along with Andy Grove, then CEO of Intel, and Van Van Auken of the venture capital firm Mayfield Fund, Kern helped organize fellow prostate cancer survivors to share their recovery experiences, raise research funds and provide invaluable feedback to UCSF researchers.

"The more involved I get, the more I admire the people and the spirit here," Kern says. "Collaboration has always been the 'secret sauce' of UCSF. And, just as Silicon Valley's innovations grow from teamwork, it's increasingly clear that solutions to diseases like cancer aren't going to come from one researcher working alone. If the promise of personalized medicine is going to happen anywhere, it will be at UCSF."



GIDEON, SUSIE AND JONATHAN YU

BOARD MEMBER, UCSF FOUNDATION (GIDEON) / MOM AND PHILANTHROPIST (SUSIE) / NEXT-GENERATION ENTREPRENEUR (JONATHAN)

Sometimes, Gideon gazes upon his 3-year-old son, Jonathan, asleep and snuggled up against mom Susie, and thinks: “This is what heaven must look like.” Then he remembers how that heaven was threatened.

Jonathan was just 2 months old when his parents rushed their crying baby to a local emergency room. Eleven grueling hours passed before X-rays, blood tests and scans revealed a broken bone and something more worrisome: a potential issue found in a scan of Jonathan’s brain.

“With three Mission Bay hospitals in place, UCSF will be even stronger. We’re proud to contribute in any way we can to that outcome.”

When no one at the hospital could provide the assistance or information they so frantically sought, the Yus mobilized every acquaintance in search of help for their son. The resounding recommendation: Get Jonathan to UCSF.

Over the next several days, the compassionate, informed attention of a UCSF specialist in pediatric neurology put them at ease, Gideon and Susie say.

With a clear sense of their options, and the recommendation to monitor Jonathan closely as he approached each new developmental target, they brought their angel home.

Today, Jonathan is a normal, happy and – most important – healthy little boy. And Gideon and Susie are active angels of UCSF, through philanthropy and through the great gift of their time, energy and considerable talents. “When I think about the next chapter of my life, I know I want to contribute to great causes like UCSF,” says Gideon.



CASSANDRA ROBERTSON

RN / MSN / ADVOCATE FOR PATIENTS AND STAFF / GOSPEL SINGER / INSPIRATION

It takes a strong personality to turn an operating room full of surgeons, technicians, scrub nurses and residents into a team. With rare, salt-of-the-earth character and a gospel singer's power to inspire, Cassandra Robertson unites them all.

Here's a story that says everything about Robertson: The father of a very sick child had reached his breaking point. He refused to allow doctors to proceed with surgery. So great was his pain, other hospital staff members were afraid to enter the child's room.

But Robertson took the chance. She walked her friendly face in and brokered a truce with the frightened and angry dad. She supported the physician while he made the case for surgery. She dressed the dad in scrubs and took him on a tour of the operating room, so he could see where his child would be. Then, with the surgery under way, she called the father every 30 minutes to report on progress. So successful was the outcome that the man came back with treats for the staff, plus two words that meant the world: "Thank you."

The joy of working harmoniously toward a shared goal – caring for ailing children and supporting their families – is similar to the satisfaction Robertson experiences when she sings. "I don't want to sound corny, but the link between my music and my career is really that my passion for both is rooted in the same inspiration. I don't sing R&B. I sing gospel," she says. "And my faith makes me passionate about caring for people, period."

"It can be tough operating on kids in a facility that's really designed for adults. UCSF's new children's hospital at Mission Bay, built for children from the ground up, will change all that."

LAURA ESSERMAN

MD / MBA / DIRECTOR, CAROL FRANC BUCK BREAST CARE CENTER /
KEEPER OF MEMORIES

In 17 years at UCSF, Laura Esserman has seen thousands of patients. She's helped many vanquish breast cancer. She's been by the bedsides of others at the end. But her work for each woman begins in the laboratory, where she remembers her patients' stories, their courage and their hope.

The understanding that breast cancer is not just one disease drives Esserman's research. "Our job is to discover as much as we can about the biology of each breast cancer and determine how well the treatments work for each, so patients can make informed decisions," she says.

"UCSF is the most collaborative place I've worked. I am so much more capable because of the people I work with. Here, science is a team process."

In one of Esserman's groundbreaking initiatives, called ATHENA, doctors and researchers from five UC medical centers are collaborating on the care of 150,000 women to understand why some develop breast cancer and to find more effective ways to customize prevention and treatment. Another effort – the I SPY Trial, involving 20 major U.S. cancer centers – is characterizing breast cancers according to distinctive molecular markers and using an innovative trial design to test which promising new drugs have the greatest impact on different tumor profiles.

Both efforts support the collaboration Esserman thinks is essential to discovery. And both put Esserman on the brink of breakthroughs that will enable doctors to tailor therapies to each woman's tumor and even prevent breast cancer – work that will accelerate when UCSF's women's and cancer hospitals share a modern campus with researchers at Mission Bay.



BE A CHAMPION

United in our passion for innovation, our compassion for each other and our generosity, we are creating a model for tomorrow's hospitals and a source of inspiration for tomorrow's champions. And we're looking for a few more to join us – people like you.

When completed, UCSF Medical Center will offer exceptional care, accelerated research, collaborative discovery, measurable excellence and a broad impact. Be our Champion, and help us change more lives than we can imagine.



To learn more about what you can do to help champion our cause, call The Campaign for UCSF Medical Center at (415) 476-4647 or visit support.ucsf.edu. For the full versions of these stories, and many more, visit missionbayhospitals.ucsf.edu/champions.

UCSF Medical Center

UCSF Benioff Children's Hospital