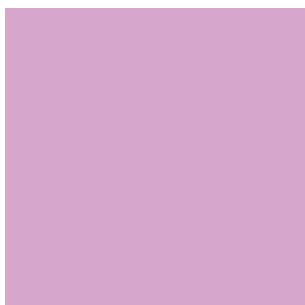
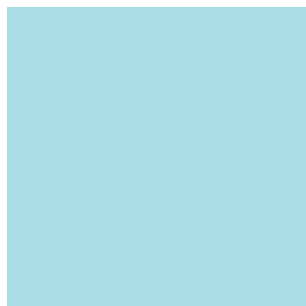
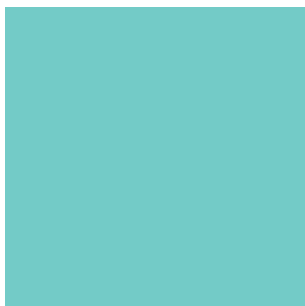


The HSC Health Care System

2010 Annual Report



The HSC Foundation

The HSC Foundation is dedicated to improving access to services for individuals who face social and health care barriers due to disability and chronic illness. Health Services for Children with Special Needs, Inc., The HSC Pediatric Center, HSC Home Care, LLC and Special Needs Consulting Services are subsidiary organizations of the Foundation.

www.hscfoundation.org
2013 H Street, NW, Suite 300, Washington, DC 20006
Voice: (202) 454-1220/Fax: (202) 454-1251
Email: info@hscfoundation.org

Health Services for Children with Special Needs, Inc. (HSCSN)

HSCSN is an innovative care management network, coordinating health, social and education services for the pediatric Supplemental Security Income (SSI) and SSI-eligible populations of Washington, DC. Benefits to members and their families include traditional Medicaid benefits plus expanded health care and wrap-around services.

www.hscsn-net.org
1101 Vermont Avenue, NW, Suite 1200
Washington, DC 20005
Voice: (202) 467-2737/Fax: (202) 466-8514
Language Line: (866) 937-4549/TTY: (202) 467-2709

The HSC Pediatric Center (HSCPC)

The HSC Pediatric Center provides quality rehabilitative and transitional care for infants, children, adolescents and young adults with special health care needs and their families in a supportive, culturally competent and respectful environment.

www.hscpediatriccenter.org
1731 Bunker Hill Road, NE, Washington, DC 20017
Voice: (202) 832-4400 or 1 (800) 226-4444
TTY: (202) 832-7848
Admissions: (202) 625-6113 or 1 (800) 226-4444

HSC Home Care, LLC (HSCHC)

HSC Home Care, LLC is a licensed home health agency located in the District of Columbia that is dedicated to providing home care services to residents who are infants, children and teens through the age of 21.

www.hsc-homecare.org
1731 Bunker Hill Road, NE, Washington, DC 20017
Voice: (202) 635-5756/Fax: (202) 461-3687
Email: info@HSC-HomeCare.org

The HSC Health Care System is a network of organizations that work together to ensure the highest quality of care for the people it serves – individuals and families who face social and health care barriers due to disability and chronic illness. The pediatric specialty hospital, care management organization, home health agency and supporting foundation provide comprehensive services and programs to ensure a continuum of care is achieved for individuals, their families, and the community.

In this year's annual report, you will find stories that demonstrate how The HSC Health Care System empowers youth to make successful transitions to adulthood, creates opportunities for children and young people with disabilities, works collaboratively to strengthen families, and continually enhances quality of care.

Empowering Young People

The HSC Foundation is focused on working collaboratively with other community organizations to assist young people and returning veterans with disabilities, in the Washington metropolitan area and beyond, to successfully transition from school to adulthood and into the world of work.

NATIONAL YOUTH TRANSITIONS CENTER

In June 2010, The HSC Foundation broke ground at the site of the future National Youth Transitions Center. After several years of work on a Youth Transitions Initiative, the Foundation has developed a greater understanding of the issues faced by transition age youth with disabilities. The Foundation has developed a strong network of partners who work to effectively address these issues and to make a positive difference in the lives of young people and returning veterans with disabilities.

The National Youth Transitions Center is a collaborative learning community that will be housed in a state-of-the-art, seven-story building located near the George Washington University. It will provide a wide range of direct services for youth and veterans with disabilities who live in the Washington metropolitan area. The Center will be a place that enhances the abilities of young people with disabilities and assists them in entering/re-entering the workforce, contributing to community life, and being productive members of society. The Center will also provide a place for national debate, conferencing, and policy work on transition-related issues.



“I am very pleased to help break ground on the much-needed National Youth Transitions Center. Now there will be a place where much-needed coordinated services, such as mentoring and job training will be available.”

— Congresswoman Eleanor Holmes Norton (D-DC)

Alex's Art Loft

Alex Gabriel Martin is a teenager with autism who likes to communicate through art. His unique artwork comes in many media including pastels, paint, chalk, markers, mosaics, fabric, stencils, stamps, and more. Alex, currently a student at Ivymount School, is nonverbal and reads at a first grade level. In order to communicate beyond simple words, he uses a communications device.

This past year, Alex received one of The HSC Foundation's 2010 Life Enrichment Awards, which he used to help launch and manage his own online business, Alex's Art Loft (www.alexartloft.org) to promote and sell his own artwork. The goal of The HSC Foundation's Life Enrichment Awards Program (LEAP) is to enrich the lives of youth and young adults with disabilities in the Washington metropolitan area by providing goods and services that are directly linked to youth transitions through a network of community partners. Ivymount School, a LEAP partner of The HSC Foundation, gave Alex a laptop, a portable speaker system and an iTunes gift card so that he could purchase useful and educational applications.

The LEAP Award has made it possible for Alex and his family to design a website and to learn vocational skills such as basic graphic design, inventory control, and customer data entry. When Alex displays his work at craft shows, he uses his communication device and is able to be more responsive to his family, friends and business customers.



“Alex's Art Loft has allowed Alex to interact with his community, showcase his artistic talents, learn business skills and earn a little money. More importantly, Alex can take on responsibilities of a typical teenager and have something of his own when he graduates from school.”

— Diana Martin, Alex's mother



Lacy's Advocacy

Each year, The HSC Foundation's Advocates in Disability Award recognizes a young person with a disability, between the ages of 14 and 26, who has dedicated themselves to positively impacting the lives of individuals with disabilities and their families in the Washington metropolitan area.

This year's Advocates in Disability Award winner was the bright and ambitious Lacy Pittman. As the winner she received \$3,000 for personal interests and up to \$7,000 to fund her proposed program.

Lacy Pittman's award-winning entry was the "My Generation: Youth, the ADA and Art" contest, to commemorate the 20th anniversary of the Americans with Disabilities Act. The contest encouraged young people with disabilities, 16 – 24 years old, to demonstrate and interpret the impact the legislation has had on them through paintings, videos, posters, literature and other artistic mediums.

“I believe that though we may not feel any connection between the ADA and the daily obstacles we face, it is in fact a firm statement of equal rights and privileges for all to enjoy.”

— Lacy Pittman

Norah's Path to Employment

Norah Matthews was recently hired as a lighting designer for The Theatre Lab, School of the Dramatic Arts, after successfully completing an internship there. This opportunity was part of an internship program funded by The HSC Foundation and made possible by an extraordinary network of community based arts organizations.

Norah, who is deaf, recently graduated from Gallaudet University where she received a Bachelor of Arts in Theatre, Performance/Production. During her internship at Theatre Lab, Norah assisted with various lighting issues including design and technical support for such productions as *Merrily We Roll Along*, *Into the Woods*, *Ghetto*, a Holocaust play and *RENT*. She also created a much needed Theatre Lab Lighting Tech Manual to assist the many lighting technicians who are contracted to work on various shows throughout the year. Norah showed her true talent to find creative solutions to the lighting need, even within the confines of a tight budget. Norah's employment at Theatre Lab is a clear demonstration of how internships for youth with disabilities can lead to paid employment and greater independence.

“Norah was able to work for and with professional artists and directors. She had an opportunity to make her own decisions, and she had an opportunity to favorably impress the directors of The Theatre Lab, to the extent that they have hired her for a permanent position.”

— Deb Gottesman
Norah's Supervisor at the Theatre Lab

Creating Opportunities

The HSC Health Care System believes that everyone deserves an opportunity to achieve their greatest potential in life. With that in mind, the System takes every chance to create new opportunities for children, youth and their families.

Nathan's Community Outing

Nathan, an interactive, expressive three-year-old boy, is often found playing peek-a-boo or watching his favorite movie, Toy Story. He is also a twin born with a rare genetic syndrome that affects his bones and consequently, his breathing. The first two years of Nathan's life were complicated because of his breathing issues and so nearly all of those first years were spent in a hospital.

As Nathan grew older, he grew stronger and the frequency of his breathing problems began to decrease. That was when Nathan was transferred to The HSC Pediatric Center.

At the Pediatric Center, Nathan continued therapies that increased his ability to sit upright, play and socialize with other children. Although his medical condition was still complex, he was able to participate in pet, music and art therapy. He even had the opportunity to celebrate his third birthday with his twin sister at a birthday party in the Pediatric Center. And just recently, Nathan went with his parents on his first trip into the community to discover the National Air and Space Museum.

“Our family was elated when HSCPC allocated staff and resources so that we could take our three-year old son, Nathan, on an outing to a museum. It was an experience that we never thought would be possible.”

— Nathan's mother

Katelyn's Team

Katelyn is a determined three-year-old who, despite a complicated medical history, is an active and sociable girl. She has a number of disorders and impairments that affect her metabolism, vision, hearing and overall development. But these things do not slow Katelyn down.

Following orthopedic surgery, Katelyn spent eight intense weeks working with her team of therapists at The HSC Pediatric Center that included occupational, physical, recreation and speech therapies to regain lost skills and learn new ones. Every step of the way, her mother was by her side, making sure that she herself learned about Katelyn's development and how she could best support Katelyn's home life. With support from the HSC team and her family, Katelyn is now back home playing with her friends at pre-school and enjoying riding horses for continued therapy.

“During Katelyn's inpatient stay, it was like all of her team members became part of our family. They took the time to bond with Katelyn and learn how to push her to reach a level we had only dreamed of before coming to HSCPC.”

— Katelyn's mother

Strengthening Families

While the primary role of The HSC Health Care System is to provide comprehensive services to children and youth with disabilities and chronic illness, the System recognizes the vital importance of providing support and assistance to the entire family.

Luke Plays Ball

Luke was born with multiple disabilities, which have made it difficult for him to socialize with other children. He and his family have been a part of the HSCSN system since he was born eight years ago. HSCSN care managers have assisted Luke's family in accessing many resources and services for Luke. But one of the best opportunities they have given Luke was the chance to play sports.

Luke's mom received a flier about the HSCSN Athletic Program and immediately signed him up. This program has given Luke the opportunity to be an active participant in baseball, soccer and flag football. He has made friends through this program and has found a place where he feels comfortable being himself. With the HSCSN Athletic Program, Luke has learned to play sports, but more importantly, has learned about teamwork.



“The HSCSN Athletic Program is a wonderful chance for our kids to express themselves and share in teamwork. The program motivates them to play harder, share, and be a part of something that shines a light on them.”

— Luke's mother



Jason's Journey Home

Jason is a beautiful little boy who could not wait to join the world; he was born premature at six months. He was transferred to The HSC Pediatric Center for intensive therapies to address all the delays he faced as a premature baby. After six months of therapy and supportive services, Jason was ready to go home with his family. In order to ensure Jason's family had the support they needed, he was connected to Health Services for Children with Special Needs, Inc. (HSCSN) for ongoing care management.

Jason's HSCSN care manager coordinated local services and ensured that HSC Home Care could support his home life. The care manager also helped Jason's mother make their home a healthier place; by encouraging her to quit smoking and locate a new home for the family pet.

Today, Jason attends day care while his mom works full time—and HSCSN continues to work with his mother to manage Jason's ongoing health needs.

Laura's Village

Laura was born with multiple medical issues including cleft palate, chronic lung disease, sleep apnea, and heart deformities. During her stay at The HSC Pediatric Center, she received speech, physical and occupational therapies. When Laura was ready to go home, her mother, who is a single parent and works full-time, became very apprehensive about caring for Laura in addition to her three other children. The HSC Pediatric Center staff reassured Laura's mother that there would be additional support in the home and Laura was enrolled in Health Care Services for Children with Special Needs (HSCSN) to receive ongoing support for her and her family. HSCSN scheduled nursing services to supplement the care her mom could provide and coordinated the delivery of necessary medical equipment. Laura's mom received customized training on Laura's needs and the medical equipment and supplies she required at home.

HSC Home Care has provided preventive care so that Laura avoids further medical difficulties, and as a testament to her mother's confidence in providing care, Laura has not once visited the emergency room in the past year or been admitted to the hospital.



Enhancing Quality of Care

The HSC Health Care System is committed to providing the most comprehensive quality care through ongoing delivery and safety improvements and deploying the latest technology to support its staff and benefit children and youth.

Digital Hospital

In 2010, The HSC Pediatric Center (HSCPC) staff continued to refine and improve its online medical record system. This system helps to ensure that children and families receive the safest and most comprehensive care possible. A successful collaboration with Children's National Medical Center supported the process of capturing hospital operations online.

These improvements have made all laboratory results available on the system and ensure that medical treatments and medications are appropriately billed for and documented. Motion Tablets allow respiratory therapists to efficiently scan medications and document treatments while they are visiting patients. And to ensure consistency in physician orders and eliminate transcription errors, a Computerized Physician Order Entry was also implemented.

All medications are now bar coded, so when medicine is administered, the bar code on the medication and the patient's identification band are scanned to ensure positive patient identification, the correct medication and the appropriate time for that medication to be administered. Plans are underway for The HSC Pediatric Center to continue to refine the electronic medical record system to achieve maximum efficiency and best quality of care.

Improvements in Delivery, Safety and Quality of Care

Last year, The HSC Pediatric Center staff members made considerable quality improvements for patients and their families throughout its operations. For example, outpatient waitlists for therapy clinics significantly decreased. Dental services were expanded to include inpatients, and an A-la-Cart Pediatric Menu Service gave patients a choice of foods.

The staff also worked to ensure that their patients are getting all the opportunities they deserve. This past year, a significant number of patients were enrolled in the DC Public School System. To assist the schools in meeting the needs of these medically complex patients, staff collaborated with the schools to ensure appropriate supplies and equipment were available in the schools, and school staffs were appropriately trained.

The HSC Pediatric Center is also safer than ever before. This past year, The HSC Pediatric Center experienced a very low rate of infections. The use of probiotics, promotion of hand-washing among staff, families and visitors, as well as collaboration with other specialty hospitals to determine best practices in maintaining and changing central intravenous lines, helped in reducing infections throughout the hospital. In addition, the hospital staff experienced zero accidental "needle sticks" due to additional training and installation of new equipment.

Operations and Statistics

FOR THE YEAR ENDED DECEMBER 31, 2010

THE HSC FOUNDATION:

- Held a groundbreaking ceremony for the National Youth Transitions Center.
- Funded the publication of a compendium of research papers on youth with disabilities from underfunded communities, published in Pediatrics.
- Funded five internship programs for individuals with all types of disabilities that offer work experience in a variety of fields.
- Expanded the Life Enrichment Awards Program (LEAP) from 21 to 25 community organizations that serve transitioning youth with disabilities.
- Enhanced the Advocates in Disability Award program to include a \$10,000 award.

THE HSC PEDIATRIC CENTER

- HSCPC has decided to expand its capacity to serve developmental patients by implementing a new program initiative called the Extended Medical Care which is scheduled to commence in 2011.
- Increased outpatient encounters to the special needs population that we serve by 15% from the previous year.
- HSCPC has achieved 100% compliance with Computerized Physician Order Entry (COPE). This will greatly enhance our continued focus on patient safety.

HEALTH SERVICES FOR CHILDREN WITH SPECIAL NEEDS, INC. (HSCSN):

- Recipient of the “ Supporting the Safety Net” (Honorable Mention Award) Association for Community Affiliated Plans (ACAP).
- Recognition Georgetown University Medical School (Outreach efforts).
- Scored 100% on the External Delmarva Operational Quality Review for 2010.
- Decreased Residential Treatment length of stay from 12 months to 6.8 months.

HSC HOME CARE, LLC (HSCHC):

- Since its inception in 2009, HSCHC visits increased significantly. HSCHC provided a wide variety of high quality healthcare services administered in the home of children with special needs, in the DC area.

THE HSC PEDIATRIC CENTER

Year Ending 12/31/2010

Inpatient Days	20,600
Outpatient Encounters	8,517

HEALTH SERVICES FOR CHILDREN WITH SPECIAL NEEDS, INC.

Year Ending 12/31/2010

2010 Member Months	48,849
Average # of Members Per Month - 2010	4,071
Admin Cost Ratio	16.6%
Medical Expense Ratio	83.4%
Medical Costs Per Member Per Month - 200	\$ 1,705

Operations and Statistics

FOR THE YEAR ENDED DECEMBER 31, 2010

REVENUES

Net Patient Service Revenue	\$ 35,605,452
Net Per Capita Revenue	100,212,158
Investment Income	4,141,116
Contributions/Grants/Other Revenue	<u>683,577</u>
Total Unrestricted Revenue/Other Support	\$140,642,303

EXPENSES

Salaries and Benefits	\$ 37,162,152
Medical Claims Expense	75,999,976
Professional Services	13,946,877
Supplies and Other Expenses	4,841,890
General and Administrative	6,065,662
Depreciation and Amortization	2,741,507
Interest	<u>145,299</u>
Total Operating Expenses	\$140,903,363

Operating Income \$ (261,060)

Loss on Early Extinguishment of Debt	(220,275)
Unrealized Loss on Interest Rate Swap	(346,195)
Non-Operating Income Net of Expenses	<u>1,467</u>
Excess Revenue/Other Support Over Expenses	\$ (826,063)
Change in Minimum Pension Liability	(147,013)
Unrealized Gain on Other Than Trading Securities	5,181,813
Net Assets Released From Restrictions Used for Purchase of Fixed Assets	<u>6,092</u>

Change in Unrestricted Net Assets \$ 4,214,829

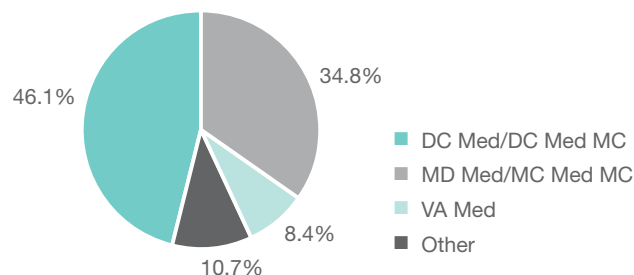
ASSETS

Current Assets	\$ 16,317,992
Long-Term Investments	97,344,997
Land, Buildings & Equipment	28,521,313
Other Assets	<u>4,369,888</u>
Total Assets	\$146,554,190

LIABILITIES

Current Liabilities	\$ 26,563,173
Long-Term Obligations	32,141,585
Net Assets	<u>87,849,432</u>
Total Liabilities and Net Assets	\$146,554,190

THE HSC PEDIATRIC CENTER 2010 PERCENTAGE OF INPATIENT DAYS BY FINANCIAL CLASS



The HSC Foundation Grantmaking Activities

FOR THE YEAR ENDED DECEMBER 31, 2010

YOUTH TRANSITIONS GRANTEEES

Arena Stage
Children's Hospital Boston
City Year, Inc.
Fihankra Akoma Ntoaso (FAN)
Ivymount School and Programs
National Health Foundation
Smithsonian Institution
TASH
The Arc of Prince George's County
The George Washington University
The Washington Center
Trawick Foundation
US Business Leadership Network

FAMILY SUPPORTS GRANTEEES

Consumer Health Foundation
DC Pediatric Palliative Care Collaborative
Food Research & Action Center, Inc. – DC Hunger Solutions
Health Services for Children with Special Needs, Inc.
Parental Educational Advocacy Training Center
The HSC Pediatric Center
The Kingsbury Center
The Summit School

Healthy Living Center Grantee

Health Services for Children with Special Needs, Inc.

Therapeutic Recreation Grantees

Health Services for Children with Special Needs, Inc.
Kids Enjoying Exercise Now (KEEN) Greater DC
Potomac Community Resources, Inc.
The HSC Pediatric Center

LIFE ENRICHMENT AWARDS PROGRAM (LEAP)

Abilities Network
Advocates for Justice and Education, Inc.
Autism Society of Northern Virginia
Family Services, Inc.
George Mason University – LIFE Program
Goodwill of Greater Washington

Health Services for Children with Special Needs, Inc.
Inclusion Research Institute – Youth Empowerment
Advocacy Resource Center (YEARC)
Ivymount School and Programs
Marriott Foundation – Bridges ... from School to Work
Montgomery College Foundation, Inc.
Parent Educational Advocacy Training Center, Inc.
Potomac Community Resources, Inc.
Quality Trust for Individuals with Disabilities
SOC Enterprises, Inc.
St. Coletta of Greater Washington
St. Luke's House, Inc.
The Arc of Northern Virginia
The Arc of Prince George's County
The Arc of Southern Maryland
The Coordinating Center
The Maryland Coalition of Families for Children's
Mental Health
The Treatment and Learning Centers, Inc. – Katherine
Thomas School
The Treatment and Learning Centers, Inc. – The Outcomes
Service
TransCen, Inc.

SPONSORSHIPS

American Association of People with Disabilities
American Diabetes Association
City Year, DC
G3ict
Institute for Information Studies
Mary's Center for Maternal & Child Health
Ms Wheelchair DC
National Council on Independent Living
The American Lung Association of DC
The Arc of the United States
The Lollipop Kids Foundation
The Washington Center
United Planning Organization

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Ambassador Koby Koomson, The Koomson Group

Dorothy H. Mann, Ph.D., MPH, Consulting and Coaching
for Change

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Kenneth H. Silverberg, Partner, Nixon Peabody

Thomas Walsh, The Washington Group

Michael D. Ward, Johnson Advisors

Michael J. Ward, CSX Corporation

Larry Miller, Attorney, Grossberg, Yochelson, Fox & Beyda
(Counsel)



HEALTH SERVICES FOR CHILDREN WITH SPECIAL NEEDS, INC.

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John T. Mathewson, Executive Vice President,
Strategy and Operations, The HSC Foundation

THE HSC PEDIATRIC CENTER

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Roger E. Meyer, MD, President & CEO, Best Practice, LLC, Secretary/Treasurer

Maria Gomez, Executive Director, Mary's Center for Maternal and Child Health

Jack Kasten, Harvard University

John T. Mathewson, Executive Vice President, Strategy and Operations, The HSC Foundation

Robert G. Rosenberg, MD

KEY EXECUTIVES

Thomas W. Chapman, MPH, EdD
President & CEO

John T. Mathewson
Executive Vice President, Strategy & Operations

Nancy J. Southers
Vice President, Finance

Jessie MacKinnon
Vice President, Program & Partnership Development

Nancy Doellgast
Vice President, Corporate Quality & Compliance

Eugene F. Greer
Chief Information Officer

Lynne Hostetter, SPHR
Vice President, Human Resources

Danny Bellamy
Chief Operating Officer, Health Services for Children with Special Needs, Inc.

Bruce Goldman
Chief Operating Officer, The HSC Pediatric Center



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