



# Cottage

COTTAGE HEALTH SYSTEM 2006/2007 REPORT TO THE COMMUNITY

## INSIDE COTTAGE:

Healing Chronic Wounds

Changing Courses:  
New treatment for  
congenital heart disease

Growing up Nurses

*Nursing for the Next Generation*



## Dear fellow community members,

THROUGH OUR ANNUAL REPORT TO THE COMMUNITY, we share with you some of the highlights of this past year together with our plans for the future, and let you know that all of us here at Cottage are focused on providing the very best health care to you and your families in a spirit of excellence, integrity and compassion. That is the mission of our not-for-profit hospitals; those are our core values.

Being the sole provider of acute-care hospital services in the greater Santa Barbara region is an extraordinary responsibility. We take it seriously and with humility, aware of the thousands of South Coast residents who depend on the skills of our staff and on our ability to equip our hospitals with up-to-date and proven technology that is safe and leads to highest quality patient care and outcomes.

Thank you for your continued confidence in and support of Cottage's three hospitals. Thank you, too, for providing us regular feedback on how we are doing in fulfilling your expectations of excellent patient care and service. It continues to be a privilege to serve you and your neighbors, and a source of pride for our employees, physicians and volunteers to have your continued trust.

J. Robert Andrews, Chair, Cottage Health System Board  
 Ron Werft, President and CEO, Cottage Health System  
 Nils Tanaka, MD, Chief of Staff, Santa Ynez Valley Cottage Hospital  
 Robin Knauss, MD, Chief of Staff, Goleta Valley Cottage Hospital  
 Ayesha Shaikh, MD, Chief of Staff, Santa Barbara Cottage Hospital

# HIGHLIGHTS OF 2006

- Recognized the 40th anniversary of Goleta Valley Cottage Hospital and moved forward with the decision to build a new 52-bed hospital on the current property at Hollister and Patterson.
- Opened the 633-space Pueblo Parking Structure for patients, visitors, physicians and volunteers, completing the first major structure of the new Santa Barbara Cottage Hospital.
- Successfully passed seven separate national surveys of our three hospitals, our clinical laboratories and our residential center for chemical dependency.
- Received approval from the Santa Barbara City Council for the SBCH Foundation Workforce Homes, a plan to construct 115 townhomes at the former St. Francis Medical Center site, 70% of which would be workforce affordable and available to Cottage employees.
- Opened the Center for Wound Care Management at Goleta Valley Cottage Hospital, the first program of its kind between Camarillo and the Bay Area to provide specialized treatment for complex wounds.
- Established a palliative care consultation service to help those with chronic or life-threatening illness, in collaboration with Hospice of Santa Barbara and Visiting Nurse and Hospice Care of Santa Barbara.
- Introduced the da Vinci Robot to the operating rooms at SBCH, providing computer-enhanced minimally invasive surgical precision and speeding a patient's recovery time.
- Installed new cardiac monitoring equipment at SYVCH, allowing physicians and staff in the hospital's medical/surgical and emergency departments to have greatly improved digital images, documentation, and review of vital patient information.
- Dramatically reduced the mortality rate from sepsis shock (infection) at SBCH to less than half the national average through a new multidisciplinary protocol, the first of its kind on the Central Coast and now being shared by other hospitals in the region.
- Performed the first X-stop spinal cord procedure in the Tri-Counties area, a minimally invasive surgical option now available at SBCH for lumbar stenosis (lower back pain).
- Invested significant capital in new information technology that will improve patient safety and support the implementation within the next nine months of a fully electronic medical record.
- Received recognition from CareScience, an external quality rating organization, that the cardiac surgery and stroke programs at SBCH are ranked in the top four percent of performers nationwide.
- Maintained sound fiscal management of the not-for-profit Cottage Health System, achieving a positive net margin at year-end in line with the system's 10-year financial plan, and allowing for re-investment in patient services, new programs and assistance with construction costs.



# Cottage

A COTTAGE HEALTH SYSTEM PUBLICATION • MAY 2007

## Features:

### 5 GRADUATION CELEBRATION

These feet were made for walking...The Center for Wound Management at Goleta Valley Cottage Hospital celebrates its one-year anniversary by honoring Marjorie White, the center's first graduate.

### 8 CHANGING COURSES

After a long journey, Theresa Carlson finds the answers and the treatment she needs to mend her heart.

### 12 NURSING FOR THE NEW GENERATION

Our community reaps the benefits of a collaborative program to teach local students about the rewarding career of nursing, as two graduates become nurses for the newest generation of Santa Barbarans.

### 19 GETTING THE ANSWERS ON CHARITABLE REMAINDER TRUSTS

Carla Long clears a pathway in the maze of investment strategy.

## Briefs:

6 HEALTHLIFE

7 LIFELINE

7 HEART FAIR

10 CONSTRUCTION

10 COTTAGE RESIDENTIAL CENTER

11 CRITICAL CARE AWARD

11 NUTRITION COUNSELING

14 SYVCH AUXILIARY

14 TIARA BALL

15 OUR DONORS

22 FINANCIAL UPDATE

---

Don't miss Cottage's upcoming community health events.  
A complete listing is on the back page.

---



## Cottage Health System 2006/2007 Board of Directors

Marshall A. Rose, Chair (2006)  
Cathy Carter Duncan, Vice Chair  
(term completed in 2006)  
Frederick W. Gluck, Vice Chair  
Jeffrey L. Kupperman, MD, Secretary  
Nicholas J. Vincent, MD, Treasurer  
(term completed in 2006)

J. Robert Andrews, Chair (2007)  
Edward E. Birch, PhD  
Katina Etsell, RN  
Angel L. Iscovich, MD  
Charles A. Jackson  
Robert T. Knight (term completed in 2006)  
Alex Koper II, MD  
Gretchen Milligan  
Robert C. Nakasone  
Joanne Rapp  
John Romo  
Matthew V. Tirrell, PhD  
Michael Towbes  
Thomas D. Watson, MD

New 2007 members:  
Judith Hopkinson  
Fred Lukas  
Patrick McAlister

### Chiefs of Staff

Ayesha Shaikh, MD  
Santa Barbara Cottage Hospital, 2006/2007

Robin Knauss, MD  
Goleta Valley Cottage Hospital, 2006/2007

William Van Valin II, MD  
Santa Ynez Valley Cottage Hospital, 2005/2006

Nils Tanaka, MD  
Santa Ynez Valley Cottage Hospital, 2006/2007

### Auxiliary Presidents

Wynelle Chase  
Santa Barbara Cottage Hospital, 2006/2007

Patti Shipe  
Goleta Valley Cottage Hospital Auxiliary, 2006/2007

Sonnie Lindquist  
Santa Ynez Valley Cottage Hospital Auxiliary, 2006

Pat Foxen  
Santa Ynez Valley Cottage Hospital Auxiliary, 2007

*Cottage Health System's mission is to provide superior health care through a commitment to our communities and to our core values of excellence, integrity, and compassion.*

### Charity care for the uninsured

Cottage's charity care guidelines, part of our long history as a not-for-profit organization serving the healthcare needs of the greater community, state that all uninsured patients will be eligible for financial assistance—including free or reduced payment care. To find out more about this program, feel free to call us at (805) 870-8900. We are here to help.

### Cottage leaders stay involved in their communities

In addition to serving our hospitals in their capacity as board members, auxiliary and physician officers, or members of our management staff, Cottage leaders voluntarily donate their time and expertise to more than 120 different not-for-profit community organizations. The great majority of them serve on more than one local board or committee, invest up to ten hours per month to help forward the mission of these organizations, and on average volunteer from three to five years in each role.



Cottage Health System 2007 Board of Directors: Left to right, back row: Edward E. Birch, PhD, Judith Hopkinson, John Romo, Michael Towbes, Gretchen Milligan. Middle row: Thomas D. Watson, MD, Angel L. Iscovich, MD, Robert C. Nakasone, J. Robert Andrews, Marshall A. Rose. Front row: Alex Koper II, MD, Charles A. Jackson, Frederick W. Gluck, Fred Lukas, Katina Etsell, RN, Matthew V. Tirrell, PhD. Not pictured: Jeffrey L. Kupperman, MD, Joanne Rapp, Patrick McAlister

## OUR HOSPITALS

### SANTA BARBARA COTTAGE HOSPITAL (SBCH)

Today a **370-bed acute care teaching hospital and level II trauma center**, the largest of its kind between Los Angeles and the San Francisco Bay Area, the hospital was founded in 1888 by 50 women determined to provide a healthcare facility for the growing community of Santa Barbara. With annual admissions of 18,000 patients, 38,000 emergency department visits, and 2,400 births, the hospital is renowned for its comprehensive maternal-child and pediatric services (**COTTAGE CHILDREN'S HOSPITAL**), cardiac, neurosurgical and oncology programs, emergency and trauma services, modern operating rooms, sophisticated diagnostic radiology equipment, outpatient surgery, eye center, and psychiatric and chemical dependency services.

Its **medical staff of more than 600** includes specialists in all major clinical areas, many of whom are involved in the training and education of new physicians in the hospital's internal medicine, general surgery and radiology residency programs.

### GOLETA VALLEY COTTAGE HOSPITAL (GVCH)

Founded in 1966 to serve the growing community of Goleta Valley, the hospital today is licensed for **122 acute-care beds**, admits 1,800 patients a year, sees 18,000 emergency visits, and welcomes 300 newborns to its designated "**Baby Friendly**" birth center. Recognized for its comprehensive **Breast Care Center, specialized subacute unit and new Center for Wound Management**, the hospital joined forces with Cottage Health System in 1996.

### SANTA YNEZ VALLEY COTTAGE HOSPITAL (SYVCH)

Celebrating 43 years of offering acute-care services to the residents and visitors of the Santa Ynez Valley, the **20-bed hospital** became affiliated with Cottage in 1995, and today continues to provide **inpatient and outpatient surgery, 24-hour emergency services, and a physician office rental program** that brings specialists to the Valley on a regular basis. Inpatient admissions in 2006 totaled 300. There were 6,600 emergency visits, and Valley residents increasingly rely on the hospital's busy outpatient radiology and laboratory services.

*(Statistics from the year 2006)*





# Graduation celebration

Marjorie White, 87, of Lompoc, enjoys a distinct honor among former Cottage patients. She was the first graduate of Goleta Valley Cottage Hospital's **Center for Wound Management.**

The center opened one year ago and is the only comprehensive one of its kind between the Bay Area and Camarillo. It is specifically designed to combine care for wounds which do not heal naturally with ongoing health care, as problem wounds are often associated with underlying medical conditions such as diabetes or heart disease.

The effects of diabetes are what eventually brought Mrs. White to the center. She developed four ulcers on her right foot which prevented her from walking or driving. After her local podiatrist in Lompoc performed surgery, the wounds did not heal properly and there was a possibility she was going to lose her leg.

Her doctor sent her to the GVCH Center for Wound Management on April 10, 2006, just five days after it opened. Using hyperbaric oxygen therapy (100 percent pure oxygen within a pressurized setting), Mrs. White received 20 treatments—also referred to as “dives”—over the course of the next four weeks.

The treatment increases the level of oxygen in the bloodstream and promotes healing and is generally

used as an adjunct to surgery and medication. It is often referred to as “going on a dive” as the pressurized environment is equivalent to the pressure of being as deep as 66 feet below sea level.

Three weeks into her treatment, the decision was made to amputate two of Mrs. White’s toes due to bone exposure from her pre-existing condition. Overall, the hyperbaric chamber therapy helped her get well sooner by helping the tissue heal faster. To celebrate her success at the end of the treatment, the staff hosted a graduation ceremony for her complete with cake and photographs.

For Mrs. White, who is the mother of five children, five grandchildren, and three great-grandchildren, life is good again. “I have my peace of mind and independence back since I can walk and drive again,” she said. “I’m very grateful that this special kind of center was only as far from Lompoc as Goleta.” ■



Hyperbaric chambers, like the one pictured above, provide patients with 100 percent pure oxygen within a pressurized setting. Normal air is made up of 21 percent oxygen. Breathing pure oxygen increases the level of oxygen in the bloodstream, promoting wound healing by stimulating new vascular growth and aiding in the preservation of damaged tissue.

*Note: The Center for Wound Management at Goleta Valley Cottage Hospital requires physician referrals for initial patient evaluations. Care is provided on an outpatient basis only. For more information, please call (805) 696-7920.*



John R. Dexter, MD, is the medical director of the Center for Wound Management at Goleta Valley Cottage Hospital. In this role, he oversees a staff of seven and has specialized training in hyperbaric oxygen therapy.

Dr. Dexter’s clinical experience includes serving as associate medical director of Diversified Clinical Services in Tustin, CA; principal investigator of Clinical Research Services at Tennessee Christian Medical Center in Madison, TN; and as medical director of the Wound and Hyperbaric Center, also at Tennessee Christian Medical Center. He also practiced physical medicine and rehabilitation in private, medical group and university settings.

## health *life*

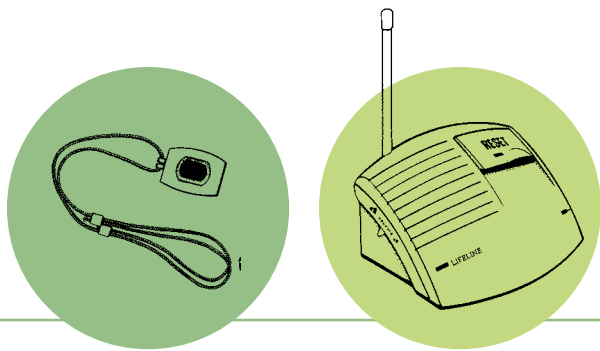
Tune in to KEYT-TV Channel 3 each Sunday at 5:30 pm for HealthLife, a weekly television series with Cottage Health System staff which focuses on timely health issues.

Continuing to host the series is Debby Davison, left, who despite her retirement last fall from daily news anchoring at KEYT, wanted to stay involved with the show. “Health issues are always on people’s minds,” Debby says. “Reporting on the latest trends in medicine I have found to be very satisfying. I’m glad to be part of this important health education effort by Cottage.”

Stay informed and learn how to protect your health. For a program schedule, go to [www.cottagehealthsystem.org](http://www.cottagehealthsystem.org).







## Choosing a Lifeline

Pat Fisher (*pictured at right*), coordinator for Cottage Health System's Lifeline Program, knows firsthand the value of the Lifeline emergency response system in helping seniors remain independent and in their homes.

"I was recently installing a unit at the home of a couple who are dual subscribers, and the husband actually fell in another room when I was there," she recalled. "I quickly reassured the wife that he would be okay and realized I could get help at the push of the button with the Lifeline device I was holding."

Ms. Fisher went to check on the gentleman who had fallen against a wall. While shaken, he was able to speak and understand her and was not hurt. "I pushed the Lifeline button and the emergency responder notified the couple's son," she said. With the help of two other people who were working outside the house, Ms. Fisher was able to help the husband get to his feet, and all was well in a matter of minutes. "I know



that having Lifeline now will be a huge help to this couple and give them both more peace of mind," she added.

With Lifeline, the client wears a small, waterproof device, either around the neck or on the wrist, and can notify emergency response personnel—seven days a week, 24 hours a day—with a push of the button. The call can be for falls, fires, burglary, or any other type of personal emergency.

Currently Santa Barbara Cottage Hospital serves more than 670 clients from the Santa Ynez Valley to Carpinteria. Goleta Valley Cottage Hospital handles an additional 150 subscribers in the Santa Barbara and Goleta areas.

With the assistance of volunteers at both hospitals, Cottage is able to provide this valuable service to the community at a reasonable installation cost and monthly subscriber fee.

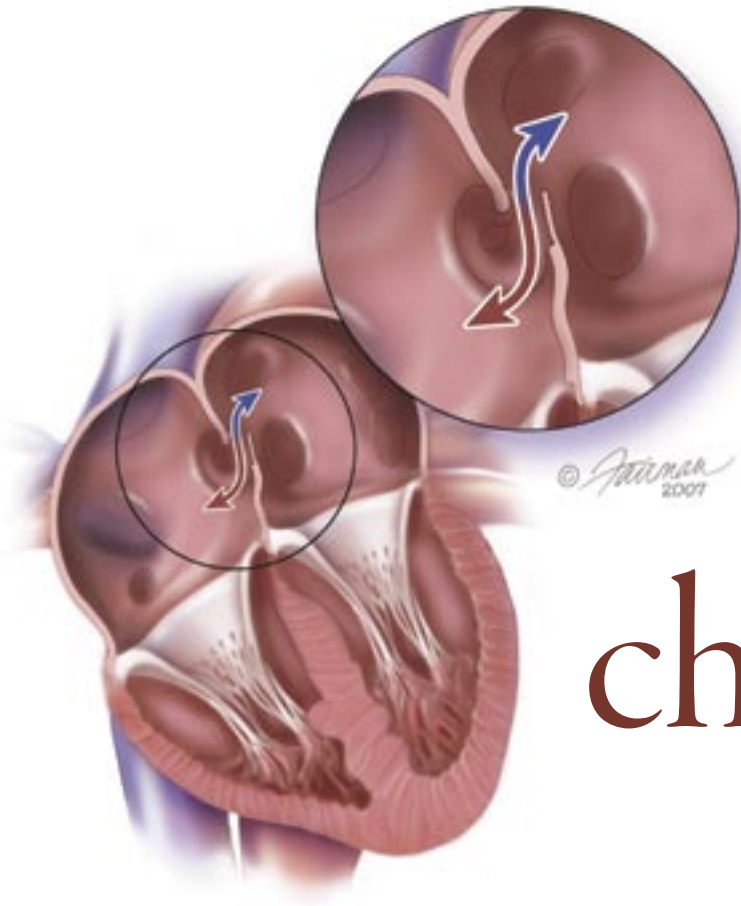
For more information, please phone Pat Fisher, Lifeline coordinator, at (805) 569-7572. ■



## Heart Healthy

THE COTTAGE HEART FAIR IN FEBRUARY DREW NEARLY 600 COMMUNITY MEMBERS to Santa Barbara Cottage Hospital for low-cost cardiac risk profiles and blood chemistry panels, blood pressure screenings, free nursing consultations, heart-healthy snacks, recipes and exercise tips.

*Pictured:* Elisa Amparo, a student in Santa Barbara City College's Registered Nursing Program and a Heart Fair volunteer, shares a heart-healthy laugh with visitors at the event.



# changing courses

*new treatment for congenital heart disease*

AT THE RELATIVELY YOUNG AGE OF 30, THERESA CARLSON WAS A SEASONED VETERAN OF BATTLING MEDICAL PROBLEMS. She was diagnosed with epilepsy at age 16 and had a long-standing history of seizures, migraine headaches and chest pains. While medications helped control the epilepsy, the source of her migraines and chest pains eluded both physicians and diagnostic tests. Her search for a cause finally surfaced in 2006, thanks to a new team of specialists and new technology available at Santa Barbara Cottage Hospital.

After a checkup in May 2006, neurologist Thomas Kennedy, MD, suggested another look at Theresa's heart and sent her to Joseph Aragon, MD, a cardiologist with specialized training in complex coronary intervention and adult congenital heart disease.

Theresa first underwent a special test called a "Bubble Study," in which saline was agitated and injected in an IV while a cardiac ultrasound was performed. This showed an abnormal communication between the right and left sides of the heart. Dr. Aragon determined that Theresa had a very small hole in her heart, a condition called patent foramen ovale (PFO). The condition occurs when part of the normal fetal heart circulation fails to close properly at birth (*see illustration above*). Having gone undiagnosed, the PFO was implicated in Theresa's series of medical problems, including her severe migraines—some of which Dr. Aragon now suspects may have been a series of mini-strokes.

To correct her condition, Dr. Aragon performed a minimally invasive PFO closure at Santa Barbara Cottage Hospital in June 2006. The doctor inserted a specialized catheter through her groin to her heart and effectively sealed the hole by placing a minute, wire-frame "umbrella" around the opening.



Nick, Jacklyn, and Theresa Carlson





Theresa was mildly medicated during the procedure and awake the entire time. “I didn’t feel a thing,” she recalled. She was kept overnight at the hospital as a precaution and went home the next day. Her follow-up treatment included only one medication for three months and instructions not to lift anything over 25 pounds for a few days.

Since then, her outlook has been excellent. “My last checkup showed that everything looks fine in my heart,” Theresa said. “My migraines and chest pains are completely gone, and I have energy again.”

Dr. Aragon agreed that the PFO was the right treatment for Theresa. “With her medical history, long-term treatment with blood thinners or surgery were not good options,” he said.

Theresa’s new extra energy helps her keep up with her busy lifestyle including a home-based accounting business and—with husband Nick—taking care of daughter Jacklyn. “In fact, the only headaches I get anymore are caused by chasing our daughter around!” she added with a laugh.

Would she recommend the procedure to others? The answer is an unequivocal yes. “In my situation, to have done nothing was not an option,” Theresa said. “And at age 30, who would want to be on medications for the rest of your life? This procedure was a good, easy and painless alternative to surgery.” ■



*A small device like this one was used to seal the hole in Theresa’s heart.*

The device has double umbrella arms attached to fabric. It is folded into a special catheter, inserted into a vein in the leg and advanced into the heart and through the hole. When the device is pushed out of the catheter, the umbrellas open up and cover each side of the hole. Over time, heart tissue grows over the implant, incorporating it into the heart.



Atrial septal defects, of which PFOs are one type, are holes in the wall between the two upper chambers of the heart. The condition is present from birth. The health effects of holes that remain open often don’t show up until adulthood—usually by age 40.

In addition to the new technology for diagnosis and treatment, **Dr. Joseph Aragon** (*pictured above*) said that the latest research is showing a strong correlation of atrial septal defects with strokes and possibly severe migraine headaches.

“We are participating in two very important national clinical trials to treat patients with PFO,” he said. “Closure I is examining the treatment of patients with PFO and stroke. MIST II is a very exciting trial that is treating patients with severe migraine headache and PFO.”

In addition, Dr. Aragon has helped Santa Barbara Cottage Hospital develop its program to close—without open heart surgery—atrial septal defects ranging from less than a centimeter to greater than 3.5 centimeters.

## SBCH CONSTRUCTION SCHEDULE

**Sept. 2005 – July 2007**

Construct new Energy Center  
(power plant) on Junipero Street

**Sept. 2005 – Sept. 2006**

Construct new 633-space Pueblo  
Parking Structure for patients,  
visitors, volunteers and physicians

**May 2006 – June 2007**

Construct underground drainage  
culvert and utilities in Oak Park  
Lane area

Build new Employee Child Care  
Center on Castillo Street

Construct new 550-space employee  
parking structure behind the  
Knapp Building

**July – September 2007**

Demolition of existing central  
services plant, employee parking  
structure and child care center

**Fall 2007 – March 2010**

Construct new entrance plaza and  
two patient pavilions

**April 2010 – July 2011**

Demolition of existing buildings

**March 2011 – Nov. 2012**

Construct third patient pavilion

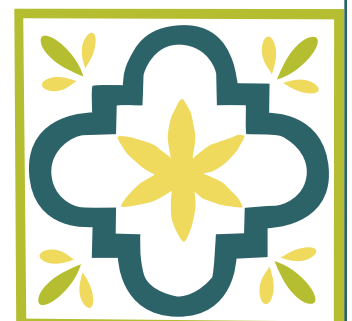


## Cottage Residential Center

LOCATED IN A WARM AND INVITING NEIGHBORHOOD SETTING JUST MINUTES from Santa Barbara Cottage Hospital, the new Cottage Residential Center provides a strong collaborative program for those recovering from alcohol and chemical dependency. Staffed round-the-clock by a team of highly experienced chemical dependency professionals—including physicians with a specialty in addiction medicine, licensed psychotherapists, and registered nurses—the program offers medically supervised care and is open to those 18 years and older. Its costs are reimbursable by most individual and group insurance plans.

The Center combines a highly structured therapeutic milieu with individual, group, and family treatment together with a full complement of activities that incorporates education, including relapse prevention, stress management, coping skill development, and continuing recovery care planning aimed at strengthening the rehabilitation process. For eligible residents, the Center offers a lifetime continuing recovery program.

For more information about Cottage Residential Center, please call (805) 569-7422 or email us at [cottageresidentialcenter@sbch.org](mailto:cottageresidentialcenter@sbch.org).





## Critical Care Excellence



THE AMERICAN ASSOCIATION OF CRITICAL CARE NURSES has given the Beacon Award for Excellence in Critical Care to Santa Barbara Cottage Hospital's Intensive Care Unit and Critical Care Unit.

Cottage's ICU and CCU are among the first 75 critical care units in the country to earn the prestigious award and only the fourth in California.

Critical care units that receive the Beacon Award have exhibited high quality standards, exceptional care of patients and their families and healthy work environments.

ICU and CCU house among the most critically ill patients in a hospital, and they can be demanding and stressful places to work, according to Herb Geary, Cottage Health System vice president of patient care services and chief nursing officer. "Each day, our dedicated team of professionals provides these patients with the best care possible, always being sensitive to the family and their concerns," he said. "Receiving the Beacon Award is validation by their peer group of their exceptional performance."

*"Our dedicated team of professionals provides these patients with the best care possible, always being sensitive to the family and their concerns."*

BEACON AWARD CRITERIA INCLUDE: innovation/excellence in recruitment and retention; education, training and mentoring; evidence-based practice and research; patient outcomes; creating and promoting healing environments; and leadership and organizational ethics. The accreditation, which was awarded in April, is good for one year.

The American Association of Critical Care Nurses (AACN) is the largest specialty nursing organization in the world with 65,000 members. ■



Members of the critical care team at SBCH (l to r): Jeffrey Fried, MD; Gary Milgram, RN; Paula Gallucci, RN; Janet O'Connor, RN and Sharon Morley, RN.



## Healthy Eating in the Valley

PHYSICIANS IN THE SANTA YNEZ VALLEY HAVE a new resource to help them improve the health of their patients—an outpatient nutritional counseling program opened by Santa Ynez Valley Cottage Hospital in January.

With a doctor's referral, dietitian Kathie O'Neil will make appointments to meet with patients at the SYVCH Physician Clinic. During the initial session, she takes a diet history and goes over the underlying health factors—such as diabetes or cardiac or renal disease—that need to be addressed. She also discusses any other issues that may affect the patient's receptiveness to a new type of eating plan. Once that information is gathered, Ms. O'Neil works with the patient to develop an individualized diet to meet his or her specific needs. Follow-up sessions are scheduled as needed. With a physician referral, most insurances will reimburse the program costs.

"OFTENTIMES, PATIENTS WILL SAY SUCH THINGS AS, 'The doctor tells me that I need to lower my blood sugar, but I don't know the details of how to do it,'" said Ms. O'Neil. "It's all about getting the right information into their hands."

Most people who make these appointments are motivated to be more involved in controlling their own health, she added. "One of the most gratifying parts of my job is to see that spark of recognition in a patient's eye when we hit upon the right diet plan for them."

For more information, please contact your personal physician or call the SYVCH Physician Clinic at (805) 686-3961. ■

# NURSING

*for the next generation*

two students,  
two friends,  
two nurses...

one doubly bright future  
for Santa Barbara babies

Karen Garcia, RN  
Mother/Infant Unit



Karen and Rachael together as students (holding their final skills lab papers), and later, as registered nurses at Cottage.



FOR KAREN AND RACHAEL, coming to work as registered nurses at Santa Barbara Cottage Hospital in late January was the start of a new beginning in a very familiar environment. Both young women, now in their 20s, have been associated with Cottage since they were high school juniors.

*“As a little girl, I remember going up to 3 Central and staring through the glass at the newborns in the nursery.”*

Karen and Rachael became good friends at San Marcos High School when they signed up as hospital volunteers as part of their community service requirements in order to graduate. Karen assisted in Labor and Delivery as well as the Mother/Infant Unit. Rachael volunteered in the same units as well as Neonatal Intensive Care.



Rachael Goodwin, RN  
Neonatal Intensive Care Unit



For Karen in particular, babies have always held a fascination. “My father Nick has worked at Cottage for 21 years, and my family lived two blocks from the hospital when I was young,” she recalled. “As a little girl, I remember going up to 3 Central and staring through the glass at the newborns in the nursery.”

The high acuity level in the NICU caught Rachael’s interest. “I discovered that what I wanted to do was help keep these tiny babies alive and get better,” she said.

As seniors, both young women signed up to become part of the first class of the San Marcos High School Health Careers Academy. The academy represents the collective effort of three organizations—San Marcos High School, Cottage Health System and Santa Barbara City College—to introduce high school students to potential careers in health care and to provide the necessary education and training to achieve those goals.

Karen and Rachael selected nursing as their career choice and spent their senior year of high school training to become certified nursing assistants. As part of the curriculum, they spent two periods each day at Santa Barbara City College and also worked in convalescent homes and rotated through several different nursing units at Santa Barbara Cottage Hospital.

After graduating from the academy, the two young women began the intensive associate’s degree in nursing program at Santa Barbara City College. They spent the first part of the program focused on classroom curriculum with the remaining time alternating between school and clinical training at Santa Barbara Cottage Hospital.

ALL THE HARD WORK PAID OFF when Karen and Rachael graduated from Santa Barbara City College last December. This benchmark was a big step not only for their families and friends but others as well. “Cottage believed deeply in the concept of the Health Careers Academy when it was under discussion and has invested in it fully both with staff time and financial resources,” said Pat Doherty, director of volunteer services at Cottage Health System. “We are fully committed to training our critically needed work force of the future.”

On a personal note, Ms. Doherty added, “It’s been truly exciting watching Karen and Rachael mature through the years and feeling that we really helped make a difference in their lives.”

Sue Dachenhaus, director of the Health Careers Academy, agrees that the collaborative program between San Marcos High School, Santa Barbara City College, and Cottage is producing results. “This was the win-win formula we were looking for when the academy was formed,” she said. “Now these young women are able to stay in Santa Barbara and work at our local hospital. As we say, we are growing our own.”

*“We are growing our own.”*

For Nick, who works in Facilities Management as a grounds gardener, having his only child graduate from college and start work at Cottage as a nurse has been particularly meaningful. “My wife Ana and I have always joked with Karen that her inheritance was our financing her education,” he said. “She’s worked so hard to achieve her goals, and we couldn’t be more proud of her.” ■



Karen with her dad, Nick, on the campus of SBCH.

## Spotlight: SYVCH Auxiliary



The Santa Ynez Valley Cottage Hospital Auxiliary recently announced a new slate of officers for the 2007-09 term. Pat Foxen was named president and Sonnie Lindquist will serve as president elect. Rounding out the team of officers are Bob Pack, treasurer; Margaret Preston, corresponding secretary; and Norma Hollowell, recording secretary.

The new SYVCH Auxiliary directors for the term are Janine Blum, Yvonne Nicholas, and Edna Nesky.

With more than 200 members, the SYVCH Auxiliary plays an important role, both at the hospital and representing Cottage in the community. Volunteers greet patients in the lobby as they arrive, serve as telephone receptionists from 9 a.m. to 4 p.m., and assist staff with extra clerical duties or assignments. Others bring in specially trained dogs for the pet therapy program.

In the community, one of the hardest-working volunteer crews runs the SYVCH Thrift Shop “New to You,” located in Solvang. Volunteer van drivers also take local residents to their physician appointments in Santa Barbara, Santa Maria or Lompoc while other members install the North County Lifeline emergency response units in seniors’ homes.

For more information on SYVCH Auxiliary volunteer opportunities, please call Pat Foxen at 688-1667.

SYVCH Auxiliary members at the “New to You” Thrift Shop: (l to r) Bob Pack, Nancy Fleckser, Ira Rogers, Patti Rogers and Lois Mark

We had a ball.



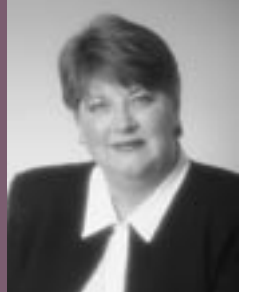
Santa Barbara Cottage Hospital Foundation’s annual Tiara Ball raised more than \$158,000 for critical care services at our hospital. The event drew more than 500 guests to the Bacara on the rainy winter evening of January 27. Special thanks to the Tiara Ball Committee, chaired by Debbie Mackall, pictured above with her husband, John. Save the date for the 2008 ball on February 2.





## Finding the answers on Charitable Remainder Trusts

*Carla Long, Director of Planned Giving at Cottage Health System*



**What is a charitable remainder trust?** A charitable remainder trust (CRT) is a special tax-exempt trust that provides an income for one or more beneficiaries for a term of years, or for life, and eventually the remaining assets within the trust will be disbursed to one or more charities such as the Santa Barbara Cottage Hospital Foundation. The minimum payout is 5%.

### **Are there different types of Charitable Remainder Trusts? What is the difference?**

Yes, there are basically two types of CRTs:

- the Charitable Remainder Unitrust (CRUT), and
- the Charitable Remainder Annuity Trust (CRAT).

The key difference is how the payout to the income beneficiaries is determined. The CRAT produces a fixed amount that is determined at the time the trust is established. The CRUT produces an annual income that is a percentage of the assets, revalued annually.

**What type of CRT should I choose? A CRAT or a CRUT?** Some people choose a CRAT because they prefer a predictable and fixed income. Others choose a CRUT as a hedge against inflation; if the trust is managed well and the value of their trust increases, so does their payout.

**Is it true that I can fund the trust with highly appreciated real estate or securities?** Yes, non-mortgaged real property or low income-producing assets can be used to fund a Charitable Remainder Trust. Once the trust is funded, those assets are usually sold and reinvested into a diversified portfolio. Sometimes the assets contributed to the trust (like real estate) take time to liquidate so special design features are written into the trust. For example, the trust might contain a provision to allow the payment of the lesser of the fixed percentage of the trust's assets or the actual income earned by the trust; a secondary provision is usually included so that, if the trust has an off year, it can "make up" any loss of income in a better year.

**Who can receive income from the trust?** Trust income, which is generally taxable in the year it is received, can be paid to you (and your spouse) for your lifetimes. The income can also be paid to your children or to any person or entity you wish, providing the trust meets certain requirements. In addition, there are gift and estate tax considerations if someone other than you receives it. Instead of lasting for someone's lifetime, the trust can also exist for a set number of years (up to 20).

## How is the income tax deduction determined?

The deduction is based on a formula which considers the amount of income received, the type and value of the asset, the ages of the people receiving the income, how many years they will benefit from the trust, and the payout rate. Generally, the higher the payout rate, the lower the deduction.

Tax deductions are usually limited to 30–50% of adjusted gross income, depending on how the IRS defines the charity and the type of asset. If you can't use the full deduction the first year, you can carry it forward for up to five years. Depending on your tax bracket, type of asset and type of charity, the charitable deduction can reduce your income taxes.

**What kinds of assets are suitable?** The best assets are those that have greatly appreciated in value since you purchased them, specifically publicly traded securities, and real estate. Cash can also be used.

**Should I seek professional assistance?** Yes. If you think a charitable remainder trust would be of value to you and your family, speak with a tax-planning attorney, your insurance professional, corporate trustee, investment adviser, CPA, and/or favorite charity.

**Is it always necessary to establish a charitable remainder trust if I want to receive lifetime income from my contribution?** Some donors do not need all the features of a Charitable Remainder Trust to accomplish their goals. If you simply want your gift to become a source of lifetime income for yourself and/or another person and have the gift revert to charity at death, then there are less complex arrangements such as a Charitable Gift Annuity.

**Why should I create a CRT to benefit one or more of the hospitals that are part of Cottage Health System?** Everyone wants to make a sound investment. Thoughtful investors want to support solid organizations with a good track record of success. Supporting Cottage Health System's hospitals is much like making an investment. In this case, the returns are not dividends, but instead, quality healthcare for the Santa Barbara community and its worthy mission on the Central Coast.

The benefits to you include:

- The opportunity to bypass capital gains and preserve more of highly appreciated assets;
- Income for life, or for a term of years;
- A significant charitable deduction; and
- The satisfaction of knowing that you invested to ensure “medical excellence close to home” for this generation, and generations to come.

**How can I learn more?** Please call Carla Long, Director of Planned Giving, Cottage Health System, (805) 879-8987. ■

## Making a difference

DON AND JOAN MEYER



Don and Joan Meyer unlocked the potential of their Orange County commercial real estate when they elected to fund a charitable remainder trust with a four-unit office building. In doing so, they created an income stream for themselves that will last for their lifetimes. They got rid of the headaches of managing property (and tenants) over 100 miles away. They received a charitable deduction which will reduce their annual income taxes for up to six years. And, because they did this through a tax-exempt trust, the trust did not pay any capital gains when the property was sold.

Firm believers in health and wellness, they also have the satisfaction of knowing that they have done something very significant for their chosen community because Santa Barbara Cottage Hospital Foundation will receive the remainder of the trust when it matures.

Now that they no longer have to manage their commercial property, they are able to concentrate on things they really love—like taking bicycling trips to places they have always wanted to see.

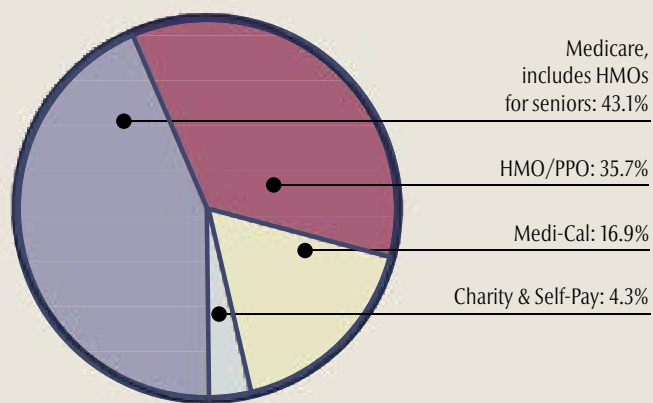
Last fall they spent two weeks in Nova Scotia where they bicycled along the ragged coastline, pedaling by day and enjoying the comforts of some of Nova Scotia's most charming inns each evening. Joan's photos depict the quaint and colorful seaside villages, outdoor marketplaces, intensely colored fall foliage, and the breathtakingly beautiful coastline. Their stops included a mid-day stop at the famous Freddie's Fish Market where they enjoyed “the best fish and chips ever.”

What's next? Postcards from Croatia...

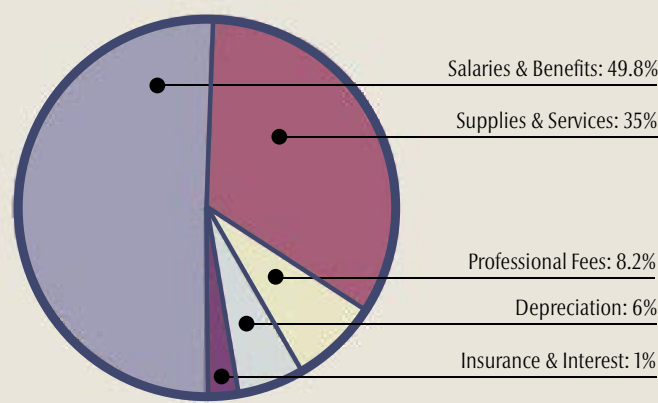


# Cottage Health System: A Year in Review

COTTAGE PATIENTS 2006



COTTAGE EXPENDITURES 2006



## COTTAGE HEALTH SYSTEM 2005 2006

<b>Patients admitted</b>	<b>20,484</b>	<b>20,662</b>
Santa Barbara Cottage Hospital	18,099	18,535
Goleta Valley Cottage Hospital	2,088	1,817
Santa Ynez Valley Cottage Hospital	297	310
<b>Total days of inpatient care</b>	<b>95,816</b>	<b>94,985</b>
Santa Barbara Cottage Hospital	77,831	77,701
Goleta Valley Cottage Hospital	17,120	16,349
Santa Ynez Valley Cottage Hospital	865	935
<b>Number of Surgeries</b>	<b>14,966</b>	<b>14,514</b>
Inpatient	7,347	7,167
Outpatient	7,619	7,347
<b>Births</b>	<b>2,772</b>	<b>2,703</b>
Santa Barbara Cottage Hospital	2,424	2,405
Goleta Valley Cottage Hospital	348	298
<b>Emergency department visits</b>	<b>61,325</b>	<b>62,226</b>
Santa Barbara Cottage Hospital	37,269	38,311
Goleta Valley Cottage Hospital	17,815	17,748
Santa Ynez Valley Cottage Hospital	6,241	6,167
<b>Outpatient visits (e.g., lab, X ray)</b>	<b>138,835</b>	<b>148,796</b>
<b>Employees (full-time equivalents)</b>	<b>2,032</b>	<b>2,105</b>

<b>Net Revenue</b>	<b>\$338 million</b>	<b>\$379 million</b>
<b>Expenses</b>	<b>\$293 million</b>	<b>\$324 million</b>
<i>including financial impact of uncompensated and charity care</i>	<i>\$7.6 million</i>	<i>\$9.1 million</i>
<b>Operating Margin*</b>	<b>\$45 million</b>	<b>\$55 million</b>

\*As a not-for-profit organization owned by the communities it serves, Cottage always reinvests the margin back into its hospitals for patient services, programs and new construction.

Unaudited figures

Attaining a strong bottom line today is more significant than ever for Cottage as we face the extraordinary costs of rebuilding our not-for-profit hospitals. With our sole mission to provide quality health care for the residents of the South and Central coast, we need to be careful stewards of what essentially are community assets. That means setting aside funds to pay not only for the state-mandated but unfunded building requirements of the next several years, but also for replacing critical medical equipment and purchasing important new technologies.

During this past year, we spent \$66 million to improve our hospitals:

- \$58 million went toward construction costs involved in the multiple building projects now under way;
- \$8 million was invested in capital equipment, including major expenditures in our cardiac catheterization laboratory, in surgical and radiology equipment for our operating room, in new ophthalmic microscopes for our Eye Center, and in a new video bronchoscopy system; the remainder went toward routine but important upkeep of our facilities as well as replacement and upgrades of essential medical equipment throughout our hospitals.

WITH PLANS UNDER WAY TO BUILD THE NEW GOLETA VALLEY COTTAGE HOSPITAL, leadership of the hospital's foundation announced the formation of a task force who will oversee a feasibility study to determine appropriate fundraising goals to support the project.

Members of the Goleta Valley Cottage Hospital Foundation's Campaign Readiness Task Force are: Edward Birch, Cottage Health System Board of Directors and past GVCH Trustee; Dan Craviotto, MD, GVCH physician; and GVCH Foundation Trustees Jeffrey Bermant, Valerie Fvette, Robert Knight, and Robert Locke.

Announced last fall, plans call for a new state-of-the-art community and surgical subspecialty hospital at the current location of Patterson and Hollister. The projected 28-month construction project would begin in late 2008 and be completed by the first quarter of 2011. Mandated by state seismic safety requirements, the new hospital will cost an estimated \$99 million. No local, state or federal funding is available for assistance.

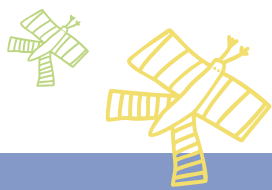
Through the proposed fundraising campaign, the greater Goleta community will have an opportunity to support the hospital—which celebrated its 40th anniversary of service last year—and the new building program.

MANY THANKS TO ALL WHO HAVE MADE DONATIONS TO THE COTTAGE HOSPITAL FOUNDATIONS.

Zoe Kazali was just three months old when her parents received the news that every parent dreads; their child was acutely ill. Little Zoe had Acute Myelogenous Leukemia (AML). She was hospitalized at Cottage Children's Hospital for treatment several times during the next six months. Then—when the treatment was finally completed—Zoe suffered heart failure and made another trip to Cottage Children's Hospital. Her doctors are not sure what caused Zoe's heart condition, but it was treatable. On January 20, Zoe and her grateful parents, Chris and Budi, celebrated her one-year anniversary in full remission.



# We were there



when Zoe needed us.

## Please help us continue caring for every child who needs us.

Your support helps ensure that we are here to provide the best care for every child who comes to Cottage Children's Hospital.

Tune in to our **Children's Miracle Network Celebration** broadcast on KEYT-TV Channel 3 on **June 2 and 3**. Please make a pledge by calling the number on our broadcast, or donate online at [www.cottagehealthsystem.org](http://www.cottagehealthsystem.org).



Cottage is a not-for-profit community organization providing medical excellence close to home.  
To find out how you can help, call 879-8980.

## COMMUNITY EVENTS

### Asthma Screening Fair

Saturday, May 12, 2007  
9:00 a.m. – noon  
Santa Barbara Cottage Hospital  
Burtness Auditorium  
Free asthma screenings.

### Mental Health Fair

Saturday, May 19, 2007  
10:00 a.m. – 3:00 p.m.  
Santa Barbara Cottage Hospital  
6th floor patio

### Baby Fair

Saturday, September 15, 2007  
10:00 a.m. – 2:00 p.m.  
Goleta Valley Cottage Hospital  
front lawn

## ONGOING CLASSES

### Prepared Childbirth and Breastfeeding

Call 569-8229 for information.

### Community CPR

Call 569-8229 for information.

### Healthy Balance

8-week weight-loss program.  
Informational meetings:  
June 12 and August 28.  
Call 569-7201 for details.

### Smoking Cessation

Next course starts July 18.  
Call 879-8992 for information.

Access our online calendar at  
[www.cottagehealthsystem.org](http://www.cottagehealthsystem.org)



Chair of the Board of Directors: J. Robert Andrews  
President & Chief Executive Officer: Ron Werft  
Vice President for Development & Public Relations: Suzanne Dalston

### Report to the Community 2006/2007

Editor: Janet O'Neill, public affairs director  
Writer: Joan Galvan, public affairs and marketing manager  
Design: Colette Briere, publications coordinator/senior designer  
Photography: Glenn Dubock, media services coordinator  
James Chen, Monie Photography and Baron Erik Spafford

Cottage Health System  
PO Box 689 • Santa Barbara, CA 93102 • (805) 682-7111  
[www.cottagehealthsystem.org](http://www.cottagehealthsystem.org)