Hospital Central Services, Inc.

For information about Hospital Central Services, Inc. or any of its affiliates, call 610.791.2222 or 1.800.444.HCSC (4272) or visit our Web site at www.hcsc.org.

Corporate Offices
2171 28th St., S.W., Allentown, PA 18103

HCSC-Group Purchasing
2171 28th St., S.W.
Allentown, PA 18103

HCSC-Laundry
2139 28th St., S.W.
Allentown, PA 18103

Rear, 310 Market St.
Kingston, PA 18704

1005 Memorial Dr.
Asbury Park, NJ 07712

2224 Broadway
Camden, NJ 08104

3001 Coswan Ave.
Baltimore, MD 21223

HCSC-Blood Center
Miller-Keystone Blood Center
1465 Valley Center Pkwy.
Bethlehem, PA 18017

1255 S. Cedar Crest Blvd.
Allentown, PA 18103

Chrin Commons Building
2925 William Penn Hwy.
Easton, PA 18045

426 Airport Rd
4 Beltway Commons
Hazle Township, PA 18202

2745A Leisz's Bridge Rd.
Reading, PA 19605
FOR 40 YEARS, HCSC HAS MAINTAINED ITS LEADERSHIP STATUS IN THE HEALTHCARE ENVIRON-
MENT BY WORKING TIRELESSLY TO STAY ON THE EDGE OF INFORMATION AND INNOVATION, DESPITE AN EVER-
CHANGING MARKETPLACE.

Now more than ever, healthcare providers are focusing on their return on investments –
carefully evaluating the efficiency of their programs in contrast to the financial return. This
exercise in performance measurement drives decisions and determines whether the adoption
of new technologies, systems and processes will be worthwhile.

During FY 2009-10, more than 400 healthcare organizations partnered with HCSC for the
programs and services their institutions needed to efficiently deliver superior patient care.
Their ongoing trust in us is evident, as corporate revenues increased by 2.7% to $97,653,703.

This past year, HCSC-Laundry distributed a record total of $1,753,840 in patronage dividends,
including $350,768 allotted in cash to our qualified, not-for-profit healthcare members.

Our Group Purchasing division, through our partnerships with MAGNET and
MedAssets, continued to evaluate and offer programs and services for every
healthcare purchasing need.

Strong recruitment schedules and successful donor projections for our
HCSC Blood Center (Miller-Keystone Blood Center) division ensured stable
blood inventory levels for the region throughout the year. This achieve-
ment culminated with Miller-Keystone’s announcement to member hospi-
tals that no price increase would take place for upcoming FY 2010-11.

Perhaps the ultimate return on investment for HCSC is recognizing the
value of education. Over the past year, educational grants were distributed
to more than 15 area not-for-profit agencies, including Children’s Home of
Easton, Crime Victims Council, Eastern PA EMS Council, Lehigh Valley Children’s
Centers, Mercy Specialized Learning Center, Second Harvest Food Bank and Weller
Health Education Center. In addition, scholarships were presented to a total of 17
regional high school students, acknowledging their hard work and commitment to
Miller-Keystone Blood Center.

HCSC recognizes that our bottom line is to help our partners improve theirs. Looking
ahead, we will continue to focus our efforts on new and innovative ways of providing the return
on investment that our customers not only hope for, but demand, in order to succeed in this
ever-changing industry. After all, your success is our greatest reward.

TAKING STOCK
OF YOUR
INVESTMENT

A MESSAGE FROM THE PRESIDENT & CHAIRMAN
were upgraded to provide enhancements for all users. The capability for Laundry purchase orders to be automatically emailed to all associated vendors and suppliers was also implemented to provide better turnaround of items required for our customers.

This past year, HCSC-Laundry welcomed 14 new Laundry & Linen Services accounts, while renewing 11 existing accounts. Through the ongoing commitment of our 730+ employees, HCSC recognized a 1% increase in productivity, while continuing to provide the quality, service and savings our customers expect.

During FY 2009-10, HCSC’s Kingston facility was recertified by HLAC (Healthcare Laundry Accreditation Council). This certification provides our customers with the knowledge and confidence that their textile provider is meeting or exceeding the highest standards for processing healthcare textiles in the industry.
During FY 2009-10, HCSC Group Purchasing and its partners, MAGNET and MedAssets, offered an exciting opportunity to the healthcare community. Financially challenged institutions will now receive huge returns on their investment by the broad cost-saving opportunities available to them through our contract portfolio. More than ever before, institutions will now receive huge returns on their investment by the broad cost-saving opportunities available to them through our contract portfolio.

One such vendor is NovaRad, which is continuously rated as one of the top three radiology information systems technology vendors in America. Its flagship products, NovaRIS and NovaPACS, are fully functional and feature rich products that are continuously updated to be on the forefront of technology. Yet, with such great products, NovaRad is still the most affordable RIS and PACS provider. NovaRIS and NovaPACS are installed as a turnkey solution that allows hospitals to receive their ROI in less than a year. NovaRad not only provides the customer with an excellent product and excellent support, but with an amazing way to save money.

Return-on-investment can be achieved by offering exceptional products, at great prices, that deliver superior patient care. One vendor helping our customers to do just that is Estill Medical Technologies, maker of the Thermal Angel. The Thermal Angel is an in-line, battery-powered, disposable and completely portable blood and IV fluid-warming device, capable of intravenous application and irrigation warming. The Thermal Angel can be used to help prevent fluid-induced hypothermia. In order to encourage warming for all patients, and not just a few cases, the Thermal Angel was designed to require a minimal capital expenditure. The award-winning Honeywell HomMed® remote patient monitoring device is ideal for both the patient and the medical professional, using text or voice prompts to guide patients through a series of yes/no questions that allows medical professionals to monitor and receive a thorough health assessment. This device allows patients to safely return home in a timely and cost-effective way and reduces readmissions.

The Honeywell HomMed® remote patient monitoring device is part of the LifeStream Ecosystem, which provides patients with an easy-to-use device for the home. The three-part LifeStream Ecosystem provides cost-effective care for patients at home and includes the patient-facing Genesis DM device, software applications and service. Patients suffering from a variety of chronic conditions, such as congestive heart failure, chronic obstructive pulmonary disease, coronary artery disease, diabetes and hypertension, can use the Genesis DM device to assess their condition in the privacy of their homes. This information is transmitted securely over the Internet to their caregiver for monitoring and, if necessary, the appropriate intervention.

Our contracted vendors not only provide cost-effective ways to save money, but they can also help a facility generate much-needed funds and space. One such vendor is DOtmed.com. DOtmed.com also has various methods for registered users to enhance their visibility and ability to sell on the site. The most popular options are to buy listing upgrades, run online auctions and utilize targeted text ads. DOtmed.com emphasizes ethics and safe online transactions.

One of Group Purchasing’s biggest accomplishments this year has been the completion of our user-friendly customer portal. We have eliminated the archaic systems of delivering contract information via paper and CD. In addition to contract information, customers can access pricing, promotions, group buys, current events, press releases and facility-specific sales information, all at their fingertips.

MedAssets Pharmacy Services helps reduce costs and improve efficiencies by automating or enhancing existing practices. MedAssets provides expertise to manage clinical applications and pharmacy contracts, as well as continuing education resources for pharmacy staff. Pharmacy tools are designed to manage costs with audit and recovery functions that monitor market share and identify failure-to-supply situations.

Today, DOtmed.com is the world’s leading medical equipment marketplace, with users from virtually every country in the world.

DoTmed.com is a great way to generate funds without a costly investment. You can register to post classified ads, browse, receive email alerts, be listed in its services directory and read its online news – all at no cost. You can even subscribe to the monthly magazine, DOtmed Business News, for free. DOtmed.com also has various methods for registered users to enhance their visibility and ability to sell on the site. The most popular options are to buy listing upgrades, run online auctions and utilize targeted text ads. DOtmed.com emphasizes ethics and safe online transactions.

Every dollar counts in healthcare today so it is important to achieve the best return-on-investment possible. HCSC Group Purchasing understands how to help healthcare facilities make smart financial decisions in order to provide superior patient care with the latest technology. Offering creative, cost-effective solutions in an easily accessible form, along with personalized customer service, is the best return a healthcare facility could ask for.
During Fy 2009-10, Miller-Keystone Blood Center experienced no product shortages for red cells, platelets or plasma, fulfilling our member hospitals’ inventory needs. The Center also partnered with other U.S. blood centers to ship blood to Haiti in support of medical services provided after a devastating earthquake.

Over the past year, numerous requests for blood service proposals were received, as well as increased blood inventory orders from many of our supplemental hospital and blood center clients. Our Client Testing Division, which provides all required routine donor testing services, also expanded its marketing activity, bringing its customer base to 17 donor centers.

FDA (Food & Drug Administration), AABB (American Association of Blood Banks) and New York State inspections of our operations were undertaken, with no significant deficiencies reported.

In June, the Donor Collections Department finalized implementation of a software program that will automate our donor history questionnaire. This is expected to reduce manual errors and could provide the capability for donor self-screening in the future.

The Blood Center also served as a clinical site for students in the Phlebotomy program at Northampton Community College, as well as for The Reading Hospital Clinical Laboratory program. Students are presented with opportunities for lecture and clinical training, with our goal to hire a number of the graduates for our Phlebotomy and Laboratory departments.

During the winter, a second Abbott Prism and a second Biotest Tango® blood-testing analyzer were interfaced with our Blood Bank Information System, SafeTrace. These activities provide additional resources to facilitate blood-testing results in a more timely manner for our customers. In addition, our Laboratory implemented HLA (Human Leukocyte Antigen) testing to help identify what blood products can be best manufactured from a donor’s unit of blood.

An annual review of the Blood Center’s ISBT128 Blood Labelling System was completed. This review addressed changes to the current system, which was implemented by Miller-Keystone in 2008 in cooperation with centers throughout the country, and around the world, to increase the level of standardization in transfusion medicine. This system, which gives each blood product a unique donation identification number, allows for every blood component to be specifically identified and tracked anywhere in the world.

Two new air-handling systems were installed in the Blood Center’s Laboratory and Product Management departments to provide better HVAC for the testing and product distribution environments.

A new Affirmative Action Plan for the Blood Center was also completed. This plan, implemented as a result of an agreement with the Department of Defense, provides laboratory testing services and requires ongoing compliance review, monitoring and tracking, and will be revised annually.

This fiscal year, the Quality Assurance Department implemented a new software program to automate our business processes, eliminate paperwork and achieve compliance with regulatory agencies. The system will provide immediate notification concerning documents that are time sensitive and also provide faster updated materials for all Blood Center personnel and operations.

During the course of the year, the Blood Center renewed the lease at our Allentown donor center and remodeled the Reading donor center to increase operational efficiencies. Our Hazleton donor center also celebrated its five-year anniversary of collections and blood mobile operations, supporting our efforts to supply the local hospital. Wireless Internet access was also established at our Allentown, Bethlehem, Easton and Reading donor centers for those donors who wished to access their email and/or the web while donating.

Because of the success of our blood services program during FY 2010, MKBC notified all member hospitals that they would incur no price increase for the upcoming year.
group scheduling. The program can also be utilized for staff scheduling, as well as vehicle and equipment availability. More than 400 Blood Center volunteers donated over 25,000 hours of service during FY 2010-11, serving as donor aides, canteen attendants, office support staff and special event volunteers. Their ongoing support and service efforts were recognized at annual spring recognition events. Throughout the year, the Volunteer Department also evaluated online resources and other initiatives to recruit potential volunteers across our service area.

The Blood Center’s development department focused many of its initiatives this year, including its annual “Cruise Aboard the LifeLine” event, which supported several MKBC blood donation, capital equipment, and New Jersey counties that partner with Miller-Keystone Blood Center (Phoenixville, PA) to join the BloodCenter projects, which supported several Blood Center's development department, bringing the total to 20 hospitals that, due to the success of our blood services program during FY 2010, they would not incur a price increase for the upcoming year and prices for certain blood components would be lowered.

The Center also finalized preparations for Brandywine Hospital (Coatesville, PA) and Phoenixville Hospital (Phoenixville, PA) to join the blood services program, bringing the total to 20 hospitals in 10 Pennsylvania and New Jersey counties that partner with Miller-Keystone Blood Center for their blood needs.

At year’s end, the Blood Center finalized plans for Brandywine Hospital and Phoenixville Hospital to join the blood services program, bringing the total to 20 hospitals that partner with MKBC for their blood needs.

YEAR-END NOTES
Total Community Donors Registered ............................. 100,336
Total Community Donations .................................................. 83,221
First-Time Donors .............................................................. 13,408
Total Automated Collections Registered .......................... 10,062
Total Automated Donations .................................................. 29,900
Total Autologous and Directed Donations ........................... 830
Total Blood Components Prepared ................................... 171,350
Total Number of Blood Donor Groups ................................ 1,616
Total Number of Bloodmobile Drives ................................... 2,308
Total Volunteer Hours .......................................................... 25,000

HCSC BLOOD CENTER

HCSC-LAUNDY

SHAWN MALLOY, CHAIRMAN, SACRED HEART HOSPITAL

Victoria Frederick .......................... Abington Health Care
Jennifer Innes .................................. Allentown Care
Warren Goldstein ......................... Adventurer Rehabilitation Hospital
David Sorgen .................................... Adventurer Rehabilitation Hospital
Warren Goldstein .............................. Allentown Care
Donor Groups ....................................... Total number of Blood
Total Volunteer Hours ........................................... 25,000

At year’s end, the Blood Center finalized plans for Brandywine Hospital and Phoenixville Hospital to join the blood services program, bringing the total to 20 hospitals that partner with MKBC for their blood needs.

HCSC-LAUNDY

LINEN COORDINATORS & STANDARDIZATION COMMITTEE

CARMEN RUBIO ........................................ Kimball Medical Center
KATHRYN BROWN .................................. Kravath Specialty Hospital
BRAD BAKER ............................................ Kravath Hospital of Philadelphia
CARLOS PINZO ........................................ Kindred Care Center
BARNIE DRESSLER .............................. Lakeworx at Pine Run
William Mest ......................................... Lehighton Valley Health
Tom Alexander .................................. Lourdes Medical Center of Burlington City
PAUL CARMINE .................................... Magee Rehabilitation Hospital
ABDUL QIMED ........................................ Main Line Medical Center
GINA CICCO ........................................... Marlan Community Hospital
TOM McCAY .......................................... Marlton Rehabilitation Hospital
Kim Dooley ............................................. Memorial Hospital of Salem County, The
FRAN McCRARY ..................................... Mercy Fitzgerald Hospital
KEVIN WILLIAMS ............................... Mercy Hospital of Philadelphia
DAVID LEW ............................................. Mercy Hospital of Scranton
PAUL CULLEN ........................................ Mercy Suburban Hospital
Carl Andruski ....................................... Mercy Taylor Hospital
Robert Nye ............................................. Merit Mountainside Hospital
GLORIA WORMUTH .................................... Mini Valley Hospital
VICKI FADGET ......................................... Morristown Medical Center
Dale Haines ............................................ Morris Plains Memorial Hospital
PAUL MARMORA ..................................... Morristown Taylor Hospital
Joseph McCullen ............................ Newton Health
Bruce Schaffer ..................................... NewPace Hospital
Redney Brown ................................... Newark Beth Israel Medical Center
John Souza ............................................ Newton Medical Center
Frederick Jones ................................... Our Lady of Lourdes Medical Center
Gary Walker ........................................... Overbrook Hospital
Dain Over ............................................. Philadelphia Children’s Hospital
Ler Carrington ..................................... Phoenixville Hospital
Theron Johnson .................................. Pine Run Community
Sandra Sames ..................................... Pocopon Medical Center
Alan Mitchell ..................................... Pottsville Memorial Medical Center
Michael Oldt ......................................... Riddle Memorial Hospital
Robert Wood Johnson Hosp. & Gr.: RWP ................................ St. Anthony Community Hospital
Joseph McCullen ............................. St. Barnabas Medical Center
Dania Seward ..................................... St. Barnabas Medical Center
Daniel Pereira ..................................... St. Barnabas Medical Center
Peggy Babcock ..................................... St. Clare’s Hospital
William Solomon ............................. St. Clare’s Hospital
Patrick Michael .................................. St. Joseph Medical Center
Perry Focht ......................................... St. Joseph Medical Center (Reading)
Jason Fraker ...................................... St. Joseph Medical Center (Torrance, BUC)
Dawn Weaver ..................................... St. Lukes’ Hospital
Sheila Lerman ..................................... St. Luke’s Field Hospital – Allentown
Joseph Faenza ..................................... St. Luke’s allergies Memorial Medical Center
Pam Stevens ...................................... St. Luke’s Quarters hospital
Howard Cohen ..................................... St. Mary Medical Center
Sue Faris .............................................. Salem County Nursing Home
Joseph Anthony .................................. Schuykill Medical Center
Ted Keys .................................................. (N Hawaiian St – Pottsville)
Jeanette Stanard .................................. Schuykill Medical Center
Toni Marshall ...................................... St. Francis Hospital (Wilmington)
Patrick Nolan ..................................... Shenandoah Center for Children
Toni Salavatore .................................. Somerset Medical Center
Janet Couse ........................................... Southern Clinton County Hospital
Carla Quin .............................................. Springfield Hospital
Ron Knorr .............................................. Sunview Credit Union
All Hofbauer ..................................... Taylor Hospital
Mark Garner ...................................... TriHealth Hospital – Philadelphia
Maureen Lelko .................................... TriHealth Hospital – Whitewater
Michelle Miller ..................................... Weyer Business Hospital
Tom Lawler ............................................. WindGap Health – Gettysburg hospital
AL Gingrow ........................................... WindGap Health – York Hospital
Jay Young .............................................. Westminster Village
Ron Knorr .............................................. WYNS – Wilkes-Barre General Hospital
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Penn State University

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J. Michael Lee, DBA, FACHE
President-CEO
HCS, Inc. & Affiliates

Everitt F. Binns, Ph.D.
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St. Luke’s Hospital & Health Network
Lawrence T. Johnson
Vice President
Unions Bank

Continued
OUR BOTTOM LINE IS IMPROVING YOURS.