

2015 ANNUAL REPORT



Your well-being is our priority.

AltaPointe faces unexpected challenges, achieves notable successes



Fiscal year 2015 proved to bring us more than our share of challenges that, thankfully, were offset by notable successes. Each winter we look back on the previous fiscal year's challenges, how we overcame them and the resulting accomplishments. We also consider the opportunities we know lie ahead so we can develop strategies to sustain corporate growth

and, in turn, improve the health and mental well-being of the people served by AltaPointe.

This annual report gives insight into the fiscal year 2015 outcomes in a numerical context. In a few words, this letter summarizes the most noteworthy issues we faced and how we responded.

Facing unexpected funding challenges

Because we depend on contracts and allocated funding, any local, state or federal funding cuts can dramatically affect the mental health services we provide. We came to expect the unexpected in 2015, especially in the area of funding.

The first unexpected challenge came when the City of Mobile reduced its budget allocation for AltaPointe by nearly 50 percent. This meant that AltaPointe shouldered even more of the operation cost for the inpatient crisis stabilization of involuntary adults – a vital community service already underfunded by \$1.3 million.

Next, the federally-funded Medicaid Emergency Demonstration Project (MEPD) ended abruptly in April. This translated to a \$2.5 million annual loss of funds that the community had depended on since 2012 to treat adults on Medicaid in EastPointe and BayPointe hospitals.

Finally, the Alabama State Legislature voted to “level fund” the Alabama Department of Mental Health (ADMH). That might not sound so bad; no less money, no more money. However, the ADMH budget had been cut by tens of millions of dollars and operated on less funding for several years. In addition, because mental health services are subject to medical inflation, level funding from the State resulted in a four percent reduction in purchasing power.

Considering these challenges, our leadership team worked diligently to manage these financial cuts through innovative, strategic planning that would not affect personnel or payroll negatively. We achieved some savings through employee attrition and interdepartmental transfers to reduce overall personnel costs.

We also closed the adult unit at BayPointe Hospital, which we plan to reopen when the inpatient Medicaid funding resumes.

Achieving success despite challenges

Despite the financial challenges, AltaPointe was able to respond quickly and skillfully to an unanticipated opportunity to step in to help the community. When Alabama Psychiatric Services closed in February 2015, once again our board and leadership team stepped up to the plate and made sure south Alabama residents would continue to have access to the mental health services they needed.

Within less than 30 days, we had secured offices, hired many APS staff members and opened our doors to former APS patients. We grew overnight. The expansion of our commercially insured outpatient psychiatric arm, BayView Professional Associates, within such a tight timeframe was nothing short of amazing. We now provide care for an additional 7,000 individuals who previously received their psychiatric services elsewhere.

Another major achievement in fiscal year 2015 was the development of a strategic plan to manage patient care required under Medicaid managed care and the Regional Care Organization system. This massive paradigm shift begins operation in October 2016 and will include additional types of services as well as changes in delivery of care and reimbursement.

Anticipating the future with optimism

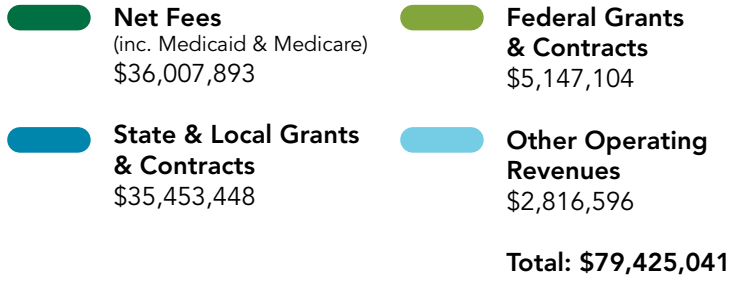
As we look ahead, we are hopeful Medicaid funding will be reinstated once the Centers for Medicare and Medicaid and the State of Alabama reach an agreement on how to move forward – and we will once again receive reimbursement for Medicaid patients requiring inpatient care.

We also know, once established and operational, Alabama's Medicaid Managed Care/RCO plan of service provision will remove the constraints imposed by the traditional Medicaid model allowing for more patient-centered treatment and better patient outcomes.

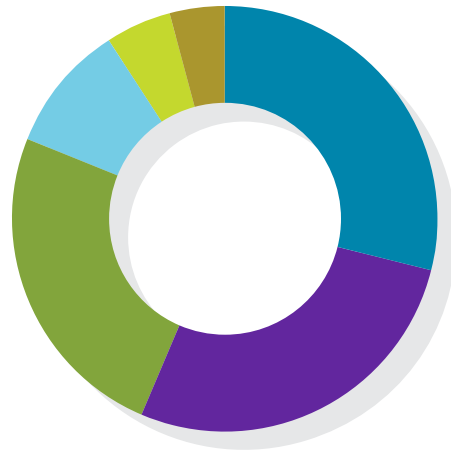
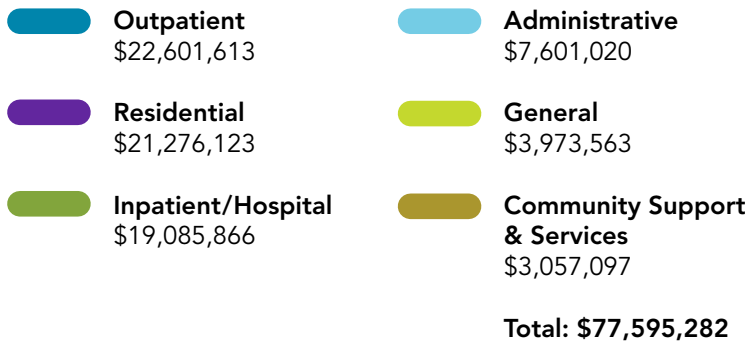
AltaPointe will do what is required to make sure the patients we serve in Mobile, Baldwin and Washington counties receive the treatment they need regardless of insurance coverage, or a lack thereof. We take this responsibility seriously and will always make our patients' well-being our priority no matter what challenges we face.

Tuerk Schlesinger, CEO

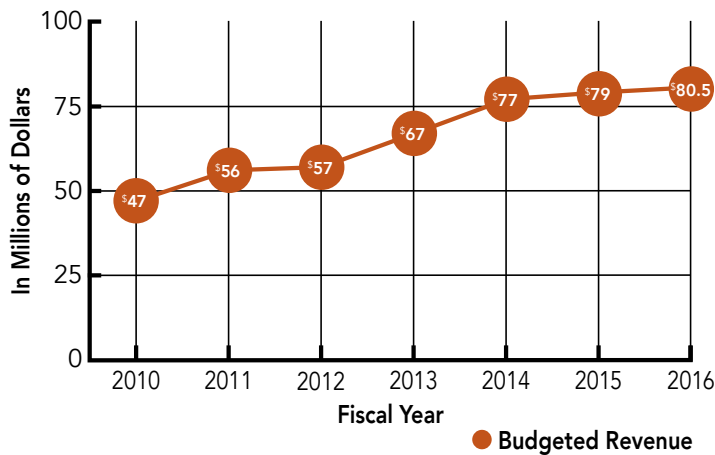
Total Operating Revenue FY 2015



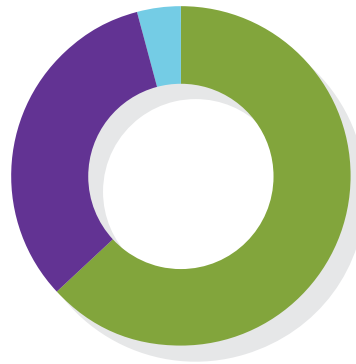
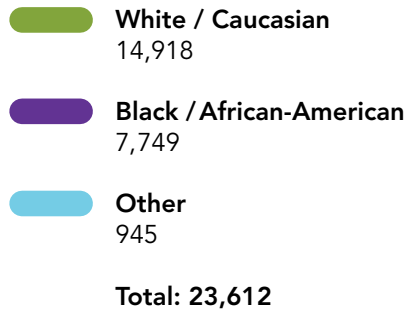
Total Operating Expenses FY 2015



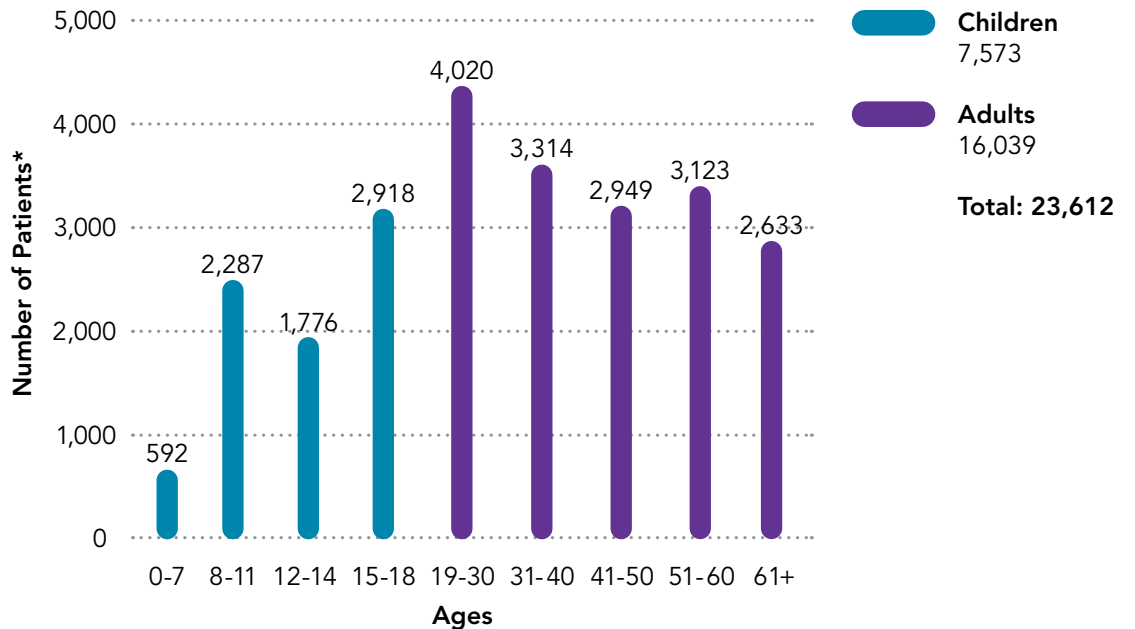
Total Budget Growth and Projection FY 2010-2016



Ethnicity of Patients Served FY 2015

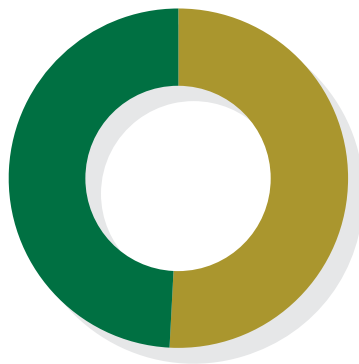
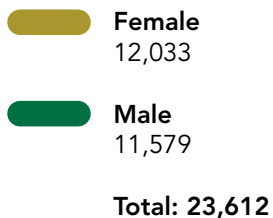


Ages of Patients* Served FY 2015

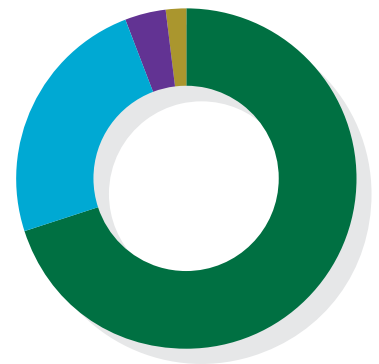
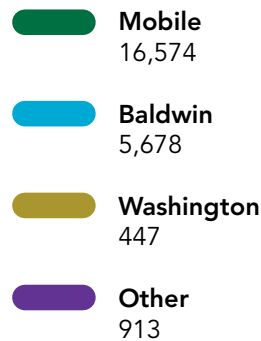


*Individuals admitted to any AltaPointe program

Gender of Patients Served FY 2015



Home County of Patients Served FY 2015



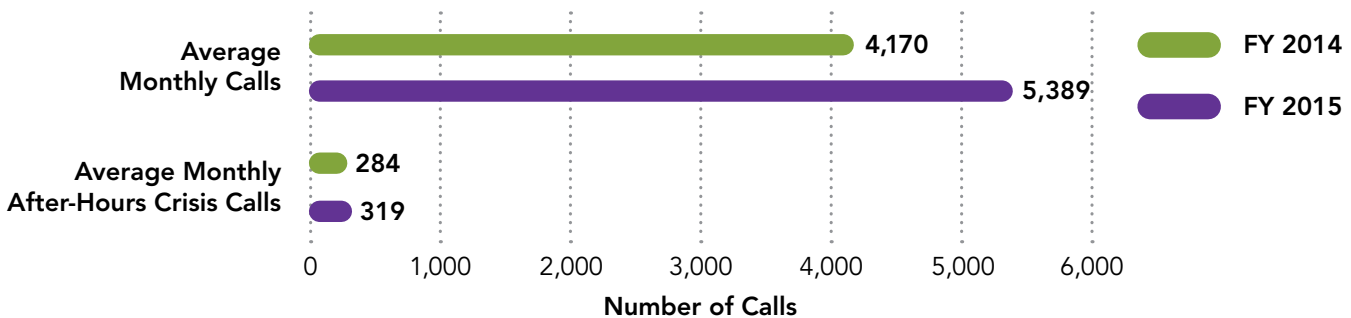
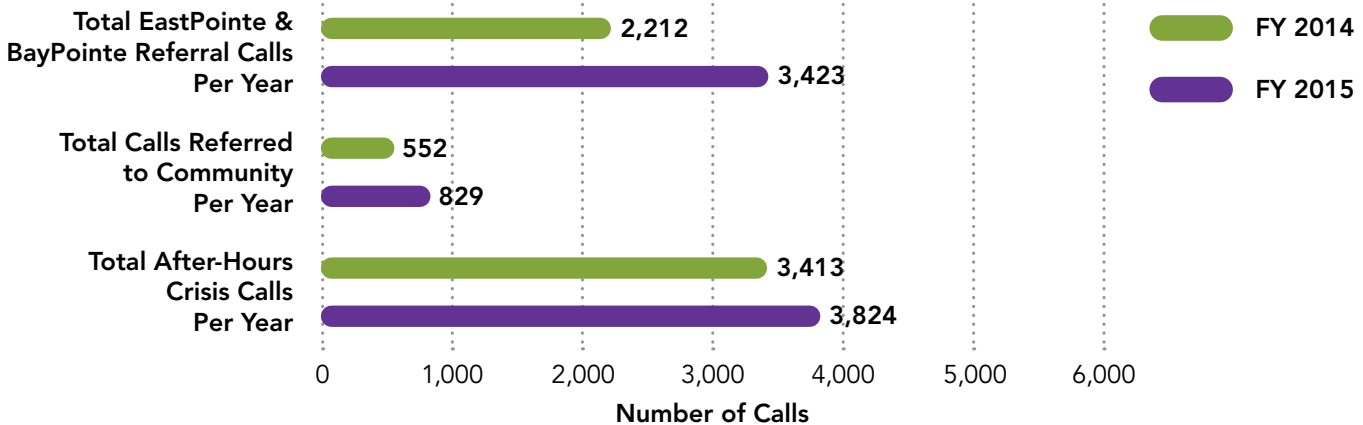
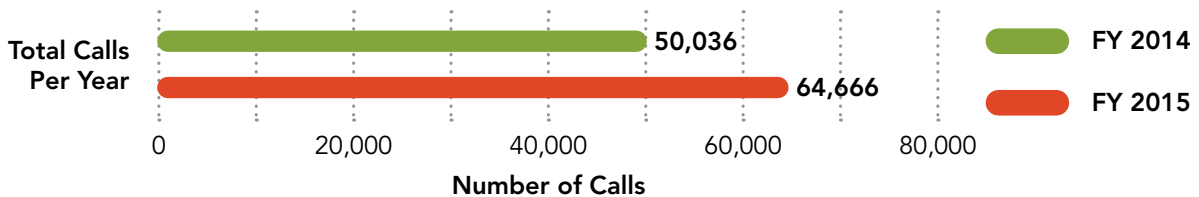
Total: 23,612

Most Common Diagnoses FY 2015

| | |
|-------------------------------|--------|
| Depressive Disorder | 21.1 % |
| Attention Deficit Disorder | 14.7 % |
| Anxiety Disorder | 9.7 % |
| Mood Disorder | 8.6 % |
| Schizophrenia | 8.6 % |
| Adjustment Disorder | 7.8 % |
| Bipolar | 7.5 % |
| Substance Abuse | 6.5 % |
| Other | 6.3 % |
| Disruptive Behavior Disorder | 5.9 % |
| Developmental Disability | 1.9 % |
| Oppositional Defiant Disorder | 1.4 % |

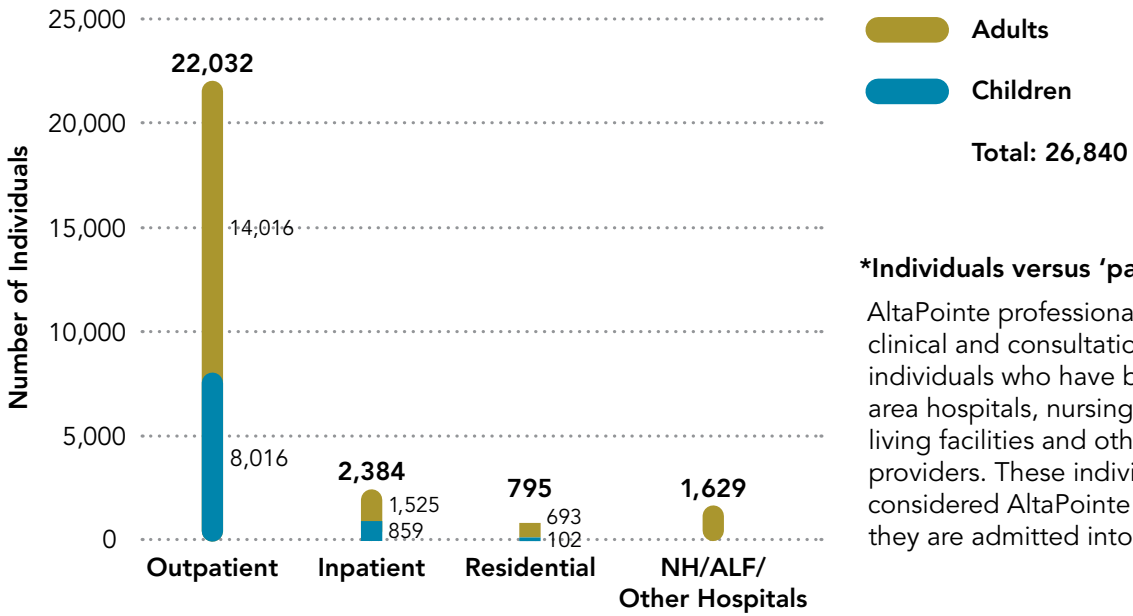


CarePoint: Access, Crisis and Other Calls FY 2015



CarePoint serves AltaPointe's two hospitals, nine outpatient clinics and 76 programs. It also supports psychiatric services for six acute care hospitals in Mobile and Baldwin counties and referrals to four state psychiatric hospitals.

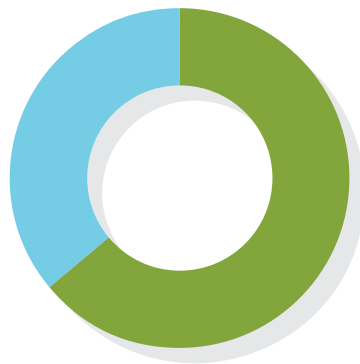
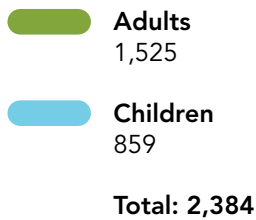
Total Individuals* Served by Program FY 2015



*Individuals versus 'patients'

AltaPointe professionals provide clinical and consultation services to individuals who have been admitted to area hospitals, nursing homes, assisted living facilities and other agencies or providers. These individuals are not considered AltaPointe patients until they are admitted into our continuum.

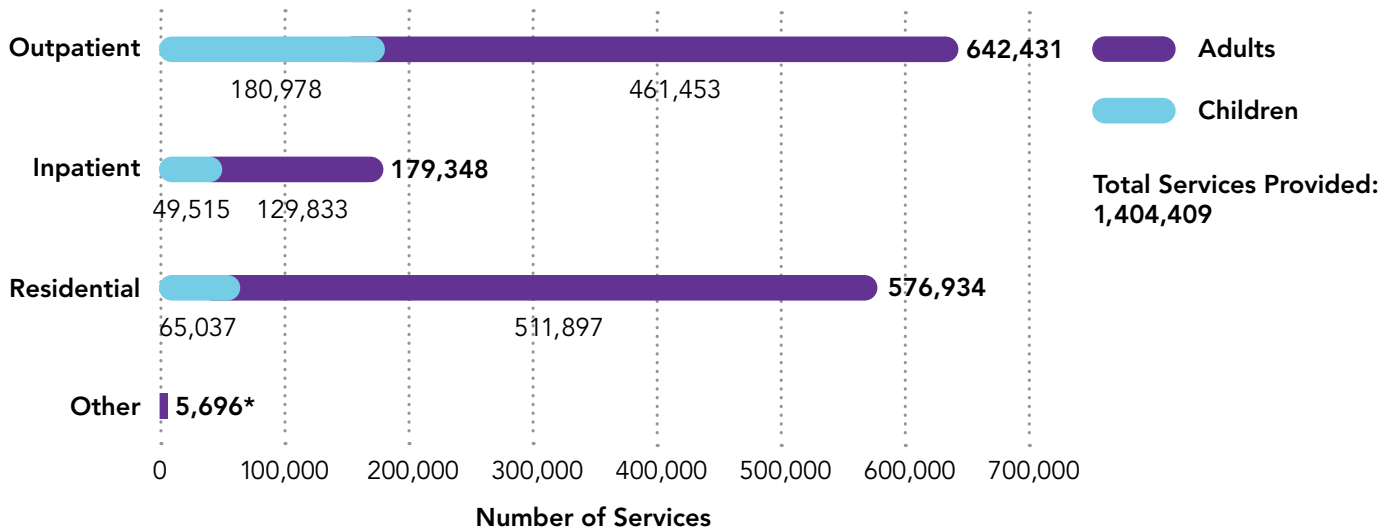
Total Patients Receiving Hospital Services FY 2015



AltaPointe's hospital services

AltaPointe operates two free-standing hospitals: BayPointe Hospital located in Mobile, offers a total of 60 hospital beds for both children and adults; and EastPointe Hospital located in Daphne, offers a total of 82 beds for adults. AltaPointe's ownership of these inpatient facilities, and its ability to provide inpatient care, make it the most comprehensive behavioral health system in Alabama.

Total Services Provided FY 2015



*Includes 5,654 Adults, 42 Children

AltaPointe Health Systems Survey Protocol

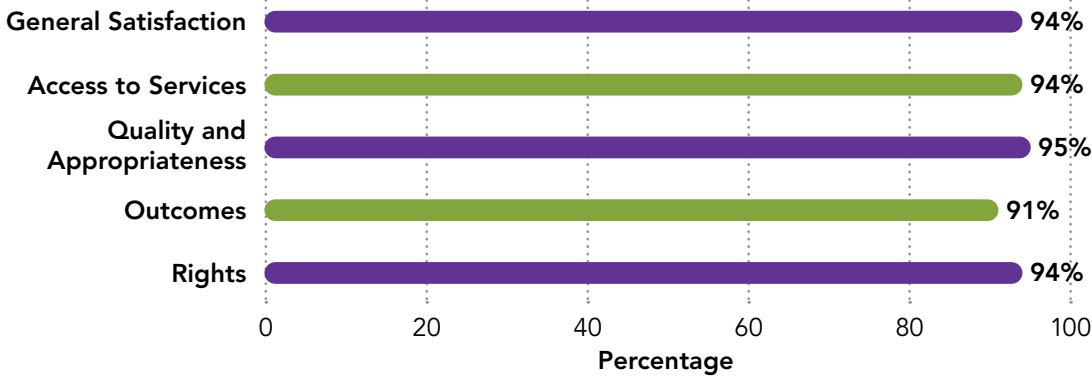
The Alabama Department of Mental Health and The Joint Commission mandate that AltaPointe collects and analyzes data related to satisfaction, access to care, treatment or services, communication and other factors for all individuals served and their families.

The AltaPointe Performance Improvement Department administers these surveys throughout all treatment programs

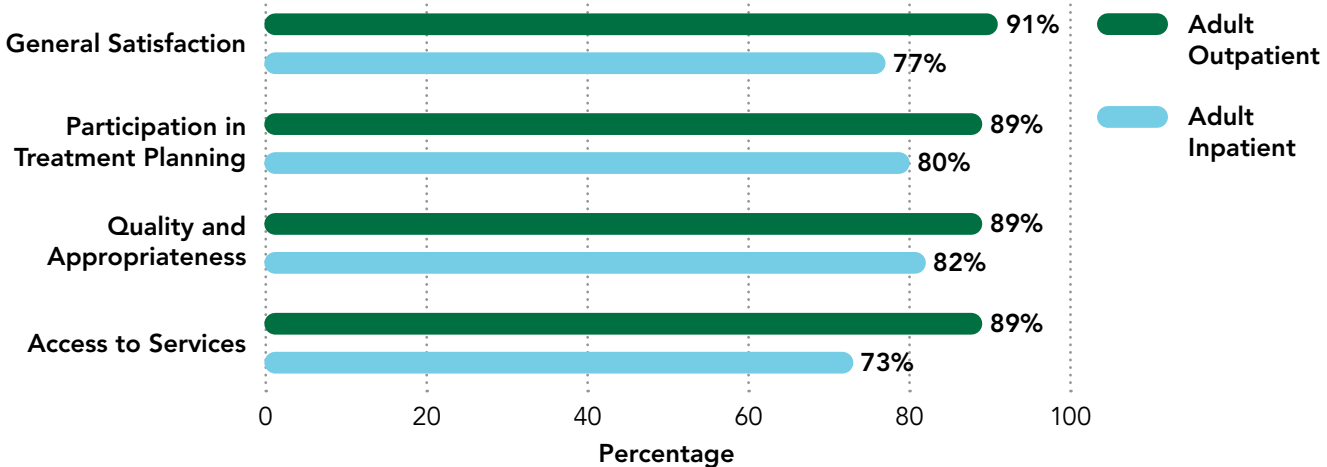
ensuring each program receives three surveys each year. Patients and families complete the surveys voluntarily and anonymously. Programs distribute the surveys and return them to the Performance Improvement Department in the month the survey is conducted.

AltaPointe staff members regularly review survey results to determine where improvements can be made.

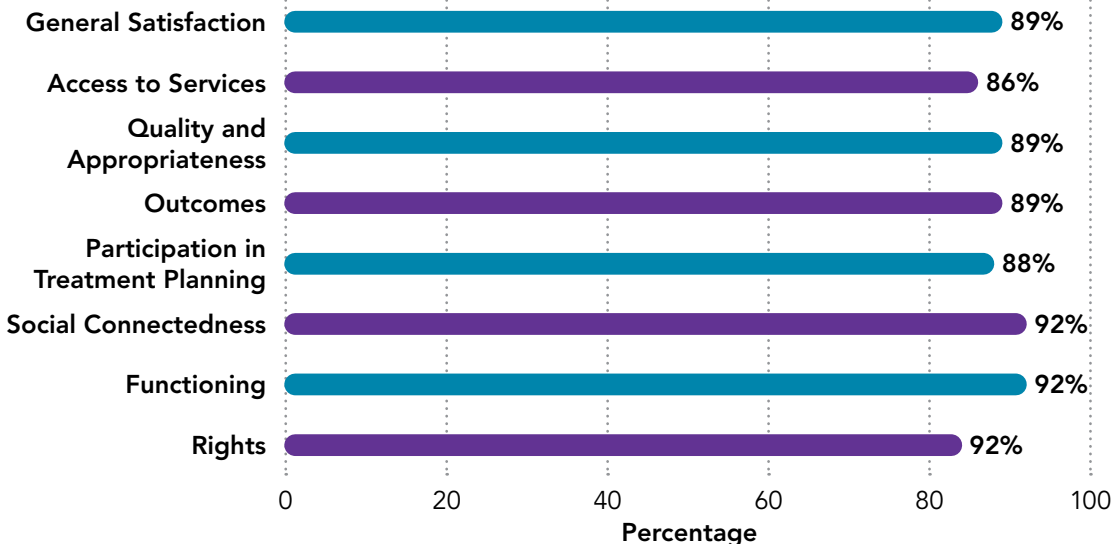
Family Perception of Care: Children's Outpatient FY 2015

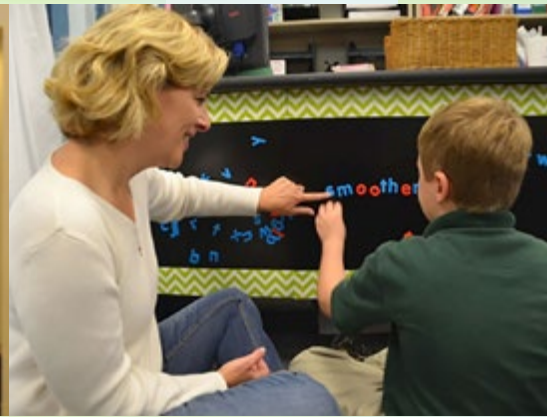
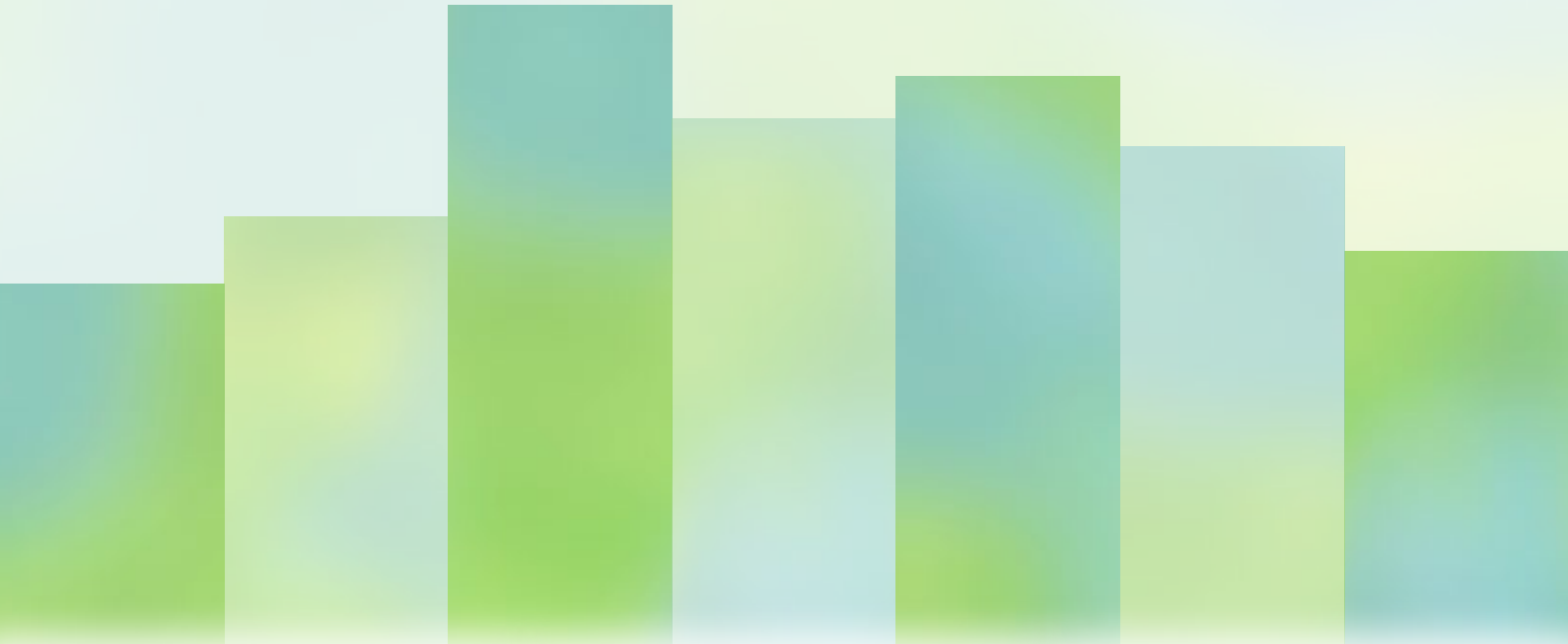


Patient Perception of Care: Adult Outpatient and Inpatient FY 2015



Family Perception of Care: Adult Outpatient FY 2015





Your well-being is our priority.

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The Joint Commission