

MAYO
CLINIC



2018

AN INSIDE LOOK AT

MAYO CLINIC



MISSION STATEMENT

To **inspire hope** and contribute to health and **well-being** by providing the **best care to every patient** through integrated clinical **practice, education and research.**

Mayo Clinic continues its work to provide hope and healing to every patient through integrated clinical practice, education and research. Mayo Clinic provided direct care for 1.3 million people from all 50 states and 136 countries in 2017.

Bolstered by its financial position, Mayo Clinic also contributed \$535 million to its pension plan for staff and \$714 million in capital projects.

These expenditures are part of a multiyear plan to continue to invest in equipment, facilities and technology, including a new electronic health record and revenue cycle management system, network infrastructure and security upgrades. The projects aim to enhance services, accelerate innovation and enable Mayo Clinic to provide better care for patients.

The results demonstrate Mayo Clinic's commitment to deliver complex care to patients and provide a secure future for our dedicated staff.

TOTAL CLINIC PATIENTS – 1.3 MILLION*

Mayo Clinic has a responsibility to provide compassionate care to all, and teams of experts deliver seamless, integrated experiences that patients expect.

*Individual patients are counted once annually. Patient numbers are rounded. All figures are from Dec. 31, 2017.



OUR MOST VALUABLE ASSET

More than 63,000 people drive the engine of the organization's patient-centered mission, advance important research and educational initiatives, and position Mayo Clinic as a key voice for the future of health care. Staff members lead Mayo Clinic's emphasis on excellence and compassion and take the time to make a difference for patients.

Thanks to a strong financial performance, Mayo Clinic hires and retains top talent and invests strategically in technology and facilities to deliver the best outcomes and service to patients.

Mayo Clinic is committed to investing in our staff, adding a total of nearly \$2.2 billion in pension plan contributions over the past five years to ensure Mayo Clinic will meet its commitment to current and future retirees.

TOTAL CLINIC EMPLOYEES – 63,134*

4,729 Physicians and scientists	58,405 Administrative and allied health staff
Rochester	35,249**
Health System	15,447
Arizona	6,634
Florida	5,804

*Does not include students, fellows and residents. **Includes Gold Cross and Rochester Airport employees.



INNOVATION EVERYWHERE

Mayo Clinic continues to transform medical practice through patient care, research and education.

NEW CAMPUS OF MAYO CLINIC SCHOOL OF MEDICINE. The Mayo Clinic School of Medicine – Arizona Campus opened in July 2017 to an inaugural class of 50 first-year medical students. The cohort was chosen from more than 3,000 high-scoring applicants eager to be part of the medical school’s new campus. Mayo has one national medical school — with campuses in Arizona, Florida and Minnesota — sharing innovation in medical education with its students.

THE LATEST TECHNOLOGY. Mayo Clinic’s Rochester campus began using a new 7-Tesla MRI scanner, the first in North America cleared by the U.S. Food and Drug Administration (FDA) for clinical use in imaging the brain and knee. The ultrahigh magnetic field allows submillimeter resolution imaging to help arrive at patient diagnoses that are elusive on less powerful MRI scanners. It also will open new avenues of research in epilepsy, multiple sclerosis, cerebral vascular disease and cartilage degeneration.

NEW ADVANCES IN CANCER CARE. At Mayo Clinic Hospital in Arizona, the FDA approved use of a cyclotron facility, paving the way for a sophisticated imaging agent to detect medical conditions at early stages. One of the drugs is Choline C-11, an FDA-approved radiopharmaceuticals agent, that detects prostate cancer in its earliest state.

EXPANDING HOPE AND HEALING THROUGH REGENERATIVE MEDICINE. Other advances in cancer care included offering chimeric antigen receptor T-cell therapy (CAR T-cell therapy) to patients with B-cell non-Hodgkin lymphoma. Mayo Clinic’s Rochester campus was selected as one of 16 cancer centers nationally to provide the treatment. CAR T-cell therapy is a type of cell-based regenerative medicine. The process involves taking a patient’s white blood cells, genetically changing a subset of them called T cells into CAR T cells, and infusing them back into the patient. The altered cells are better able to recognize and kill cancer cells than traditional treatment methods.



TOP-RANKED MORE OFTEN

In 2017, Mayo Clinic again was ranked the No. 1 hospital in the nation and No. 1 in more specialties than any other hospital by *U.S. News & World Report*. Mayo Clinic also took the No. 1 spot in Arizona, Florida and Minnesota and in the Phoenix, Arizona, and Jacksonville, Florida, metro areas.

Mayo Clinic’s Arizona campus ranked 20th among hospitals nationwide and is the first Arizona hospital to be named to the Honor Roll, which includes the Top 20 hospitals in the country.

Mayo Clinic remains top-ranked in quality more than any other health care organization by independent groups, such as the Nursing Magnet Recognition Program, Consumer Reports Hospital Safety Ratings and the American College of Surgeons National Surgical Quality Improvement Program.

BUILDING THE FUTURE OF MEDICINE

Construction on the first building of Discovery Square in Rochester continues in 2018. This 80,000-square-foot building will offer research for scientists and collaborating companies and organizations. Discovery Square is part of Destination Medical Center, the largest public-private partnership in Minnesota history, which is estimated to generate 30,000 jobs over the next 20 years.

Consistent with Mayo Clinic's culture for experts from multiple disciplines to come together to find solutions through research, Mayo's investment in Discovery Square will focus on biomedical technology, products for regenerative therapies and advanced diagnostics.

Mayo Clinic's capital expenditures in 2017 included work on the Dorothy J. and Harry T. Mangurian Jr. Building in honor of a \$20 million gift from The Harry T. Mangurian Jr. Foundation. This gift will further enhance Mayo's integrated services for complex cancer, as well as neurologic and neurosurgical care.

There are plans to add four floors for a total of five to Mayo Building South and remodel existing space in the Davis Building on Mayo Clinic's Florida campus. The \$70.5 million project will provide space for cardiovascular, cardiology and cardio-thoracic surgery program areas; spine center and pain rehabilitation programs; surgical rooms; a molecular imaging center for radiology; and laboratory expansion. Completion is expected in 2019.

Across Mayo Clinic Health System, projects in Mankato, Minnesota, included \$65 million for a hospital surgical suite expansion and an additional \$5 million for renovations in the orthopedic and sports medicine area.

In Fairmont, Minnesota, a \$4.5 million Emergency Department renovation project was completed in 2017.

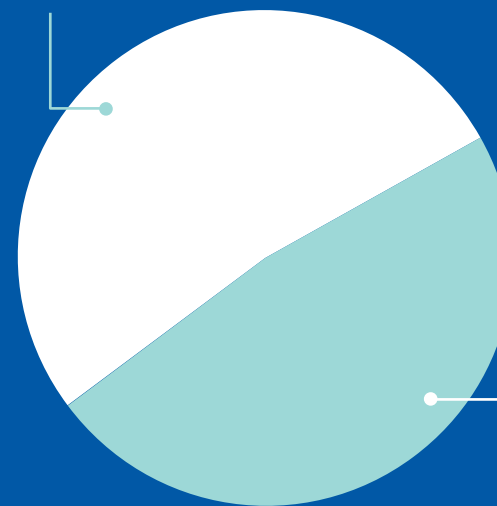
In Albert Lea, Minnesota, a \$720,000 investment is helping remodel the Cancer Center, in collaboration with Naeve Health Care Foundation and community benefactors. Additionally, work has begun on a \$2.75 million cooling plant, paving the way for future renovation and expansion.

Three floors will be added to the Generose Building on Mayo Clinic Hospital – Rochester, Saint Marys Campus. In addition, the East Tower will be finished, enhancing inpatient and therapy space and modernizing the neonatal, pediatric and cardiovascular disease ICUs. The \$217 million project will be completed over five years.

There are plans to expand and renovate the Cancer Center at Mayo Clinic Health System – Franciscan Healthcare in La Crosse, Wisconsin. The \$4.9 million project also will create space for support services, such as dietetics, social work and palliative care. Completion is expected in 2019.



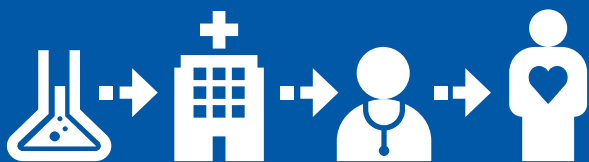
Mayo Clinic funding
\$556.5 million



External funding
\$512.1 million

INTEGRATING PRACTICE, EDUCATION AND RESEARCH

In 2017, total research and education funding exceeded \$1 billion – \$556.5 million from Mayo Clinic and benefactors and \$512.1 million from external sources.



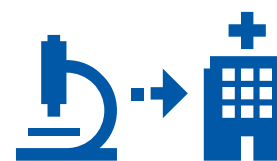
RESEARCH TO BENEFIT ALL

Research is critical to advancing the practice of medicine. Mayo Clinic translates scientific discoveries into therapies not just for patients but for people everywhere. Mayo's world-class scientists and physician-researchers collaborate in a continuous cycle that may begin with an individual's medical need and lead, through basic and clinical research, to medical innovations that transform lives.

Mayo Clinic offers hope to patients through our extensive range of clinical research trials and uses individualized and regenerative medicine to provide expert care.

Among the highlights in 2017:

- The National Institutes of Health (NIH) renewed one of Mayo Clinic's largest government grants through 2022. The \$48.8 million award from the NIH's National Center for Advancing Translational Sciences supports researchers in translating discoveries to address unmet patient needs and supports efforts ranging from educational programs for researchers to community engagement efforts for research participants.
- Neurologic research progressed in using electrical stimulation of the brain and spinal cord to address paralysis, memory, epilepsy and stroke.
- A new transatlantic partnership was announced with Mayo Clinic, the University of Oxford and Oxford University Hospitals NHS Foundation Trust to underpin collaboration in patient care and medical research.
- Stem cell research included a rocket launch from NASA's Kennedy Space Center of several samples of donated adult stem cells from a research laboratory at Mayo Clinic's Florida campus. Additionally, a new manufacturing platform will accelerate production of large quantities of stem cells, enough to scale up regenerative clinical trials. The FDA allowance of this latest technology establishes Mayo Clinic among the first automated stem cell manufacturing sites nationwide.



RESEARCHERS FINDING ANSWERS

Mayo research programs received \$446 million in external funding in 2017.

PEOPLE

Full-time scientific faculty	234
Physicians actively involved in research	740
Full-time research personnel	3,842

INFRASTRUCTURE

Research laboratory space (sq. ft.)	397,195
Total research space (sq. ft.)	1,027,601

STUDIES AND PUBLICATIONS

Active Institutional Review Board-approved studies	12,000+	New human research studies approved by Institutional Review Board	2,800+
Active grants and contracts	4,981	Research and review articles in peer-reviewed journals	7,234

LEARNING TO LEAD

Medical students and trainees come to the five schools within Mayo Clinic College of Medicine and Science for one simple reason: an unparalleled learning experience where current and future physician-leaders and researchers learn to deliver the highest-quality patient care and advance the science of medicine.

Mayo Clinic School of Medicine advanced to a top 20 position in *U.S. News & World Report's* 2018 rankings for Best Graduate Schools across the nation. Mayo Clinic School of Medicine and Mayo Clinic School of Health Sciences, two schools within Mayo Clinic College of Medicine and Science, are included on the list.

MAYO CLINIC SCHOOL OF MEDICINE

Enrollment	258
Graduates	54*

MAYO CLINIC SCHOOL OF GRADUATE MEDICAL EDUCATION

Mayo Clinic trains doctors in 292 residency and fellowship programs, representing virtually all medical specialties.

Enrollment	1,793
Graduates	710

MAYO CLINIC GRADUATE SCHOOL OF BIOMEDICAL SCIENCES

Enrollment	261
Ph.D. graduates	35
M.S. graduates	34

MAYO CLINIC SCHOOL OF HEALTH SCIENCES

Mayo Clinic prepares students in 135 programs representing 58 health science careers.

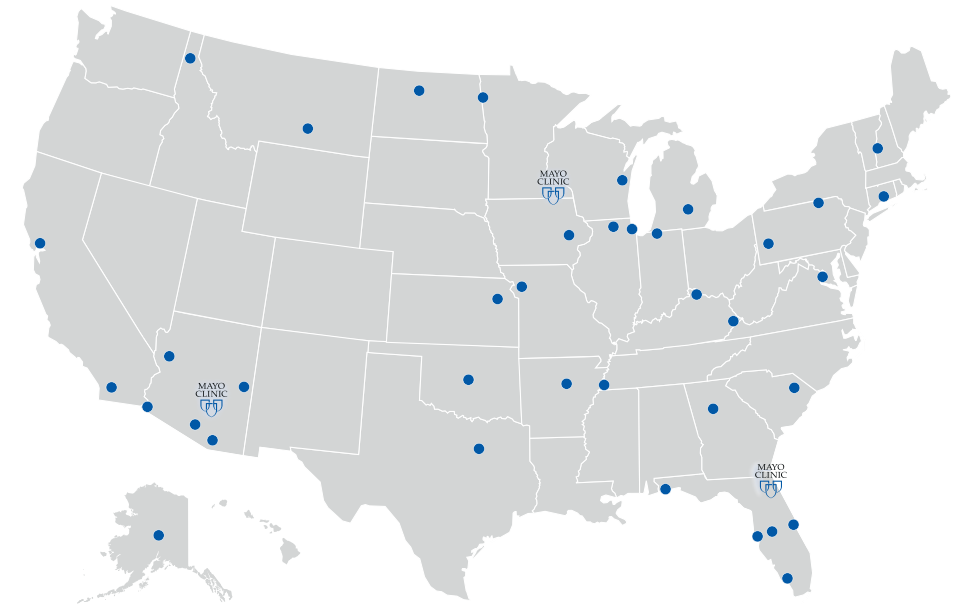
Enrollment	1,831
Graduates	1,142

MAYO CLINIC SCHOOL OF CONTINUOUS PROFESSIONAL DEVELOPMENT

Mayo Clinic offered 353 accredited courses in 2017.

Physician participants	61,684
Nonphysician participants	44,152

*On track to graduate May 2018.



A NATIONAL AND INTERNATIONAL NETWORK

Mayo Clinic continues to share knowledge and provide virtual consultations to providers and patients through an international network of member practices, Mayo Clinic Care Network.

Since its inception in 2011, the Mayo Clinic Care Network continues to grow. Today the network has more than 40 members across the United States and in China, Mexico, Saudi Arabia, Singapore, United Arab Emirates and the Philippines. These independent organizations represent more than 100 hospitals.

Through these organizations, 12 million patients and their care teams have access to Mayo Clinic knowledge, clinical protocols and consultations via Mayo's connected care platform.

THE RIGHT CARE AT THE RIGHT TIME

The Center for Connected Care continues to create and sustain digital connections with patients.



~1 MILLION
PEOPLE HAVE PATIENT ONLINE
SERVICES ACCOUNTS



1.3 MILLION+
PATIENT-INITIATED SECURE
MESSAGES WERE SENT IN 2017



~70%
PATIENTS ACCESSED THEIR
ONLINE ACCOUNT WITHIN
TWO WEEKS OF THEIR
APPOINTMENT



33,000+
DISCRETE TELEMEDICINE
CONSULTATIONS
including eConsults, eVisits,
eReviews and emergency or
scheduled video telemedicine visits



~19,000 PATIENTS
WERE SEEN FROM APPOINTMENTS
REQUESTED THROUGH THE MAYO CLINIC APP

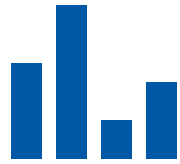


WELL-POSITIONED FOR THE FUTURE

Mayo Clinic, like many health care providers across the nation, faced challenges in 2017. In our rapidly changing health care environment, patients often are sicker and older, while reimbursement from government programs is often insufficient to cover the cost of quality care.

Meeting these challenges head-on, Mayo Clinic's overall financial performance was strong, increasing in 2017 relative to 2016. This is a direct result of the work to redesign the medical practice and disciplined financial stewardship. As the health care environment continues to change, Mayo Clinic remains optimistic in its position as the global leader in health care.

Mayo Clinic's annual operating margin supports practice, research and education activities, funds salary increases and pension contributions, and provides a source of capital for future investment.



CONSOLIDATED STATEMENT OF ACTIVITIES

Years ended December 31 (in millions)

	2017	2016
Revenue, Gains and Other Support		
Net medical service revenue	\$9,937	\$9,220
Grants and contracts	449	426
Investment return allocated to current activities	350	294
Contributions available for current activities	238	162
Premium revenue	153	145
Other	866	751
Total revenue, gains and other support	11,993	10,998
Expenses		
Salaries and benefits	7,326	6,844
Supplies and services	3,069	2,840
Facilities	778	735
Finance and investment	113	104
Total expenses	11,286	10,523
Income from Current Activities	707	475
Income as a percentage of total revenue	5.9%	4.3%
Noncurrent and Other Items		
Contributions not available for current activities, net	169	118
Unallocated investment return, net	595	26
Income tax expense	(71)	(13)
Miscellaneous	21	(87)
Total noncurrent and other items	714	44
Increase in Net Assets Before Other Changes in Net Assets	1,421	519
Pension and other postretirement benefit adjustments	(565)	(999)
Increase (decrease) in Net Assets	856	(480)
Net Assets at Beginning of Year	7,167	7,647
Net Assets at End of Year	\$8,023	\$7,167



MAYO CLINIC FINANCIALS

As a not-for-profit organization, Mayo Clinic reinvests all earnings into giving patients high-quality care, finding answers to the toughest medical cases and educating the next generation of doctors, research scientists and allied health professionals.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Years ended December 31 (in millions)

	2017	2016
Assets		
Cash and equivalents	\$66	\$57
Accounts receivable for medical services — net	1,791	1,635
Investments — at market	8,802	7,755
Other assets	1,159	1,166
Property, plant and equipment — net	4,489	4,308
Total assets	\$16,307	\$14,921
Liabilities and Net Assets		
Accounts payable and current liabilities	\$2,346	\$2,343
Long-term debt	2,413	2,371
Other long-term liabilities	3,525	3,040
Net assets	8,023	7,167
Total liabilities and net assets	\$16,307	\$14,921

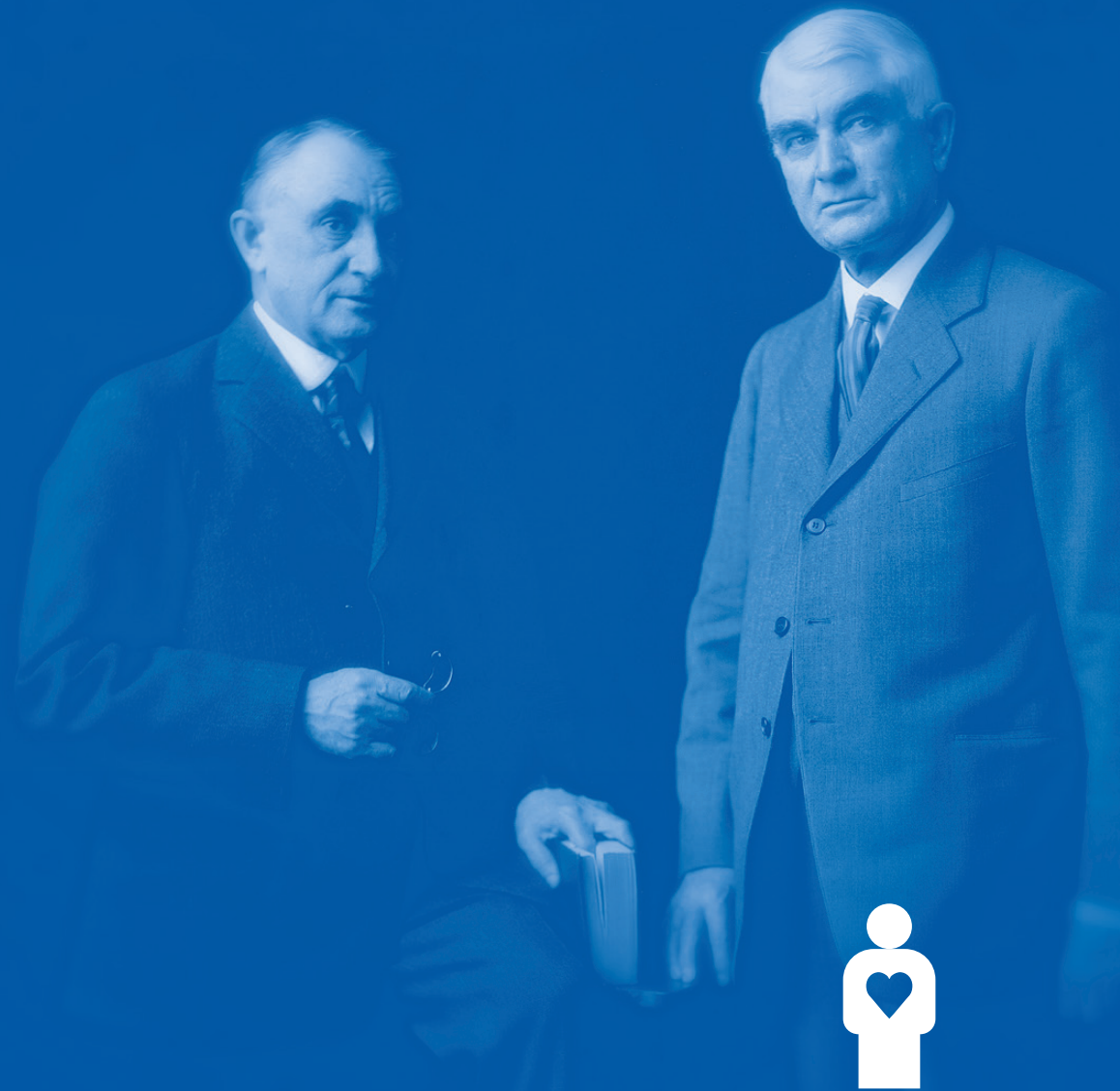


GIVING BACK

Mayo Clinic remains dedicated to giving back to the communities it serves through environmental stewardship efforts, community wellness initiatives, outreach to reduce health disparities among our most vulnerable citizens and programs that support local community vibrancy and economic development.

In 2017, Mayo provided \$575.4 million in care to people in need. This total includes \$72.2 million in charity care and \$503.2 million in unpaid portions of Medicaid and other indigent care programs for people who are uninsured or underinsured. Mayo also provided \$1.9 billion in unpaid portions of Medicare and other senior programs. More than 53 percent of Mayo's total medical services provided are for Medicare and Medicaid patients.

Mayo Clinic contributed \$11 million in cash and in-kind donations to local communities.



PRIMARY VALUE

In its earliest days, one of Mayo Clinic's founders, William J. Mayo, M.D., stated, "The **best interest of the patient is the only interest to be considered.**" That primary value — **the needs of the patient come first** — has guided Mayo's practice throughout its history and at every Mayo campus.

MAYO CLINIC LEADERSHIP



John H. Noseworthy, M.D.
President and CEO, Mayo Clinic



Jeffrey W. Bolton
Vice President and Chief Administrative Officer, Mayo Clinic



Wyatt W. Decker, M.D.
Vice President and CEO
Mayo Clinic in Arizona



Gianrico Farrugia, M.D.
Vice President and CEO
Mayo Clinic in Florida



Bobbie S. Gostout, M.D.
Vice President, Mayo Clinic
CEO, Mayo Clinic Health System



Paula E. Menkosky
Chief Administrative Officer
Mayo Clinic in Arizona



Mary Jo Williamson
Vice Chair Administration, Mayo Clinic
CAO, Mayo Clinic Health System



Christina K. Zorn
Vice Chair Administration, Mayo Clinic
CAO, Mayo Clinic in Florida



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Accurate as of April 2018

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