



# STRATEGIES FOR SUCCESS



TAKE CARE OF OUR EMPLOYEE TEAMMATES

FOCUS ON OUR CUSTOMERS

DEVELOP SMART SOLUTIONS

BE SMART WITH OUR COSTS



## TO OUR CUSTOMERS, SHAREHOLDERS, AND FRIENDS:



Stephanie Thomas  
Chairperson, Board of Directors



Wayne V. Schell  
President and CEO

Although 2009 was another difficult year for the economy, we are pleased to report that our efforts to contain costs, operate efficiently, and maximize productivity resulted in another year of strong performance for the company. Total earnings were the best HSS has ever recorded, even though we had significant increases in healthcare costs and minimized fee increases to customers. Revenues grew from \$88.5 million at year end 2008 to \$92.3 million in 2009, largely because of our success in retaining existing customers and attracting new ones.

Aviation and Government Services welcomed Milwaukee's General Mitchell International Airport and The Port of Portland and Portland International Airport.

Healthcare Security welcomed three new customers in California: Alameda County Medical Center, Highland Campus, in Oakland; Doctors' Medical Center, San Pablo; and St. Helena Hospital, St. Helena.

HSS continues to rank among the nation's largest healthcare outsourcing firms. *Modern Healthcare* ranked us sixth in its 2009 survey.

George Schiel, HSS's first full-time CEO, retired after 34 years at the helm at mid-year. The HSS core values and vision are his greatest legacy and everyone at HSS is committed to living up to the very high standards he set for us. Wayne Schell, formerly Chief Operating Officer and a 24-year employee of HSS, assumed leadership of HSS as President and CEO on July 1.

One of our key initiatives last year was updating the strategic plan. We examined a variety of economic, competitive, market, and financial factors to identify where HSS will focus its efforts for long-term success. Our action plan has four components:

- **Take care of our employee teammates.** Create a great employee environment that respects and treats employees fairly and offers improved communication, wages, benefits, training, and recognition.
- **Focus on our customers.** Improve communication and solicit continuous feedback on what customers value.
- **Develop smart solutions.** Continue to develop solutions based on customer needs, such as ED-Safe™, BeST™ staffing, GPS for patrol and courier vehicles, and new technologies such as our computerized equipment maintenance management system.
- **Be smart with our costs.** Ensure accurate and timely billing and payroll, manage productivity, and deliver cost-effective customer service.

We made progress in several of these areas in 2009. We conducted an employee survey and were gratified to learn that employees are strongly committed to helping HSS realize its vision of being the best choice for the customer because we deliver world class customer service.

We also learned that training and development are important to employees, so we created iLEAD™, a training program focused on Leadership, Education, Advancement, and Development. Forty employees with people and project leadership responsibilities graduated in the first iLEAD classes. Our goal is to put everyone with leadership responsibilities through iLEAD by mid-2011.

The employee survey also revealed how much employees value receiving information about the company and its programs. As a result, we have expanded our internal communication efforts using a variety of vehicles, especially the HSS Web site.

HSS developed several solutions to meet customer needs this past year. ED-Safe™ is a proven solution for preventing and mitigating the growing level of violence in hospital EDs. Our Staffing division created a new healthcare professional designation, Behavioral Security Technician (BeST) II™, to provide one-on-one patient monitoring and assist healthcare providers with their security functions. Medical Equipment Management began offering Service Agreement Value Review (SAVeR), a program that guarantees to find ways hospitals can save money on their service agreements. There's more information on 2009 company highlights, by business division, on the following pages.

Early in 2009, we distributed HSS Inc., stock to former member, now shareholder, hospitals. Our shareholders make HSS success possible by agreeing to the reinvestment of earnings. We are using those earnings strategically to create a supportive and productive work environment for employees, respond to customer needs with innovative solutions, and deliver world class, cost-effective customer service.

HSS extends its appreciation to Stan Anderson of Vail, and Jeffrey Price, Aviation Consultant, Leading Edge Strategies, who left the HSS Board of Directors in 2009. We benefitted from their insight and experience. We welcome new Board members, Charlie Crevling, CFO, Vail Valley Medical Center, and Robert Olislagers, Executive Director, Centennial Airport, Englewood, Colo. And our thanks to all Board of Directors for their time, talent, and many contributions to the continued success of HSS.

We are grateful to our more than 2,400 employees in 12 states who are committed to delivering the world class service that customers expect from us every day, every shift. We appreciate the trust and confidence our customers, new and long-term, place in HSS and we look forward to many more years of productive partnership with you.

Sincerely,



**Stephanie Thomas**  
Chairperson, Board of Directors



**Wayne V. Schell**  
President and CEO

## PROGRAMS AND CONTACTS

### HSS HEALTHCARE SECURITY

**Phone:** 303-603-3100  
**Toll-Free:** 866-HSS-5588  
**Fax:** 303-282-4202  
**E-mail:** HCSecurity@hss-us.com  
EDSafe@hss-us.com  
TEAM@hss-us.com

Full-service security programs and staffing

Security consulting

ED SAFE, a violence prevention and mitigation program for Emergency Departments

TEAM® (Techniques for Effective Aggression Management) training

24-hour dispatch and monitoring operations support center

### HSS SECURITY SYSTEMS INTEGRATION

**Phone:** 303-603-3095  
**Toll-Free:** 866-HSS-5588  
**Fax:** 303-282-4202  
**E-mail:** Si@hss-us.com

Complete system design and implementation of security technology

IP and traditional video surveillance

Access control, RFID, and infant protection

Mass notification

24-hour service

### HSS AVIATION AND GOVERNMENT SERVICES

**Phone:** 303-603-3120  
**Fax:** 303-282-4200  
**E-mail:** Av-gov@hss-us.com

Cost-effective, full-service security solutions for commercial, aviation, government, and educational campuses

24/7 patrol and alarm response

Electronic security systems integration

24-hour dispatch and monitoring operations support center

### HSS COURIER SERVICES

**Phone:** 303-603-3040  
**Fax:** 303-282-4203  
**E-mail:** Courier@hss-us.com

24-hour dispatch center

Specialized healthcare deliveries, 24/7

STAT service

Scheduled, demand, and same-day service

### HSS MEDICAL EQUIPMENT MANAGEMENT

**Phone:** 303-603-3060  
**Toll-Free:** 800-846-0096  
**Fax:** 303-282-4205  
**E-mail:** MEM@hss-us.com

Full-service medical equipment maintenance, including monitors, clinical laboratory equipment, microscopes, respiratory therapy equipment, sterilizers

On-site management programs

Managed Maintenance Fund

Industrial hygiene services

Clean room certification

Biological safety cabinet certification

SAVeR, ensuring that healthcare providers have the right service agreements at the right price

### HSS STAFFING AND PROFESSIONAL SERVICES

**Phone:** 303-603-3020  
**Toll-Free:** 800-539-7080  
**Fax:** 303-282-4204  
**E-mail:** Staffing@hss-us.com

Nursing services

Mental health workers

Behavioral Security Technicians (BeST™) program

### HSS HOTLINES

**Compliance:** 877-HSS-8876  
**Human Resource Benefits:**  
Metro Denver:  
303-799-0110, Ext. 600  
Outside Metro Denver:  
800-777-5035, Ext. 600

# 2008-2009 COMPARATIVE BALANCE SHEET

PRELIMINARY BALANCE SHEET DECEMBER 31, 2009

AUDITED BALANCE SHEET DECEMBER 31, 2008

	2009	2008
<b>Current Assets</b>		
Cash	\$ 5,369,601	\$ 5,498,799
Accounts Receivable – Trade	13,944,732	13,131,577
Other Current Assets	2,274,808	2,607,109
<b>TOTAL CURRENT ASSETS</b>	<b>21,589,141</b>	<b>21,237,485</b>
<b>Non-Current Assets</b>		
Net Property, Plant & Equipment	2,392,763	2,149,575
Investments	3,586,935	2,608,497
Other	1,888,459	421,280
<b>TOTAL NON-CURRENT ASSETS</b>	<b>7,868,157</b>	<b>5,179,352</b>
<b>TOTAL ASSETS</b>	<b>\$29,457,298</b>	<b>\$26,416,837</b>
<b>Liabilities and Shareholders' Equity</b>		
Accounts Payable	2,416,486	2,451,769
Reserves-Health Ins./Work Comp	2,672,740	2,520,116
Other Current Liabilities	3,360,250	3,674,645
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,449,476</b>	<b>8,646,530</b>
Long-Term Liabilities	1,472,628	1,481,132
<b>TOTAL LIABILITIES</b>	<b>9,922,104</b>	<b>10,127,662</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>19,535,194</b>	<b>16,289,175</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$29,457,298</b>	<b>\$26,416,837</b>

## BOARD OF DIRECTORS

### CHAIR

Stephanie Thomas  
Denver Health Medical Center  
Denver

Mary Berrigan  
HealthONE  
Denver

Todd Folkenberg  
Porter Adventist Hospital  
Denver

Robert Olislagers  
Centennial Airport  
Englewood

### CHAIR ELECT

Craig Sammons  
Sky Ridge Medical Center  
Lone Tree

Charlie Crevling  
Vail Valley Medical Center

Judy Lenane  
iRhythm Technologies  
Chicago

Dana Polonsky  
Craig Hospital  
Englewood

Peter Durante, MD, JD  
Centennial

Brad Ludford  
Exempla Saint Joseph Hospital  
Denver

Kathy Powell-Florip  
Alliance Search Management  
Fort Collins

### CHIEF EXECUTIVE OFFICER

Wayne V. Schell  
HSS  
Denver

Doug Faus  
Medical Center of the Rockies  
Loveland

Jerrod Milton  
The Children's Hospital  
Aurora

Strode Weaver  
University of Colorado Hospital  
Aurora



**HSS SECURITY**

Security is the largest category of HSS services. In 2009, security provided almost 3.9 million hours of staffing at hospitals, airports, and government facilities in Arizona, California, Colorado, Florida, Mississippi, Oregon, Texas, Wisconsin, and Wyoming.

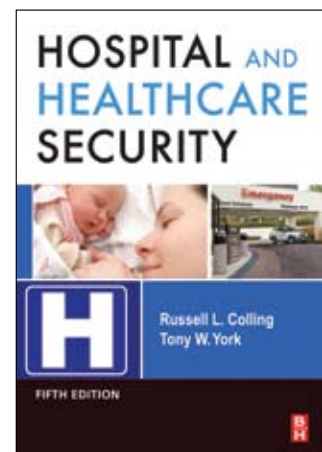
**HSS HEALTHCARE SECURITY**

- HSS was selected to provide security services to St. Helena Hospital in St. Helena, Napa Valley, Calif., in 2009. HSS replaced an in-house security function, retaining the majority of its existing staff. The Program Manager is Mike McKinzie.
- HSS has provided security services to three Alameda County (Calif.) Medical Center (ACMC) facilities since 2008. In September 2009, we expanded services to ACMC's Highland Campus, a Level I Safety Net Hospital in Oakland. George Weigandt is the HSS Program Manager.
- Doctors' Medical Center, San Pablo, Calif., selected HSS and service began in August 2009 under the leadership of Program Manager Rodney Shockley.

- In response to increasing levels of Emergency Department (ED) violence nationwide, HSS developed ED-Safe™, a violence prevention and mitigation program designed exclusively for EDs. Hospitals have responded enthusiastically to the availability of this new program.
- Building on a Secret Shopper program started in 2008, Healthcare Security expanded the program to all California customers with full-time security service coverage in 2009. Secret Shoppers use a tool devised by HSS to evaluate how well officers "look the part, know the part, and do the part" as professional security officers. Those who have 95 percent or higher positive interaction ratings earn HSS Rewards. Interactions that do not meet HSS standards create training opportunities to raise the skills of officers. Each day, evening, and night shift at HSS healthcare customer sites is "shopped" once a quarter. Based on a comparison of data from 2008 and 2009, HSS has determined that its officers' ability to

consistently deliver customer service has been improved by the Secret Shopper program.

- HSS is a nationally recognized leader in applying Joint Commission compliance strategies to customer security programs. Onsite HSS security leaders around the country participate in 4-10 Joint Commission surveys every six months. By sharing what we learn in these surveys, including security trends and surveyor interpretations, we help our customers prepare for and achieve successful surveys. Our onsite leaders also gain valuable information that enables them to further improve customer service and effectively direct staff resources.
- *Hospital and Healthcare Security* is widely accepted as the defining body of knowledge on hospital security. Russ Colling authored the first four editions of this book during his 27-year tenure with HSS. Tony York, HSS Senior Vice President, co-authored the new 5th edition with Colling, published in 2009. Most educators, healthcare executives, and healthcare agencies and associations agree that *Hospital and Healthcare Security* sets the standard for healthcare security. The book is available on Amazon.com.



**OUR VISION**

To be the best choice for the customer because we deliver world class customer service.

## HSS AVIATION AND GOVERNMENT SERVICES

- HSS began providing security services to these customers and programs in 2009 and early 2010:

The Port of Portland and Portland International Airport. The HSS Program Manager is Carey DeMille.

General Mitchell International Airport in Milwaukee, Wis. The HSS Program Manager is Rodney Harris.

Douglas County, Colo., Justice Center and County buildings. Susan Atkinson is the Program Manager.

Aviation and Government Services continues to serve Denver International Airport, Orlando International Airport, City and County of Denver government office buildings, City of Colorado Springs and Colorado Springs Utilities facilities, and the U.S. Olympic Committee Headquarters and Training Facilities in Colorado Springs.

- Denver International Airport funds a quarterly performance incentive program for HSS Security. Performance is rated 1, 2, or 3. A rating of 1 means exceeds all expectations in eight criteria, including employee retention, officer testing compliance, training, and receiving good feedback from travelers. HSS has earned the top rating for 16 consecutive quarters.



- In July 2009, HSS became the first security company to sponsor and host the prestigious Airport Certified Employee (ACE)-Security program of the American Association of Airport Executives (AAAE). The internationally recognized program gives attendees the knowledge needed to operate in the uniquely dynamic airport security environment. HSS has more employees with ACE certification than any other U.S. security company.
- HSS was honored to receive the Small Business Advocate of the Year Award from The Greater Orlando Airport Authority for its efforts in mentoring minority-owned businesses.

## HSS ELECTRONIC SECURITY SYSTEMS INTEGRATION

- This group has expanded the markets it serves and the products and services it offers. LED lighting was added to its full line-up of customized, non-proprietary solutions in 2009. Other solutions include access control, CCTV/video, alarms, data protection, emergency call stations, infant protection, mass notification, nuclear (radiation) threat detection, and wandering patient.

- Systems Integration specializes in meeting the needs of commercial markets, including property managers, education (K-university), government, healthcare, and many more.
- HSS technicians are trained and certified in traditional and advanced products from the most innovative and respected manufacturers in the industry. HSS backs their work with some of the most comprehensive warranties available.

## HSS OPERATIONS SUPPORT CENTER (OSC)

- Serving as the first point of contact for more than 20 hospitals in Metropolitan Denver and Alameda County, California, the OSC is staffed 24/7 by dispatchers who have a wide range of backgrounds, including former police and security officers and 911, police, and EMS dispatchers. OSC dispatchers handle an average of 24,000 calls a month.
- Dedicated dispatchers also handle an average of 1,500 dispatches a month for the HSS Courier Division.

## OUR MISSION

Provide personalized, technical, and professional service programs to enhance the value of our customers' business.



- Duress alarm and intrusion detection monitoring are provided for many security clients. Each alarm has a unique alert tone and set of required follow-up actions.

- The OSC has the same classification as other public safety entities, ensuring it is able to maintain service during emergencies.

### HSS COURIER

- This division completed replacing traditional fuel cars with fuel-efficient hybrid models in its small vehicle fleet in 2009. Over half of the large vehicle fleet also are hybrids, and the division plans to explore adding more green vehicles as larger capacity hybrids become available. The goal is to ultimately operate a 100 percent green vehicle fleet.

- In 2010, Courier plans to introduce several tools that will increase customer access to online ordering and tracking and increase driver accountability and delivery timeliness, including:

Secure customer access to real-time confirmations, online order entry, online package tracking, and downloadable usage details and customer-generated reports.

Mobile features used by worldwide delivery companies, such as instant communication via mobile devices and the ability to exchange detailed order and manifest information.

GPS-enabled devices and service points-of-delivery that provide real-time information about drivers and delivery status.

- Courier also will test combining real-time bar code scanning with driver mobile devices in 2010, which will allow customers to view the entire chain-of-custody for every item transported by HSS.

### HSS MEDICAL EQUIPMENT MANAGEMENT

- This division launched Service Agreement Value Review (SAVeR) in 2009, a program that reviews virtually every type of service agreement healthcare providers enter into and identifies areas where providers can save money. SAVeR has such proven success (it found over \$25,000 in savings and cost avoidance for a small Colorado hospital within six months) that it is offered with a guarantee of savings.

- Anesthesia Equipment Maintenance also was introduced, providing ventilator and anesthesia equipment maintenance and repair services that maintain this equipment at the highest standards.

- The Maintenance Management Fund saved one long-term Colorado hospital customer over \$5.5 million the past 10 years—and improved uptime of their critical medical equipment.

- The new, state-of-the-art Computerized Maintenance Management System (CMMS) will be completed in early 2010. The new system, developed by TMA, replaces paper communication with Internet-based communication, laptops, PDAs, barcode readers, and wireless access. These features, plus an integrated inventory capability, will enable HSS to improve productivity and customer service because technicians in the field will have immediate

access to equipment history, parts inventory data, and service documentation. HSS customers will benefit from improved equipment uptime, reduced repair times, greater service accuracy and consistency, life cycle information, and timely, cost-effective capital equipment replacement.

### HSS STAFFING AND PROFESSIONAL SERVICES

- Staffing created a new professional healthcare worker designation in 2008—the Behavioral Security Technician (BeST™). In 2009, the division extended the concept to a new level—BeST II™. These technicians complete the specialized BeST training, plus additional training to earn certification as security officers. They provide both one-on-one patient monitoring and assistance with security functions. BeST II technicians are identified as security officers on their uniforms, but are clearly distinguished from the customer's traditional security force. Thirteen hospitals are now using the BeST and BeST II programs.



## CORE VALUES

Always make things right for our customer

Be integrated into our customers' culture

Be an ambassador for each customer

Conduct all business with honesty and integrity  
as individuals and as an organization

Create innovative approaches to deliver total  
solutions for customers

Maintain a reputation for service excellence  
and program quality

Value our employees and their contribution  
to HSS and to our customers

