

Since the 1940s, blood centers across the United States have supplied blood to hospitals in their communities. BloodSource, located in Sacramento, is one of over 60 independent blood centers in the US. We serve over 40 hospitals in Northern and Central California. As a 501(c)(3) not-for-profit organization, our Mission is to *provide blood and services to those in need*. Our focus remains steadfast amidst intense cost pressures and emerging competition in transfusion medicine.

We employ over 500 licensed and non-licensed professionals, including phlebotomists, clinical laboratory scientists, nurses and physicians, all striving to provide outstanding service. BloodSource is committed to developing long-term solutions to economic challenges by providing value through optimized patient care, not simply price concessions. In partnering with our hospitals, we help contain healthcare costs and improve patient outcomes.

BloodSource utilizes regulatory compliance as a competitive advantage. *Compliance at the highest level* is our hallmark. We embrace quality and maintain a strong record of compliance with FDA requirements and other regulatory agencies. We invest more on education, training, and compliance than most in our industry, yet our focus on quality allows us to maintain the highest standards of blood manufacturing and related services, as well as mitigate potential regulatory liability. Our strong quality record affords the hospitals we serve a greater focus on patient outcomes. A similar yet classic example lies in the approaches taken by Toyota and General Motors in response to early seatbelt legislation. As new standards were enacted, American car manufacturers depleted resources to fight the requirement; meanwhile Toyota began installing seatbelts. Competitive advantage went to the early adopter and vehicle passengers were the ultimate winner. As safety measures went into effect, passengers experienced a decrease in automobile related fatalities.

BloodSource is a leader in alternative professional qualifications. We instigated educational programs to qualify laboratory staff. As an alternative to the general Clinical Laboratory Scientist (medical technologist) certification, BloodSource developed 52-week training programs for Clinical Immunohematology Scientists and Clinical Histocompatibility Scientists, both of which received endorsement by the State of California.

The cost of healthcare can be reduced by reviewing historic medical practices. BloodSmart®, our blood management program, is one example. BloodSource has practiced blood management for decades and has data to demonstrate our success. Patients receive the most appropriate transfusions, resulting in better care and in many cases, lower healthcare costs overall. In addition, we have significantly reduced the transfusion rate in hospitals served by BloodSource. Currently the US national average is 49 red blood cell (RBC) transfusions per 1,000 population. BloodSource hospitals transfuse 31 RBC per 1,000 population. At conservatively average price points for blood components, the projected savings is about \$2,700 per 1,000 population.

• Yes, you do save lives.

Hospital systems served by BloodSource realize an average of \$5 million in savings per year through this lower than average RBC transfusion rate.

Innovation and efficiency are also critical elements of competitive success. BloodSource introduced two new blood products with many benefits that include further mitigating risks associated with transfusions, savings in hospital product handling and compatibility testing, and reducing the number of patient transfusions. In addition, BloodSource boasts the nation's *best* in production of apheresis platelet components. Classic production efficiencies are sought - obtaining the optimal number of components from each donation, while maintaining strict adherence to mandated eligibility requirements and physician monitoring of donor safety.

Innovation, efficiency, strong hospital relationships, quality-focus, and flexibility have all combined to make BloodSource successfully competitive. Through the positive economic outcomes of these initiatives, BloodSource has granted over \$12 million in fee reductions to hospitals over the past 10 years. We have also invested \$8 million in quality and compliance enhancements.

Our commitment to our Mission has never been stronger. As the blood industry evolves, providing high quality blood products at a reasonable cost will be essential to remain viable in a competitive industry. In so doing, we must remain steadfast that the ultimate benefactor in these efforts is, and will always be, the patient.

Michael J. Fuller, CEO

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