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Ingalls Health System achieves green energy savings, reduces carbon footprint

Takes step to go beyond state-mandated renewable energy requirement; Premier healthcare alliance SPHERE collaborative to reduce healthcare's \$6.5 billion annual energy costs and greenhouse gas emissions

Charlotte, N.C. (October 2, 2008) – Ingalls Health System has taken a significant step towards reducing its carbon footprint, achieving an estimated 3,433-ton reduction of carbon dioxide, a significant greenhouse gas, from the purchase of 5 percent of its electricity from renewable, or “green,” energy sources. Ingalls also realized an \$840,000 savings on its purchase of renewable electricity and natural gas.

The Chicago-based Ingalls achieved these savings as part of the Premier healthcare alliance's SPHERE collaborative, which focuses on reducing the healthcare industry's energy use and greenhouse gas emissions.

Healthcare ranks as the country's second most energy intensive industry, spending more than \$6.5 billion each year while experiencing double-digit cost increases. According to the EPA, 30 percent – or \$1.95 billion – of the healthcare industry's energy usage could be reduced without sacrificing quality of care through the use of renewable energy sources, such as solar, hydroelectric and wind power.

Ingalls was able to realize significant savings on its purchase of both renewable and traditional electricity, as well as natural gas, through participation in an industry first, large-scale, Web-based reverse auction focusing on renewable energy.

With the roles of the buyer and seller being reversed, the reverse auction establishes competition among energy suppliers who bid downward against one another in real time to reduce the price

of energy. This enables hospitals to lock in more stable pricing and use the savings to increase their percentage of green energy purchases.

“Through the reverse auction process we were able to include electric energy produced from renewable resources in our purchase and do so at a cost competitive level with conventionally-produced electricity,” said Harold Richards, Ingalls’ director of Materials Management. “This is an important objective of our overall strategy for reducing our carbon footprint and making a positive contribution to public health.”

The auction was led by Premier, in collaboration with Practice Greenhealth and its Healthcare Clean Energy Exchange (HCEE).

HCEE Director Nick DeDominicis observed that “a reverse auction goes a long way toward achieving the goals of Premier and Practice Greenhealth: to help hospitals cost-effectively lock in stable pricing and increase their percentage of green/renewable energy purchases, thereby reducing greenhouse gases and the negative health impacts of burning fossil fuels.”

Ingalls realized an estimated \$375,000 savings in electricity over the life of their 36-month contract and an estimated \$460,000 natural gas savings over the 17-month contract, compared to a traditional paper-based procurement process and their annual budget.

“We applaud Ingalls for proactively reducing its carbon footprint by contributing to the use of renewable energy to improve the health of the communities it serves,” said Premier Purchasing Partners President Mike Alkire. “By participating in SPHERE, the savings our members achieve in energy use and costs can be used to further improve the quality of care they provide their patients.”

Purchase exceeds Illinois Renewable Portfolio Standard

Ingalls’ purchase of 5 percent of their energy from renewable sources goes beyond the current Renewable Portfolio Standard (RPS) bill in Illinois, which required utilities to supply 2 percent of their power from renewable energy sources by June 2008, escalating to 25 percent by June 2025. Through SPHERE, Ingalls will be one of the first healthcare facilities in Illinois to achieve 7 percent green by May 2009. This number will expand to 11 percent by the third year of their electricity contract.

About the SPHERE collaborative

SPHERE – Securing Proven Healthcare Energy Reduction (for the) Ecosystem – builds on Premier’s award-winning environmental leadership program, GreenHealthy™, which includes the organization’s Environmentally Preferable Purchasing program, as well as its internal employee-led, corporate-wide Yes to Green program.

SPHERE will enable Premier members to support patient care and public health through cost-effective, environmentally sensitive energy procurement, use and management practices. It will also bring hospitals together to share best practices and benchmark their energy use to positively impact climate change and public health.

For more information regarding SPHERE, please visit www.premierinc.com/sphere.

About Ingalls Health System

Serving south suburban Chicago, Ingalls Health System includes a 563-bed hospital and a network of comprehensive outpatient centers that feature a full array of high-tech diagnostic and treatment services and the area's only Urgent Aid Centers for 24/7 access to minor emergency care. Ingalls Family Care Centers and Urgent Aids are located in Tinley Park, Flossmoor, and a currently expanding campus in Calumet City. Ingalls Health System also includes a Wellness Center in Homewood, Same Day Surgery in Tinley Park, Ingalls Center for Outpatient Rehabilitation in Calumet City and Ingalls Home Care & Hospice which provides skilled nursing, support and therapy services throughout the area. For more information, visit www.ingallshealthsystem.org.

About Practice Greenhealth

Practice Greenhealth is the nation's leading membership and networking organization for institutions in the healthcare community that have made a commitment to sustainable, eco-friendly practices. Members include hospitals, healthcare systems, businesses and other stakeholders engaged in the greening of healthcare to improve the health of patients, staff and the environment. Practice Greenhealth combines and builds on three powerful initiatives to improve environmental performance in healthcare. It is the successor to Hospitals for a Healthy Environment (H2E) that has joined forces with the Green Guide for Healthcare (GGHC) and the Healthcare Clean Energy Exchange (HCEE) with the combined goal of creating programs designed to improve environmental performance in healthcare. For more information on Practice Greenhealth, visit www.practicegreenhealth.org.

About Premier Inc., 2006 Malcolm Baldrige National Quality Award recipient

Serving more than 2,000 U.S. hospitals and 53,000-plus other healthcare sites, the Premier healthcare alliance and its members are transforming healthcare together. Owned by not-for-profit hospitals, Premier operates one of the leading healthcare purchasing networks and the nation's most comprehensive repository of hospital clinical and financial information. A subsidiary operates one of the nation's largest policy-holder owned, hospital professional liability risk-retention groups. A world leader in helping healthcare providers deliver dramatic improvements in care, Premier is working with the United Kingdom's National Health Service North West and the Centers for Medicare & Medicaid Services to improve hospital performance. Headquartered in San Diego, Premier has offices in Charlotte, N.C., Philadelphia and Washington. For more information, visit www.premierinc.com.