

*The following is intended to be reviewed together with Duke’s comprehensive proposal and responses to clarifying questions. All aspects of Duke’s proposal remain subject to change based on additional due diligence, further understanding of the impacts of the COVID-19 pandemic, and other applicable considerations.*

Duke has created what it believes to be a compelling proposal that addresses New Hanover County’s and NHRMC’s goals and objectives through a collaborative framework that complements the success built by NHRMC. Duke’s non-binding proposal is submitted by Duke University Health System, a private, nonprofit corporation.

#	Goals and Objectives	Proposed Strategic Partnership
1	<b>Improving Access to Care and Wellness</b>	<ul style="list-style-type: none"> <li>• Building on Duke’s and NHRMC’s adjacent and complementary footprints, NHRMC will be a platform for growth in southeastern North Carolina and the broader region and will continue to expand its position as a regional destination medical center that leverages the combined strength of the organizations’ brands. (<a href="#">Question 1.1</a>)</li> <li>• To promote NHRMC as a destination medical center, Duke believes that it is critical to expand access to primary and specialty care. To accomplish this objective, Duke will deploy a variety of tactics such as extending its significant array of Graduate Medical Education programs to NHRMC to promote local education of the next generation of providers. Duke would also devote significant resources to fulfill the provider recruitment needs of the local community. (<a href="#">Question 1.2.1</a>, <a href="#">5.1</a>, and <a href="#">5.2.4</a>)</li> <li>• Expanding on NHRMC’s capabilities in emerging methods of providing care such as the Home Care Telehealth Program, Duke and NHRMC will increase access to care throughout southeastern North Carolina by utilizing best-in-class, consumer-centric telemedicine programs. (<a href="#">Question 1.9</a>)</li> </ul>
2	<b>Advancing the Value of Care</b>	<ul style="list-style-type: none"> <li>• NHRMC and Duke share the mission of leading their communities to outstanding health. Together, NHRMC and Duke will advance population health strategies and accelerate the transition to a value-based care environment. Sharing operational and clinical best practices across both organizations will drive success while preserving the opportunity to jointly expand insurance capabilities geographically and commercially, specifically with regard to Medicare Advantage products. (<a href="#">Question 2.1.2</a> and <a href="#">2.1.2.1</a>)</li> <li>• Together, NHRMC and Duke can create an industry-leading regional network with the foundation grounded in each organization’s quality, patient safety, and care management programs and infrastructure that will drive better outcomes, superior satisfaction, and cost efficiencies throughout southeastern North Carolina. (<a href="#">Question 2.2</a>, <a href="#">2.3</a>, and <a href="#">6.1</a>)</li> <li>• Duke’s primary objective when evaluating synergies is to first minimize any potential disruption to ongoing operations at NHRMC. Duke has a variety of transformational capabilities that will be made available to NHRMC on a mutually agreed upon timeline to fuel its position as a regional destination medical center. (<a href="#">Question 8.5</a>)</li> </ul>

#	Goals and Objectives	Proposed Strategic Partnership
3	<b>Achieving Health Equity</b>	<ul style="list-style-type: none"> <li>• Duke provided nearly \$600 million in community benefit in 2019 and would seek to continue, if not expand, NHRMC’s programs to provide care to those in need. Similarly, Duke has made significant investments in a variety of services such as behavioral health and would welcome the opportunity to identify equivalent strategies to address the needs of NHRMC’s communities. (<a href="#">Question 3.1 and Duke Regional Case Study</a>)</li> <li>• As an active partner in community programs with patients, neighborhoods, schools, health and human services entities (governmental and community-based), businesses, and faith communities, Duke utilizes a collaborative approach with the community to address key concerns such as the opioid epidemic and behavioral health access. Through the Durham Crisis Collaborative, Opioid Safety Committee, and COMET Program, Duke works with community members and independent health service organizations to provide services to combat the opioid epidemic. Duke’s behavioral health clinics and programs will be supplemented by the ongoing investment in a behavioral health center at Duke Regional Hospital. (<a href="#">Question 3.2, 3.2.1.2 and 3.2.1.3</a>)</li> <li>• Duke’s convening role in its Healthy Durham 20/20 partnership provides valuable experience in engaging the local government, employers, and community members to eliminate disparate health outcomes. These capabilities and knowledge can be translated to NHRMC to assist it in doing the same, thereby further advancing health equity in southeastern North Carolina. (<a href="#">Question 2.3.3</a>)</li> <li>• NHRMC and Duke will collaboratively expand NHRMC’s existing patient engagement infrastructure, driving community support and involvement in the strategic partnership and the future of NHRMC. Duke’s Patient Family Advisory Council program has been invaluable in actively engaging community members to inform quality and patient satisfaction improvement initiatives and influence other care delivery initiatives. (<a href="#">Question 2.2</a>)</li> </ul>

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4	<b>Engaging Staff</b>	<ul style="list-style-type: none"> <li>• Duke acknowledges the exemplary employee base at NHRMC and their critical role in fostering NHRMC’s mission. As such, Duke intends to limit disruption to NHRMC employees and retain all NHRMC employees in good standing for a period of at least 12 months. In addition, NHRMC compensation and benefits will be substantially similar, in the aggregate, for a period of at least 12 months following the transaction close and will remain market-competitive in the future. Duke supports NHRMC’s future growth in services and capabilities as a regional destination medical center. (<a href="#">Question 4.2.1 and 4.3.3</a>)</li> <li>• To support NHRMC’s employee base, Duke commits to offer its recruitment, retention, career development, health and wellness, and leadership training programs to NHRMC, while preserving NHRMC’s status as one of the top healthcare places to work in the country. (<a href="#">Question 4.1</a>)</li> <li>• Utilizing Duke’s multifaceted, internationally-renowned education programs as a primary driver of healthcare-related job recruitment, NHRMC and Duke will collaborate to develop talent pipelines to address NHRMC’s recruitment gaps across the organization. Extension of Duke’s predictive hiring model and recruitment resources will allow NHRMC to focus efforts on key needs such as nurses. (<a href="#">Question 4.1 and 4.1.2</a>)</li> </ul>
5	<b>Partnering with Providers</b>	<ul style="list-style-type: none"> <li>• Educating the next generation of healthcare leaders is a pillar of Duke’s strategy, and this is anchored by a Graduate Medical Education program that is among the largest in the state and the country. Collaborating with NHRMC to enhance the educational programs available locally will provide significant opportunities to increase the overall provider base and to augment the spectrum of services currently available. As part of the strategic partnership, Duke will evaluate locating a satellite campus in Wilmington. (<a href="#">Question 5.2.4</a>)</li> <li>• Recruitment and retention of providers is an important success factor for any healthcare organization, and Duke has an extensive infrastructure to support NHRMC as it seeks to meet the needs of its community. (<a href="#">Question 5.1</a>)</li> <li>• Collaboration with independent physicians is critical to promote the health of those communities Duke serves. To that end, Duke does not intend to disrupt or alter existing NHRMC relationships with independent physicians. Rather, Duke will collaborate with NHRMC to provide support and further enhance these relationships. (<a href="#">Questions 5.4-5.4.2 and 5.4.5</a>)</li> </ul>

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6	<b>Driving Quality of Care Throughout Continuum</b>	<ul style="list-style-type: none"> <li>Nationally recognized for quality and patient safety across the care continuum, Duke invests heavily in the Duke Quality System, care coordination efforts through its Population Health Management Office, and innovative technologies to drive quality improvement throughout the organization. Duke intends to collaborate with NHRMC to share best practices and to develop a best-of-breed platform that ensures the NHRMC and Duke regional network is a national leader in quality and patient safety. (<a href="#">Question 6.1</a>, <a href="#">6.2</a>, and <a href="#">6.5</a>)</li> <li>Engagement and empowerment of nurses as leaders who drive excellence in quality and patient safety are hallmarks of Duke’s professional practice model. Predicated on the advancement of nurses in all settings across the care continuum, Duke empowers nurses through a robust and long-held shared governance structure focused on quality and patient safety. Duke maintains significant nursing representation on numerous councils and committees to address these matters across the system. Duke’s robust nursing model has formed the basis for its successful Magnet designations, beginning with its individual hospitals and ultimately at the system level. NHRMC will be offered participation in the nursing practice model, and NHRMC and Duke will collaborate to share best practices. (<a href="#">Question 6.3</a>)</li> <li>Duke is at the forefront of utilizing an interprofessional care model, which empowers advanced practice providers through team-based care and learning. Through this model, advanced practice providers work in parallel with physicians rather than in sequence, which improves access to care, enhances the quality of care, and improves patient and provider engagement. (<a href="#">Question 1.2</a>)</li> </ul>
7	<b>Growing the Level and Scope of Care</b>	<ul style="list-style-type: none"> <li>Duke’s overarching vision for a strategic partnership with NHRMC is to further accelerate NHRMC’s growth as a regional destination medical center and keep care local in the NHRMC communities. In instances where NHRMC patients require quaternary or advanced care not provided by NHRMC, Duke and NHRMC will collaborate to ensure patients receive care in a timely and efficient manner and in the appropriate setting. Duke and NHRMC will collaboratively develop processes to transition patients back to NHRMC in an orderly manner. (<a href="#">Question 7.1</a>, <a href="#">7.1.4</a> and <a href="#">7.2</a>)</li> <li>Duke anticipates the promotion of advanced education programs will strengthen NHRMC’s clinical capabilities to ensure a broad and deep array of services are available to NHRMC’s communities. The expansion of such services may also include a range of quaternary services to further promote NHRMC as a regional destination medical center. (<a href="#">Questions 7.2-7.2.1</a>, <a href="#">7.4.2</a>, and <a href="#">7.5-7.5.2</a>)</li> <li>In collaboration with Duke, NHRMC can advance its role as a preeminent regional destination medical center with enhanced academic capabilities and support. Duke’s educational offerings, clinical research programs, and extensive quaternary services will support and fuel NHRMC’s capabilities. (<a href="#">Questions 7.4.2</a> and <a href="#">7.5-7.5.2</a>)</li> </ul>

#	Goals and Objectives	Proposed Strategic Partnership
8	<b>Investing to Ensure Long-Term Financial Security</b>	<ul style="list-style-type: none"> <li>• Duke commits to invest significant capital and capabilities at NHRMC to promote the development of its status as a regional destination medical center. To do so, Duke and NHRMC will collaboratively identify, review, and execute on opportunities to ensure achievement of this objective, as well as NHRMC’s broader goals and objectives. To that end, Duke commits to ensure funding for NHRMC’s 12-year capital plan (\$1.9 billion), which would serve as the minimum capital expenditures during the time period. (<a href="#">Question 11.2</a>)</li> <li>• A primary objective of the joint business planning approach is to minimize any potential disruption to NHRMC and its key stakeholders. This will be a guiding principle to evaluate any potential synergies within the context of developing a vibrant health system to serve NHRMC’s and Duke’s collective and individual communities. (<a href="#">Question 8.4</a> and <a href="#">8.5</a>)</li> <li>• In addition to the above referenced capital commitment, NHRMC/New Hanover County will keep NHRMC’s net cash (preliminarily estimated to be \$451 million) which, when combined with additional proposed economic consideration to be paid by Duke at closing of \$500 million, can be used to fund an independent, local healthcare foundation to benefit the community, or other purposes. Alternatively, if an all cash at close structure is preferred by New Hanover County and NHRMC (i.e., excluding a capital commitment), Duke proposes economic consideration to be paid by Duke at closing of \$1.35 to \$1.40 billion, as detailed further herein [Duke’s full RFP response]. (<a href="#">Question 11.2</a>, <a href="#">11.2.1</a> and <a href="#">11.2.2</a>)</li> </ul>
9	<b>Strategic Positioning</b>	<ul style="list-style-type: none"> <li>• To accelerate growth as a regional destination medical center, Duke believes NHRMC’s strategic and master plans align with the vision for the strategic partnership. Importantly, future business planning efforts will be joint and collaborative in nature between NHRMC and Duke. Duke believes there are several strategic initiatives that will be valuable to NHRMC and would seek to collaboratively evaluate how best to deploy them at NHRMC. (<a href="#">Question 9.1</a>)</li> <li>• Recognizing NHRMC’s status as a regional destination medical center, Duke proposes to maintain NHRMC’s existing relationships with healthcare providers in southeastern North Carolina. To further the vision for the strategic partnership, NHRMC and Duke will augment existing partnerships when possible and expand with new partnerships in the region. (<a href="#">Question 9.3</a>)</li> <li>• Duke is committed to the economic well-being of the communities it serves. This is supported not only by its clinically focused activities, but also through commitments to employees, investment in and growth of NHRMC, economic consideration provided at closing that can fund a local healthcare foundation or other purposes, and other drivers of positive economic impact. (<a href="#">Question 9.3</a>)</li> </ul>

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10	<b>Governance</b>	<ul style="list-style-type: none"> <li>• The NHRMC Board will continue to maintain fiduciary responsibilities for the deployment and preservation of NHRMC's assets (managerial and operational), oversight of the quality of care rendered within NHRMC facilities, and oversight of medical staff affairs. (<u>Question 10.1</u>)</li> <li>• Duke's strategic partnership with NHRMC will, through meaningful local governance, promote a high level of structural, functional, and clinical integration with the entire Duke enterprise while taking advantage of the critical element of "local perspective". This includes the local NHRMC Board being populated by a majority of members which will be residents of NHRMC's service area, local physician representatives, and other local ex-officio voting members. (<u>Question 10.1.2 and 10.1.3</u>)</li> <li>• Given the significant and critical role NHRMC will have within the Duke enterprise, the NHRMC Board would nominate (subject to approval by Duke University) two individuals to serve on the Duke University Health System Board of Directors. (<u>Question 10.2</u>)</li> </ul>