

Duke Response to the NHRMC Request for Proposal

Follow-Up Inquiries

May 1, 2020

The following is in response to the follow-up inquiries received from the PAG Support Team on April 22, 2020. This response is intended to be reviewed together with Duke's comprehensive proposal submitted to NHRMC on March 16, 2020 and Duke's responses to each of the prior clarifying questions and follow-up inquiries. 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.

1. Please describe Duke Health's approach to receiving a reasonable reimbursement for telehealth and other digital health services. Please provide evidence of Duke Health's success and detail what support Duke Health would offer NHRMC in this area.

As detailed in its proposal and clarifying questions, Duke is committed to a telehealth strategy and has experienced significant success in telehealth delivery including patient on-demand urgent care video visits; virtual consults; the Duke Telestroke Network; e-consults; scheduled video visits for primary, urgent, and specialty care; and Duke HomeCare and Hospice remote monitoring.

Duke has long been a strong advocate for expanded telehealth coverage from payers including both full coverage and parity of reimbursement with face-to-face encounters. As part of these efforts, Duke works with legislators at the state and national levels in support of telehealth coverage, including expanded broadband access in rural communities. With respect to managed care companies, Duke physicians and leaders provide education on the benefits of telehealth while internally standing committees ensure revenue cycle and compliance best practices.

Additional examples of Duke's activities include:

- Participating on the North Carolina Healthcare Association Telehealth task force to develop and advocate for legislation for payment parity and testifying to a legislative oversight committee in favor of legislation
- Hosting FCC Commissioner Geoffrey Starks and Congressman G. K. Butterfield at Duke in May 2019, enabling them to learn more about Duke's telehealth services and partnerships with rural providers across the state
- Advocating in support of several telehealth bills that would expand telehealth coverage and services under Medicare
- Playing a leading role with other hospitals, including organizing and leading a meeting with the telehealth office at North Carolina Medicaid to discuss changes to their policies

Most recently to increase patient access during the COVID-19 pandemic, Duke has worked with the North Carolina Department of Health and Human Services, the North Carolina Healthcare Association, and the North Carolina Medical Board to achieve changes to telehealth reimbursement and use policies and regulations. Duke is focusing efforts to make many of these changes permanent at the state level and with the major payers to maintain the increased use of telehealth once the COVID-19 emergent environment has eased. As initiatives to pursue reimbursement for tele-health and mobile-based health care continue, Duke believes an increasing level of patient/consumer choice will result. This provides yet another platform to combine the strength of the NHRMC and Duke brands to offer patients access to the best care available in an emerging technological platform, outside of physical locations and in-person visits.

Under the proposed NHRMC and Duke strategic partnership, the combined system will continue full force with these and other efforts to advance telehealth reimbursement across all payers for all providers, including NHRMC.

Duke Response to the NHRMC Request for Proposal

Follow-Up Inquiries

May 1, 2020

2. Please detail how Duke Health would support advancements in NHRMC technology to develop an omni-channel, retail-like consumer experience. Please provide specific technology and timelines for implementation that would be deployed at NHRMC.

Duke serves each patient in the manner most appropriate and convenient for that individual patient, including communications via phone, text, email, and portal messaging, and conducting care via in-person, video, and telephone. In addition, physician-to-physician e-consults facilitate prompt and improved patient access to specialists.

Duke is a national leader in adoption and patient use of a patient portal app with adoption rates that place Duke in the 98th percentile of Epic sites. This highlights Duke's existing digital capabilities but more importantly highlights the level of engagement by Duke's patients that it can harness as it continues driving its transition to be a high performing consumer organization. Today, Duke's capabilities include self-service scheduling via a digital platform which in the near future will span in-person, phone, and video visits. As a "next-generation", Duke is currently expanding its capabilities to customize patient experiences based on "phenotype" – the patient's employer, demographics, clinical history, payer, preferences, etc. This will enable Duke to engage with patients through a truly personalized relationship.

Patient needs continuously evolve and Duke is committed to meeting those needs. To help in these efforts, during 2020 Duke will be establishing a virtual patient advisory council focused on learning directly from patients which additional consumer-focused capabilities the organization should be prioritizing and developing. This platform will provide Duke invaluable insights to inform its ongoing efforts.

A detailed and thoughtful workplan will be required to determine the timing of deploying these and other technologies at NHRMC. Duke desires to deploy them as soon as practicable, but it is critical that all constituents be involved in the development of such implementation plans. This includes NHRMC administrative, clinical, and technology leadership, among others. Duke believes that while it has a viable omni-channel platform, the implementation plan would be a collaborative set of discussions to ensure the approach is customized to the community needs and patient requirements and preferences, as informed by NHRMC leadership.

3. The Duke Health Proposal states that Duke Health intends to offer all patient satisfaction and care coordination programs to NHRMC and references the following programs: Patient and Visitors Relations Team, Patient Family Advisory Council, Duke Research, DukeWell Care Management, Health Optimization for Elders program, and Transitions of Care Learning Collaborative. Please provide detail on any limitations that may be placed on the roll out of these programs at NHRMC based upon location, contractual expectations, capacity, or other factors and specify the timeframe for implementation of these programs at NHRMC.

Duke desires to deploy its capabilities to NHRMC as soon as practicable but in the context of a detailed and thoughtful work plan. While certain programs can be deployed very quickly, development of specific timeframes for implementation of each program will require additional understanding of NHRMC's current efforts and capabilities in addition to collaboration with NHRMC's leadership team as many of these programs have been individualized to meet the unique needs of each of Duke's hospitals and services. Importantly, effectuating the NHRMC and Duke strategic partnership will entail a broad range of activities as various NHRMC and Duke capabilities are deployed across the combined organization. While each of these activities is important and the parties mutually desire to implement them rapidly, to be effective in these cumulative efforts a certain level of sequencing will be unavoidable.

Notwithstanding the above, Duke is not currently aware of any limitations that would impact the ultimate deployment of these programs at NHRMC.

Duke Response to the NHRMC Request for Proposal

Follow-Up Inquiries

May 1, 2020

4. Describe Duke Health's philosophy and approach to debt collection. Specifically, clarify if Duke Health's debt collection policy prohibits the use of liens on property and garnishment of wages. Provide any other limitations Duke Health places on debt collection.

Like NHRMC, Duke takes its non-profit mission seriously and strives to balance this mission with appropriate and reasonable debt collection practices. To that end, Duke has taken no legal action against patients in the last 10 years with the exception of a few extraordinary cases in which it placed liens on secondary property. In addition, consistent with these past practices Duke recently revised its debt collection policy to formally prohibit all Extraordinary Collection Actions (ECA). ECAs include placing a lien on an individual's property, civil actions against an individual, garnishment of wages, and reporting adverse information to consumer credit agencies.

During the COVID-19 pandemic, Duke believes empathy and mission are even more important now. For a minimum of three months, Duke is undertaking the following patient initiatives among other related activities:

- Expanding financial assistance eligibility and increasing proactive communication with patients about its availability
- Deferring payments on payment plans
- Subsidizing COBRA premiums for urgent procedures/surgeries
- Stopping new bad debt placements and halting collection activities on existing bad debt

5. NHRMC and the community greatly value NHRMC's existing medical education footprint. Please address Duke Health's ability to serve as an academic partner to continue the program if needed in the near term.

Duke stands ready and is committed to serving as NHRMC's academic and research partner. As detailed in Duke's proposal, Duke will evaluate locating a satellite campus in Wilmington which would benefit both regional medical education and the local economy.

Duke understands and appreciates the great value NHRMC and its community place on NHRMC's existing medical education footprint and the importance of graduate medical education residents and other trainees in delivering efficient high quality care at NHRMC. Furthermore, based on its review of NHRMC's proposal materials released to the public, Duke understands UNC Health has indicated to NHRMC that "if you [NHRMC] choose to embark with another partner, UNC Health and UNC School of Medicine will not be able to continue our current educational and clinical presence in Wilmington". Core pillars of Duke's organizational vision include "creating education that is transforming" and "accelerating discovery and its translation". Duke is uniquely capable of, and ready to, step in to further enhance NHRMC's medical education program. Duke would collaborate with NHRMC to grow and expand undergraduate and graduate medical education and research at NHRMC to address community interests with NHRMC becoming a core component of Duke's world class and internationally-renowned academic enterprise.

To highlight the broader opportunity, together NHRMC and Duke can enhance the NHRMC provider recruitment pipeline by creating clinical education opportunities not only for medical students, residents, and potentially specialty fellows, but also for physician assistant students, physical therapy students, and advanced practice nursing students. With the addition of local training for a wide spectrum of clinicians, NHRMC trainees would be part of a more comprehensive health professionals training program and would be able to participate in a broader array of interprofessional education. The Duke program would be guided by collaborative development and implementation of an educational plan that would prioritize avoiding disruption of care, meeting the needs of trainees, and serving the best interest of patients, including addressing changes in healthcare such as expanded training in telehealth.

Duke Response to the NHRMC Request for Proposal

Follow-Up Inquiries

May 1, 2020

6. Duke Health notes an intention to minimize disruption in medical group operations and continue NHRMC's current relationship with Atrium Health. Please provide additional detail on Duke Health's medical group management capabilities, including Duke Health's willingness, ability, and approach (if applicable) to manage NHRMC's medical group operations in the future.

If preferred by NHRMC or necessary upon NHRMC and Duke entering into a strategic partnership, Duke is fully prepared to manage NHRMC's medical group operations. Physician practices are unique with individual cultures, areas of focus, and visions for the future. As a result, Duke does not, and would not, take a generic approach to managing NHRMC's physician group. Duke will work with NHRMC's clinical and administrative leadership to develop a plan that optimizes operations going forward while minimizing disruption to provider's day-to-day activities, relationships with patients, relationships with independent/other providers, and relationships with the community at large. Examples of Duke's expertise available to support the NHRMC medical group, as detailed further below, span Duke Primary Care, hospital-based specialty outpatient clinics, and the Duke Patient Revenue Management Organization. The corresponding infrastructure and capabilities are in addition to those of Private Diagnostic Clinic, Duke's clinical partner and aligned faculty plan that consists of approximately 1,800 physicians and 340 advanced practice providers.

Duke employs physicians directly through Duke Primary Care (DPC). DPC manages a large medical group consisting of approximately 1,440 physicians, advanced practice providers, and employees. DPC provides almost 775,000 outpatient visits annually across 42 locations. DPC includes strong operational infrastructure and management including patient satisfaction capabilities (89.0% CG CAHPS global rating in 2019), provider led practice governance, physician recruitment, and provider integration. DPC also leads Duke's utilization of Lean management principles.

The ambulatory care delivery system at Duke also includes care provided at multi-specialty and sub-specialty hospital-based outpatient clinics. Like DPC, the outpatient clinics have benefited from robust and effective operational infrastructure and management. From a patient perspective, there has been high patient satisfaction in the outpatient clinics with a CG CAHPS global rating of 90.8% in 2019.

Duke Patient Revenue Management Organization (PRMO) provides medical group revenue management infrastructure and capabilities. PRMO is the centralized billing and collections office for the entirety of Duke. Consisting of over 1,500 employees, in fiscal year 2019 PRMO was responsible for billing \$4 billion in cash collections. Specifically, PRMO has the following scope of responsibility:

- Strategic revenue cycle management
- Patient access services, including patient registration and intake, pre-visit estimations, and financial counseling
- Charge capture/entry, charge description master management, and liaison relationship with entity charge management and coding services
- Billing and collections services
- Cash management, payment application, and credit balance resolution
- Patient customer service for all telephone and correspondence inquiries related to billing, clinical care costs, and Health Information Management requests

Duke Response to the NHRMC Request for Proposal

Follow-Up Inquiries May 1, 2020

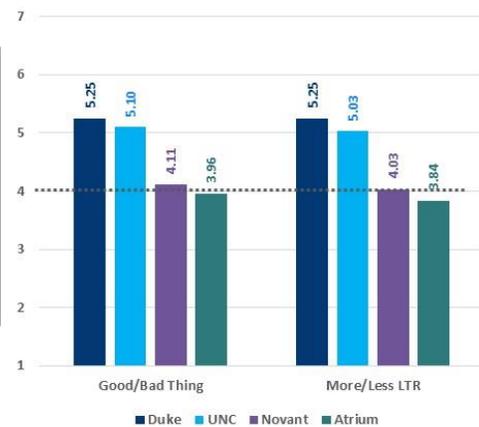
7. NHRMC has a strong brand and reputation in the community. Please discuss Duke Health’s proposed approach for the NHRMC brand. Additionally, please provide information on any marketing and brand support that will be made available to NHRMC as a result of the proposed partnership.

Duke is flexible in the ultimate branding strategy deployed for the NHRMC and Duke strategic partnership. NHRMC is an organization and brand that is highly regarded by patients, physicians, and the community. Duke believes that marrying the NHRMC brand with that of Duke in an appropriate manner can be a key differentiator in driving NHRMC’s future growth and continued advancement as a regional destination medical center. To that end, Duke proposes the creation of a joint branding team, comprised of clinical and executive leaders from both partners. This team would be empowered to determine the best approach to maximize the benefits of both the NHRMC and Duke brands in the eyes of the consumer.

To further highlight the potential strength of the combined NHRMC and Duke brand, during September 2019 Duke conducted a study evaluating consumers’ reactions to NHRMC partnering with various North Carolina healthcare systems. Certain key findings of this survey are summarized to the right, reflecting the 633 participating respondents from North Carolina counties near NHRMC. Across both aspects presented, Duke and UNC scored most favorably.

*Do you think the NHRMC hospital becoming part of the [healthcare system] would be a good thing or a bad thing?
1 = Very bad thing, 7 = Very good thing*

*If the [healthcare system] took over the NHRMC hospital, would you be more or less likely to recommend the hospital to friends and family?
1 = Much less likely, 7 = Much more likely*



As summarized below, Duke has broad marketing and communications capabilities, and NHRMC will have full access to these capabilities. Duke’s marketing and communications team will work closely with NHRMC’s existing local team to collaborate and provide additional resources as necessary.

