



Thank you for the opportunity to describe our organization’s structure, compassionate care delivery model and commitment to the patients and communities we serve, which will be a significant asset to the residents of Greater Wilmington. HealthSpan Partners, together with Bon Secours Mercy Health, is a leader in high-quality, cost-effective care. We believe the terms we are offering, our proposed governance structure, our unwavering dedication to the entire community - especially to the poor, dying and underserved - coupled with our expertise and experience, makes us the best choice for carrying on NHRMC’s tradition of quality care.

#	Goals and Objectives	Proposed Strategic Partnership
1	<b>Improving Access to Care and Wellness</b>	<ul style="list-style-type: none"> <li>• We are committed to improving access to primary care in our service areas and believe that keeping NHRMC's main campus as an anchor to the community's health is a critical component in establishing continuity of care across its geography.</li> <li>• Our plans to expedite ambulatory care, along with our physician initiatives, are designed to continue improving the experience of care for our patients and providers. This includes the implementation of many patient-facing tools aimed at improving access to care, such as our robust online scheduling platform; virtual care and telehealth for low-acuity and chronic health conditions; e-visit program; video visit program and tele-psych programs for mental health access in areas where there is a pronounced shortage of mental health providers.</li> <li>• We believe our investments in people, processes and technology can be leveraged quickly within NHRMC to improve the health care experience for patients and communities, including wellness programs for our associates and their families.</li> <li>• In 2019, the health system initiated a multi-year project that fundamentally changes how we interact and serve patients and health care consumers. This groundbreaking patient access and engagement initiative - "Access 360" - is aimed at making health care easier, more seamless and more personalized for patients and consumers across our markets. This initiative includes patient communication and access across a variety of mediums, including phone, web, email, text and mobile app. This strategy directs patient care into the most effective and cost-efficient location.</li> </ul>

		<p>This allows us to maximize our investments in physician practices, urgent care, diagnostic centers and other key ambulatory and non-acute settings.</p>
2	<b>Advancing the Value of Care</b>	<ul style="list-style-type: none"> <li>• We have significant infrastructure, governance and experience across our clinical and operations platforms to support the Triple Aim of quality, access and cost of care.</li> <li>• Through our revenue cycle partnership, we would create a customized approach for improvement plans and initiatives that provide solutions for patients’ cost exposure from care.</li> <li>• We have a measurable history of success managing patient outcomes, as well as substantial experience with government and commercial value-based programs. We also have a robust system-wide Population Health Services Organization to support evidence-driven change in care coordination and management.</li> <li>• We have a very deep and strong track record of managing the needs of a population from a value-based care point of view. We have extensive experience in all levels of value-based care tied to our performance on quality and cost efficiency metrics - from simple care coordination fees through bundled specialty arrangements with employers to shared savings all the way through and including upside and downside risk.</li> </ul>
3	<b>Achieving Health Equity</b>	<ul style="list-style-type: none"> <li>• Our mission is to improve the health of the communities where we serve, with special emphasis on those who are poor and underserved, as evidenced by one of the most robust charity care programs in the health care industry (contributing more than \$2M per day in low-cost or free care to local communities).</li> <li>• Comparison of financial assistance policies shows a partnership would expand the coverage of uninsured and underinsured individuals in the area, which would allow NHRMC to continue to empower the community to improve its quality of life.</li> <li>• Our system’s annual Key Performance Indicators align priorities across markets to Community Health Needs Assessments, including critical partnerships and collaborations with government and community agencies.</li> </ul>

		<ul style="list-style-type: none"> <li>• Our commitment to collaboratively address social determinants of health in our markets through the Healthcare Anchor Network (HAN) recognizes health systems as critical economic engines and mission-driven organizations inextricably linked to the long-term well-being of those we serve. Together with 13 other HAN members, we have pledged more than \$700M for place-based investing to create strong and healthy communities. By using an anchor mission approach that leverages our organizations’ many resources, we will be able to enhance the availability of sustainable health, social and economic resources necessary for meeting the needs and aspirations of diverse populations.</li> </ul>
4	<b>Engaging Staff</b>	<ul style="list-style-type: none"> <li>• Our system is grounded in a strong culture of human dignity, service and stewardship that enables and encourages all associates to act with agility and unity, be empowered and commit fully to our work.</li> <li>• We are deeply focused on rewarding associates for excellence to ensure a secure workforce (competitive wages, annual incentives, generous benefit plan, etc.). As a system, we are committed to a compensation model that allows associates and their families to enjoy a dignified livelihood while working and in retirement. We recently announced that we are bringing our minimum wage to \$15 per hour, adjusted for cost of living variances, in all of the health system’s U.S. markets. This change will affect more than 8,100 associates, or 14% of the health system’s 60,000 employees, amounting to an additional \$17 million investment in associate pay over the next three years. Additionally, we have created an Associate Hardship Fund, with a generous \$60M seed funding from the system’s Foundation, to help associates who are experiencing hardships as a result of COVID-19 challenges.</li> <li>• We have best-in-class communications processes that ensure two-way dialogue to empower leaders to deliver clear, consistent messaging on topics like transition and integration activities. These processes are supported by investments in career development and leadership training, including Learning Design &amp; Delivery, Clinical Education and Talent &amp; Organizational Effectiveness.</li> </ul>

		<ul style="list-style-type: none"> <li>We are committed to keeping NHRMC board members engaged on the market staffing strategy to address the needs of the community. We treat all associates with dignity and in a socially responsible manner.</li> </ul>
5	<b>Partnering with Providers</b>	<ul style="list-style-type: none"> <li>Our medical group model includes both a market-based and centralized physician and provider recruitment team to ensure a successful transition into our system. We foster a system-wide team focus on physician and APC recruitment. NHRMC would be able to immediately benefit from that collaboration.</li> <li>Our combined medical residency programs would be enhanced through collaboration, education and working with others across our system. Each of the current NHRMC programs will have sister programs in our other markets, which will facilitate further collaboration.</li> <li>Our system has a large (&gt;1200) and growing number of advanced practice providers (APPs). Our partnership would enhance the deployment of our APP strategic plan at NHRMC through our nursing and medical group leadership at both the system and local level.</li> <li>We have a systematic approach and infrastructure with our Clinically Integrated Networks (CINs) to enhance relationships with all providers in the community. This includes a seven-pillar model designed to enhance communication among providers, with an emphasis on breaking down barriers to care delivery and improving in-network utilization. We have a dedicated Ambulatory Ventures team that evaluates and develops alignment strategies with physicians and related companies including joint venture opportunities in ambulatory settings.</li> </ul>
6	<b>Driving Quality of Care Throughout Continuum</b>	<ul style="list-style-type: none"> <li>NHRMC would have access to our nationally recognized Clinical Transformation (CT) program, which is founded on the premise of integration and collaboration with a shared service platform for quality, safety, review and case management services.</li> <li>Our clinical excellence structure provides subject matter expertise and the science of performance improvement in creating standardized process to drive change.</li> </ul>

		<ul style="list-style-type: none"> <li>• Bon Secours and Mercy Health identified and achieved synergy savings through their merger by consolidating quality and safety under a shared service structure, which has improved outcomes in areas such as hospital acquired infections and mortality.</li> <li>• More than 80% of our hospitals achieved a B grade or better from Leapfrog, and the CMS Star Ratings have nearly 50% of our facilities rated 4 or 5 stars.</li> </ul>
7	<b>Growing the Level and Scope of Care</b>	<ul style="list-style-type: none"> <li>• Our health system follows a disciplined, comprehensive development model to foster service line growth at the facility and market level. This model has created a balanced approach that uses data analytics to inform a multi-disciplinary team of key stakeholders on strategic planning and execution.</li> <li>• Our focus will be to reduce patient outmigration from NHRMC's service area by expanding its service line capabilities. This allows patients to remain closer to home when seeking a higher complexity of care.</li> <li>• Through the system-wide deployment of a centralized transfer center model, we have established best practices for the rapid transfer and acceptance of patients in our various markets.</li> <li>• NHRMC would have access to our innovation investments in multiple health system cohorts, with a goal to foster outside-in and inside-out innovation, and direct investments in early staged companies and innovation fund investments in health care innovation incubators.</li> </ul>
8	<b>Investing to Ensure Long-Term Financial Security</b>	<ul style="list-style-type: none"> <li>• We are proposing \$1,300,000,000 as the purchase price for acquisition of NHRMC and related assets, as well as committing to fund capital investments for a minimum of \$400M over the next five years in the market, with an opportunity for more based on analysis of strategic plans, all subject to final due diligence.</li> <li>• A NHRMC foundation would have the governance discretion and funding for additional investments within the community.</li> <li>• Our investments are supported by our system's balance sheet and strong credit ratings. In early April, our bond ratings received an upgrade by Moody's to A1 and were confirmed A+/AA- by</li> </ul>

		<p>S&amp;P/Fitch, despite a negative industry outlook due to COVID-19. We have strong liquidity of more than \$5B and a proven ability to quickly execute complicated integration strategies.</p> <ul style="list-style-type: none"> <li>• We completed a \$1.2 billion debt financing in April, one of the first health care systems to issue debt during the COVID-19 crisis. The bond issue was met with strong investor demand in a challenging market. Demand in fact exceeded the offering by three times. We are also expanding our bank credit line capacity up to \$1B to provide additional flexibility in managing COVID-19 issues.</li> </ul>
<p><b>9</b></p>	<p><b>Strategic Positioning</b></p>	<ul style="list-style-type: none"> <li>• NHRMC would be our only operations in North Carolina, which we consider a key growth market to expand our mission in the Southeast. We currently have operations in Virginia and South Carolina.</li> <li>• We have no known conflicts within NHRMC's current contracts and arrangements that would constrain our growth potential, and we would work to quickly determine best opportunities to expand our service area.</li> <li>• We are very strategic in selecting affiliations. In 2019, we acquired five hospitals in Ireland, as well as three hospitals in Southeastern Virginia. Each of these transactions met our strategic considerations necessary for affiliation – they are aligned with our mission, vision and values, have complementary geographies, are financially accretive and present opportunities for synergies of scale and efficiency. We believe a NHRMC partnership meets all of our standards for long terms success and together we can continue to grow, compassionately serve more patients and bring greater well-being to the communities served.</li> </ul>
<p><b>10</b></p>	<p><b>Governance</b></p>	<ul style="list-style-type: none"> <li>• We are proposing an asset purchase or membership transfer where our system would become the sole corporate member of NHRMC. This approach would maximize the benefit of our scale, capital capacity and ability to grow outside the existing service area.</li> <li>• Alternatively, we are open to negotiate a wide variety of partnership and governance structures to further support NHRMC's commitment to its community.</li> </ul>



		<ul style="list-style-type: none"><li>• Governance is driven by the Statement of Common Values, which describes our core cultural behaviors of empowered, agile, unified and committed to the mission.</li><li>• Following the transaction, the NHRMC Board will remain fully functioning with full fiduciary responsibilities, including the opportunity to review the strategic plan, operating and capital budgets, as well as key human resources decisions relating to our associates (subject to certain reserve powers). All current NHRMC board members will be asked to continue their service.</li></ul>
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