Novant Health recognizes the unique needs of the communities in southeastern North Carolina, having been part of providing healthcare to the area for over a decade. We have embraced the growing partnership between Novant Health Brunswick Medical Center and NHRMC, and look forward to the opportunity to deepen that relationship. In recognition of the wide range of alternatives available to NHRMC, Novant Health remains committed to being flexible in our form of partnership as reflected in our multiple proposed structures, from full integration to a management services agreement. We see the opportunity to deliver up to $5.3 billion in economic value to the region, thereby providing greater patient access, enhanced care capabilities, lower costs and increased job opportunities.

### Goals and Objectives

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| 1  | Improving Access to Care and Wellness                    | • Proposal will improve access to care and wellness for a growing a population through the creation of a locally-governed, next generation regional delivery network reaching throughout southeastern North Carolina, with New Hanover Regional Medical Center ("NHRMC") serving as the nucleus  
• NHRMC’s ability to leverage Novant Health’s existing footprint in Brunswick County creates many unique advantages that are difficult to replicate, including the opportunity to immediately pursue joint planning across the region to accelerate and optimize a range of strategic priorities such as service line expansion and redistribution, ambulatory network development, physician recruitment, and care coordination across the continuum  
• Shared recognition in the importance of regionalization, the value of providing advanced clinical care close to home, the need for investment in non-hospital settings such as ambulatory and home, and the opportunity to leverage new technologies such as virtual care to supplement (and overtime supplant) certain types of on-site care  
• Novant Health fully supports and is prepared to fund NHRMC’s Strategic Master Plan, including all aspects of the plan that keep care local by increasing access and expanding services |
| 2  | Advancing the Value of Care                              | • As the flagship facility of a coordinated, high-quality, cost-effective regional system of care, NHRMC will have the regional scale, resources, technology infrastructure (Epic), and covered lives growth to support population health investments and distribute risk  
• Novant Health was one of the first organizations in the State to pursue value-based arrangements and currently has over 500k attributed lives under management, offers multiple insurance products through its CIN, and operates a MSSP ACO with 80k lives that will take downside risk in 2021  
• We fully support NHRMC’s efforts to establish a Medicare Advantage health plan, as demonstrated by our existing partnership to augment NHRMC’s contracted provider network in Brunswick County  
• NHRMC will receive access to all Novant Health resources and capabilities to support its transition to value, including patient quality, safety and satisfaction best practices and evidence-based protocols; value-based contracting capabilities; CareConnections, a proprietary care coordination platform; and programs to proactively address the social determinants of health, among others |
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| 3 | Achieving Health Equity | • Partnership represents a compelling opportunity to combine NHRMC’s local reach with Novant Health’s resources and infrastructure to launch a community-based health program to expand the scope and magnitude of NHRMC’S impact on health equity in the local community  
• Driven by our mission and values, which include diversity and inclusion, Novant Health is regionally and nationally recognized for its focus on achieving health equity by identifying and addressing health disparities across the continuum of care, from inpatient to outpatient  
• We have developed a successful, scalable model with the proven ability to improve health outcomes and strengthen community partnerships in a financially sustainable way, and are actively pursuing partnerships with a range of community organizations in order to aggregate and align resources to promote whole person health  
• Novant Health will commit to increasing NHRMC’s charity care program from 200% to 300% of the Federal Poverty Level |
| 4 | Engaging Staff | • Partnership will not negatively affect NHRMC employment levels → no changes to employment without approval from the NHRMC Board  
• NHRMC Senior Leadership Team will remain in place, with increased responsibility for an expanded regional network including Novant Health Brunswick Medical Center (“NHBMC”)  
• Job growth will be a priority → commitment to increase number of healthcare-related jobs located in New Hanover County (the “County”) by establishing a new shared services center and basing a corporate department in Wilmington, and seek to maintain relationships with local vendors  
• Mission, vision, and values closely align with those of NHRMC, with similar cultures rooted in service to North Carolinians and in prioritizing people over profits |
| 5 | Partnering with Providers | • Novant Health has an unwavering commitment to a pluralistic physician alignment model and actively promotes physician leadership as demonstrated by the dyad leadership model that we utilize across the organization, including at the Executive Management, Regional Leadership, and Institute levels  
• We strongly support the many valued, collaborative relationships that NHRMC maintains with independent physicians and medical groups in the region, such as Wilmington Health and EmergeOrtho, and we will commit to maintaining all NHRMC existing hospital-based provider contracts, joint ventures and other physician contracts and agreements  
• Our advanced practice management infrastructure will be a strategic resource for both health system employed and independent physicians, providing clinical and administrative tools and support to operationalize new growth, enhance recruitment, and drive quality, safety and satisfaction  
• Our vision embraces NHRMC’s existing GME relationship with UNC Health, and we will actively support, including through financial investment, opportunities to enhance and grow existing or additional residency and fellowship training programs |
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| 6  | Driving Quality of Care Throughout Continuum                                         | • Novant Health has long admired NHRMC for its clinical quality, and we will make all resources available to NHRMC to positively impact and measure quality outcomes  
• NHRMC will have access to Novant Health’s robust quality and safety infrastructure, including our Institute of Safety & Quality and our quality tracking and reporting programs that use comprehensive dashboards to deliver real-time clinical insights across the system by setting  
• NHRMC also will have access to cutting-edge innovations and rapidly evolving technologies, including through the Novant Health Institute of Innovation & Artificial Intelligence and Novant Health Ventures  
• NHRMC quality leaders will be incorporated into system-wide quality and safety teams to ensure local issues are addressed and the timely disbursement of information, guidelines, evidence-based protocols, and best practices |
| 7  | Growing the Level and Scope of Care                                                  | • NHRMC is in a dynamic and growing market, and Novant Health sees significant opportunities to expand clinical offerings and invest in growth, including expanding NHRMC’s role in providing “destination services” that attract patients from a broader geographic region  
• Shared recognition in the importance of providing advance clinical services close to home, rather than requiring patients to travel to Raleigh or Fayetteville  
• Fully aligned with NHRMC’s regionalization strategy, including opportunities to expand geographic reach to drive volumes that support advanced services, reduce outmigration, and create additional capacity through new investment as well as redistribution of lower acuity services  
• For example, by leveraging Novant Health’s existing footprint in Brunswick County, NHRMC will be able to decant its main campus, allowing for significant expansion of tertiary and quaternary services at NHRMC |
| 8  | Investing to Ensure Long-Term Financial Security                                     | • Up to $5.3bn in total economic value to the County and the local community, including up to $2bn in upfront cash proceeds to the County and a commitment to fund 100% of NHRMC’s capital needs identified in its strategic master plan (or a significant percentage in the case of a joint venture, joint operating company, or management services agreement), which we understand includes ~$600mm of routine capital expenditures over ten years and ~$2.5bn of strategic capital projects (~$3.1bn total capital commitment)  
• Every partnership model that we are proposing will provide significant funding for capital investments  
• $50mm payment to the NHRMC Foundation to fund unmet community needs, irrespective of structure  
• Novant Health has an extraordinarily strong balance sheet and credit ratings (“AA” category), resulting in ample access to capital, and we do not expect the Covid-19 crisis to impair our ability to honor the commitments outlined in our proposal |
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| 9  | Strategic Positioning | • As the flagship, NHRMC will be the core component and driver of an accelerated regional growth strategy, serving as the catalyst for expanding the communities it serves along the seaboard of North Carolina and potentially portions of northeastern South Carolina  
• NHRMC will be the local leader of the formative stages of this significant regional expansion strategy, enabling it to be a critical partner with substantial influence and resources as we jointly develop strategic plans to improve access, expand clinical offerings, advance value-based programs, close health equity gaps, and promote physician engagement  
• By aligning NHRMC’s high-performing local operations with Novant Health’s system-sized scale and resources, together we will be uniquely capable of positioning NHRMC as an industry leader in a new era of healthcare delivery → partnership will intentionally balance a high-degree of local decision-making and strong local clinical delivery capacity, with the recognition of the need to pool resources, spread certain functions across broader geographies to achieve economies of scale, and develop new competencies  
• Novant Health is uniquely qualified to partner with NHRMC for several reasons, including a compatible culture, existing footprint in Brunswick County that is capable of accelerating NHRMC’s facilities expansion and reconfiguration plans, commitment to a pluralistic physician alignment model and to honor existing arrangements and relationships, significant local influence through a true fiduciary board of trustees, and willingness and ability to fund NHRMC’s strategic master plan while simultaneously providing the County with a compelling value proposition |
| 10 | Governance           | • Maximum flexibility to accommodate a wide range of partnership alternatives, including a management services agreement, joint operating company, joint venture, or a fully integrated model, in order to best meet NHRMC’s and the County’s governance and financial objectives  
• Commitment to maintain local governance and local decision making → all partnership structures will preserve NHRMC’s separate corporate existence and provide the community with significant influence through a true fiduciary board responsible for, among other things, determining optimal deployment of resources for the region  
• Reserve powers and protective rights to eliminate or significantly mitigate potential concerns, if any  
• Up to two seats on the Novant Health parent company board depending on partnership structure type |