G. Patrick Phillips  
Chairman, Novant Health Board of Trustees

Carl S. Armato  
President and Chief Executive Officer

March 16, 2020

Partnership Advisory Group  
c/o Hall, Render, Killian, Heath & Lyman, LLP  
3015 Carrington Mill Boulevard, Suite 450  
Perimeter Three  
Morrisville, NC 27560

Members of the Partnership Advisory Group:

Thank you for the opportunity to participate in this process to evaluate how our two healthcare systems will be able to further our existing relationship to take care of the patients in Southeastern NC. We are proud of the collaboration between New Hanover Regional Medical Center and Novant Health Brunswick Medical Center to deliver high quality care to the communities we serve.

Novant Health is pleased to submit the enclosed proposal that outlines alternatives for a partnership between New Hanover Regional Medical Center and Novant Health. We see immense potential in a partnership between our organizations, and believe that our combined systems will have the unique ability to invest significant resources in Southeastern North Carolina, creating a world class organization that will be able to meet the current and future needs of the local community.

Our primary goal in partnering with NHRMC is to ensure that it remains the strong community asset it is today as well as expand the systems’ capabilities to deliver care to the rapidly growing seven county footprint. Together, NHRMC and Novant Health will become one of the most advanced healthcare systems in the Southeast with an unmatched level of access for patients. Novant Health’s range of proposed options will provide numerous benefits to NHRMC, including:

- Alignment of both organization’s not-for-profit mission, vision, and values, with a focus on improving community health and access to care regardless of ability to pay
- Flexible partnership options that provide access to capital and the scale of a large system, while retaining significant local control and influence
- Full commitment to invest in rapid, broad expansion of the ambulatory footprint throughout southeastern North Carolina to provide patients with greater care options
- Investment in higher level of care throughout the region to enable more patients to be treated close to home
- Complete integration with Novant Health Brunswick Medical Center that will provide the ability to collaboratively improve the health of our communities
- Dedicated focus on the culture of physician engagement and access to Novant Health Medical Group’s infrastructure and capabilities
- Full commitment to the existing management team and employee base to increase employment, including significant job growth in clinical and corporate areas
- Support the development of freestanding addiction clinics to address opioid and other addiction issues affecting the local community

Novant Health and NHRMC have already established close ties through collaborative work for the residents of Brunswick County, and we are excited about the opportunity to develop an even closer relationship. We understand that you have numerous constituencies in the partner selection process, and have endeavored to provide a range of partnership options to meet the needs of those various parties. While we believe that each of these options are compelling for different reasons, we also believe that selecting the right partner should be at the forefront of the decision process. As noted throughout our response, we are flexible with regards to our partnership approach based on your prioritization of your goals and objectives. Our board and management team are highly confident that we will agree upon a value and structure to meet the desired outcome selected by the Partnership Advisory Group, New Hanover County, and New Hanover Regional Medical Center – with each option providing significant local influence on governance and control.

Thank you for allowing us to demonstrate our interest in working with the Partnership Advisory Group, New Hanover County and NHRMC. We look forward to discussing the details of a strategic partnership with you.

Sincerely,

G. Patrick Phillips          Carl S. Armato
Chairman, Board of Trustees  CEO & President
Novant Health, Inc.

Response to Request for Proposal
New Hanover Regional Medical Center

March, 2020
EXECUTIVE SUMMARY

OVERVIEW

Novant Health is grateful for the opportunity to participate in this important process and is excited to engage in a thorough dialogue about what we believe is a truly unique opportunity to create a next generation regional delivery network reaching throughout southeastern North Carolina, with New Hanover Regional Medical Center (“NHRMC”) serving as the nucleus. We also recognize the magnitude of the decision facing NHRMC, New Hanover County (the “County”), and the local community, and we appreciate the rigorous review being led by the Partnership Advisory Group (“PAG”) to identify the optimal solution for all stakeholders. Rest assured that Novant Health desires the same thing you desire from a potential partnership — for NHRMC to cement its place as the preeminent healthcare system in the coastal communities of North Carolina for generations to come.

Novant Health envisions NHRMC as the flagship facility and leader of a regionally-focused, integrated delivery network in southeastern North Carolina. This locally governed delivery network will be led by NHRMC and include the assets and operations of Novant Health Brunswick Medical Center (“NHBMC”), our 74-bed acute care facility located in Brunswick County, and Pender Memorial Hospital. 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 we serve along the seaboard of North Carolina and potentially portions of 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. Coordinated, joint planning across the region will accelerate and optimize a range of growth initiatives including ambulatory network development, clinical service line structure and development, and physician recruitment and engagement.

Novant Health’s existing footprint in Brunswick County creates many unique advantages that are difficult to replicate, resulting in a tremendous value proposition for NHRMC, the County, and the community. We firmly believe this is a compelling opportunity to accomplish more than either organization could achieve independently, an imperative in the current operating environment as providers are being asked to do more with less. 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, capable of delivering superior quality and value, achieving economies of scale, and enhancing access to care for a growing population.

Novant Health acknowledges that any potential change of NHRMC is inherently complicated as it involves multiple constituents and interests. We have maximum flexibility to accommodate the County’s objectives and have structured this proposal to offer a range of partnership alternatives, including a management services agreement, joint operating company, joint venture, and a fully integrated model. All of these arrangements will deliver significant funding for capital investments and preserve local influence and oversight. While we believe this approach is responsive to your objectives, Novant Health is open to exploring alternative arrangements if necessary to establish the foundation of a long-term, mutually beneficial partnership that furthers our shared missions and visions.

Novant Health is a financially strong, multi-state, private non-profit healthcare organization based in North Carolina. With 15 medical centers, a medical group with over 1,700 physicians, over 1,100 advanced practitioners, and over 600 clinic and ambulatory locations organized across four geographies — Charlotte, NC, Winston-Salem, NC, Brunswick County and northern Virginia — Novant Health is one of the premier health systems in the Southeast. Over the past 20 years, we have intentionally pursued a strategy to bring care closer to the patient through the development and construction of community
hospitals and ambulatory facilities. This organic growth has been supplemented by partnerships with hospitals and health systems that, like NHRMC, reflect our values and seek to deliver quality care in an affordable and convenient setting.

Our private, non-profit status, combined with a self-perpetuating governance model and significant financial resources, provides the system with flexibility and nimbleness to respond to opportunities and headwinds in a rapidly evolving industry. We continue to prepare for the challenges of tomorrow through disciplined growth, with a vision of creating the preeminent, super-regional healthcare system that provides high quality and cost effective services to communities throughout the Southeast. A partnership with NHRMC that enhances care for southeastern North Carolina, preserves a high degree of local decision-making, and delivers significant funding for capital to satisfy the needs of a growing and dynamic market, is integral to this vision.

KEY ELEMENTS

Shared Mission, Vision and Values

We believe that Novant Health’s mission, vision, and values closely align with those of NHRMC. Both organizations have a common heritage rooted in service to North Carolinians, maintain a deep commitment to improving the health of the communities in which they serve, and share a similar set of values, as shown below.

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<th>NHRMC</th>
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<tr>
<td><strong>Mission Statement</strong></td>
<td>Novant Health exists to improve the health of our communities, one person at a time</td>
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<td>NHRMC aspires to lead our community to outstanding health</td>
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<td>NHRMC is an industry leader in a new era of healthcare delivery. Our thriving community serves as a national model of achieving excellence for all</td>
<td>We, the Novant Health team, will deliver the most remarkable patient experience, in every dimension, every time</td>
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Novant Health has long admired NHRMC for its clinical quality, financial performance, and dedication to the residents of its seven-county service area. This admiration has grown over the past 10+ years as NHRMC and NHBMC have continued to partner to enhance patient access to cardiac services, neurosciences, and air ambulance services. We are confident that our cultures are deeply compatible from these shared experiences.

Willingness & Ability to Fund Strategic Master Plan

Novant Health believes NHRMC is a crown jewel of North Carolina healthcare, and we are prepared to support NHRMC with capital to meet the demands of a growing population and improve community health and wellbeing. All of the partnership models described in this proposal will deliver significant funding for capital investments. We will commit to fund 100% of the capital needs identified in NHRMC’s 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 approximately $600 million of
routine capital expenditures over ten years and approximately $2.5 billion of strategic capital projects. This commitment is supported by Novant Health’s “AA-/AA-/Aa3” credit rating ratings and robust balance sheet.

Unequaled Commitment to Local Governance

Novant Health is committed to maintaining local governance and local decision making. In our experience, members of the local community are best positioned to serve as trustees because they understand the unique needs of the market. All of the partnership models described in this proposal preserve NHRMC’s separate corporate existence and provide the local community with significant influence through a true fiduciary board of trustees that will be responsible for, among other things, determining the optimal deployment of resources for the region as a whole. In addition, we are prepared to provide NHRMC with up to two seats on the Novant Health parent company board, subject to partnership structure type.

Employee Retention and Growth

Novant Health recognizes that people are its greatest resource. Retaining high-performing and high-potential employees through career advancement opportunities is a paramount focus for Novant Health. The proposed partnership will not negatively affect NHRMC employment levels; in fact, job growth will be a priority and we commit to significantly increasing the number of Novant Health jobs located in New Hanover County by establishing a new shared services center and basing a corporate department in Wilmington. Additionally, it is our expectation and strong preference that the NHRMC Senior Leadership Team remain in place and continue to function in their current capacities, albeit with increased responsibility and oversight for an expanded regional network, including NHBMC.

Promoting Physician Engagement

Novant Health, like NHRMC, values relationships with both health system employed physicians and physicians in private practice. We believe that alignment with providers is essential, and we are committed to maintaining a physician-friendly operating environment and a pluralistic approach to supporting various practice models. Novant Health also recognizes and respects that NHRMC maintains many valued, collaborative relationships with independent physicians and medical groups in the region, such as Wilmington Health, EmergeOrtho and others. We support these existing relationships, are firmly committed to maintaining them going forward, and envision an expanded, regional delivery network that is open and available to community-based physicians. Whether through Novant Health Medical Group (NHMG), with it’s over 2,700 providers, or through our independent focused channels such as Axia and Community Connect, we are devoted to providing our patients with the most advanced clinical teams possible. Novant Health’s strong practice management infrastructure and capabilities will be a strategic resource with health system employed and independent physicians alike, providing clinical and administrative tools and support to operationalize new growth, enhance recruitment, and drive quality, safety and satisfaction.

Achieving Health Equity

Health Equity is the attainment of the highest level of health for all people. Achieving health equity requires valuing everyone with focused and ongoing societal efforts to address avoidable inequalities, historical and contemporary injustices, and the elimination of health and healthcare disparities. Novant Health is focused on achieving health equity by identifying and addressing health disparities across the continuum of care, from inpatient to outpatient. Our commitment to health equity, which has received regional and national recognition, is fueled by our mission and core values, one of which is diversity and inclusion. We have developed a successful and repeatable model that has been demonstrated to improve outcomes, build strong community coalitions, and generate financial benefits. This partnership
represents an opportunity to combine NHRMC’s local reach with Novant Health’s systems and processes to make a meaningful impact on health equity in New Hanover County and surrounding communities.

Commitment to Community Benefit
Novant Health is committed to improving the health of its communities, one person at a time. Robust charity care and financial assistance policies are a cornerstone of our culture. We will commit to increasing NHRMC’s charity care program from 200% to 300% of the Federal Poverty Level, with 100% write-off. Novant Health is also increasing the intellectual and financial capital devoted to social determinants of health and is actively pursuing partnerships with a range of community organizations in order to aggregate and align resources to promote whole person health. Notable areas of focus include housing and food insecurity.

Ability to Accommodate Range of Partnership Models
The strategic vision outlined in this proposal can be achieved through multiple forms of partnership, depending on the priority of the strategic goals and objectives identified by NHRMC, the County, and the PAG. For purposes of this RFP response, we coalesced around four primary categories of partnership: (i) long-term management services agreement, (ii) joint operating company, (iii) joint venture, and (iv) fully integrated partnership. We look forward to reviewing these potential alignment models with the PAG and are committed to demonstrating flexibility as discussions progress to ensure we are meeting the priorities of NHRMC, the County, and other local stakeholders.

Value to New Hanover County
The total value of this proposal to the County and the local community is approximately $5.3 billion, including the value assigned to NHRMC, capital commitments, and other financial elements of this proposal. Novant Health is proposing a NHRMC enterprise value equal to $1.5 billion, and we believe that a fully integrated partnership will result in the County receiving net proceeds of approximately $2.0 billion. To demonstrate our steadfast commitment to this relationship, Novant Health is also prepared to contribute $50 million to the New Hanover Regional Medical Center Foundation, irrespective of the partnership structure. This contribution could be used to fund, for example, the creation of a comprehensive addiction treatment program focused on opioid abuse. There also will be meaningful opportunities to maintain relationships with local vendors, support local companies, and increase the number of healthcare-related jobs in New Hanover County.

CLOSING
Novant Health’s vision is to deliver the most remarkable patient experience, in every dimension, every time. Our two systems have already been working collaboratively to deliver our vision to the Brunswick County community and we are excited about the opportunity to further collaborate on delivering our combined mission, vision and values to southeastern North Carolina. While we are proud of the vast resources, infrastructure and capabilities of Novant Health described throughout our response, we also appreciate and recognize the success and achievements of NHRMC and the leadership team. We look forward to combining our experiences, learnings and resources to jointly develop a strategic roadmap to expand our abilities to provide a remarkable patient experience to southeastern North Carolina for decades to come.
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INCREASING ACCESS TO AMBULATORY AND OTHER OUTPATIENT CARE

Novant Health and New Hanover Regional Medical Center (NHRMC) both recognize the importance of a robust ambulatory strategy to respond to changing patient preferences, technological advances in care and the need to provide low-cost options. Novant Health continues to invest significant capital in deploying a broad ambulatory footprint. These facilities, which include outpatient surgery centers, imaging centers, clinic sites, and urgent and express care facilities, offer patients care options that are quick, convenient, accessible and cost-effective.

Increasing cost pressures and the development of new technologies and treatment modalities have placed an elevated importance on our ability to provide a wide range of services in an ambulatory setting. Novant Health has invested heavily in developing ambulatory surgery centers (both wholly owned and joint ventured), freestanding imaging centers, extended primary care clinics, urgent care centers and multispecialty outpatient medical centers that allow us to provide high-quality care that is both convenient and affordable.

Our current ambulatory network consists of 15 ASCs, 38 owned imaging centers and over 600 physician clinic locations. We have also developed several smaller, satellite acute facilities that focus on outpatient volume and ease of access where 75%-80% of procedures can be performed in an outpatient setting. Our most recent developments include Novant Health Mint Hill Medical Center (2018), Novant Health Haymarket Medical Center (2014), Novant Health Clemmons Medical Center (2013), and Novant Health Kernersville Medical Center (2011).

To further increase access and convenience, Novant Health has partnered with GoHealth to develop and operate urgent care centers across our service area. GoHealth employs a unique operating model that partners with not-for-profit providers to become an integral part of the systems’ continuum of care. The centers are staffed by Novant Health clinicians and utilize our Epic EHR platform to ensure clinical protocols are consistent. Sites are selected in convenient, high-traffic destinations and each center is designed to provide an attractive, upscale look and feel. Novant Health is GoHealth’s exclusive partner for operations in North Carolina.

Strategic Alignment with NHRMC

Novant Health is firmly committed to fully supporting NHRMC’s continued efforts to develop a robust consumer-driven ambulatory footprint in its extended service area. In addition to financial support, we will provide the experience and intellectual capital accumulated over the last 10 years of development and operation of multiple sites of care.
In terms of scope and timing of the deployment of an ambulatory strategy, we will seek to collaborate with NHRMC to determine the optimal mix of facilities and appropriate locations that will best meet strategic objectives and allow NHRMC to effectively serve a growing patient population. We have reviewed the strategic master plan and are aligned in terms of the emphasis on multifaceted ambulatory growth which includes expansion of the primary care network, expansion of the Scotts Hill Medical Campus, development of freestanding emergency departments and other initiatives in the near term and beyond.

**Increasing Ambulatory Care Sites and Access Points for Partnered Systems**

Novant Health has consistently focused on developing a robust ambulatory strategy throughout all its service areas. We have a strong track record of investing in ambulatory care for hospitals and systems that have partnered with Novant Health. Below are illustrative examples from Novant Health Brunswick Medical Center and Novant Health Prince William Health System:

**Novant Health Brunswick Medical Center**

Novant Health assumed responsibility for the lease and management of Novant Health Brunswick Medical Center (NHBMC) on March 1, 2006, previously leased by HCA. Brunswick Medical Center celebrated many successes in the first 12 months post-transaction including improved physician and employee morale, improved quality, an increase in staffing ratios and higher patient volumes.

Key to investing in the community was making significant investment in both ambulatory and acute assets. Investment in acute assets was accomplished through construction of a replacement hospital that was over three times larger than the existing hospital. The new $100 million hospital opened in July 2011 and includes 78 beds (74 acute care and four observation beds) and five total operating rooms.

Investment in ambulatory assets has been and remains a focus, with examples including:

- Opening of Novant Health Brunswick Endoscopy Center, Brunswick County’s first freestanding outpatient endoscopy center
- Opening of Novant Health Imaging South Brunswick in Carolina Shores, a facility which offers a full range of imaging services including MRI, CT, ultrasound, nuclear medicine, digital mammography, electrocardiogram, Dexascans and X-ray
- Increased the number of employed physicians from 4 in 2006 to 52 in 2019
- Increased the number of practice locations from 2 in 2006 to 26 in 2019

**Novant Health Prince William Health System**

Novant Health partnered with Prince William Health System (PWHS) in 2009 to establish a meaningful operation in the state of Virginia. Prior to adding PWHS, our presence was limited to a handful of MedQuest imaging centers located primarily in the Richmond area. Novant Health and PWHS executed a merger agreement and we committed to investing over $200 million over 10 years to establish PWHS as its own region within Novant Health and to act as our Virginia hub. Part of our commitment was to increase PWHS’ ambulatory care footprint by investing in primary care and outpatient care sites. The following examples illustrate our investments:

- $18 million investment in the Lake Manassas Cancer Center, a state-of-the-art freestanding center offering advanced radiation oncology services in northern Virginia
- Development of an additional ambulatory surgery center
- Creation of a dedicated outpatient infusion care center
Opening of a freestanding imaging center providing MRI and X-ray services, featuring MAGNETOM Skyra 3T, which is the most powerful magnet commercially available

COMMITMENT TO PRIMARY CARE SERVICES

Novant Health Medical Group is comprised of over 1,700 physicians and over 1,100 nurse practitioners and physician assistants, providing patient care in more than 600 clinic locations throughout North Carolina, South Carolina and Virginia.

Primary care access is a hallmark of Novant Health and our medical group, with over 40% of our providers dedicated to primary care. We are continuously recruiting additional primary care providers, especially those with specific interest and skills in serving the growing aging population. To ensure multiple access points, extended and weekend hours are offered at many of our medical group practices as well as at convenient urgent care locations. Additionally, we are working with community partners including churches and outside agencies to offer health wellness screenings, mobile mammography and basic health services throughout our communities.

Novant Health continues to be successful in recruiting new providers across our system, including in Brunswick County, as well as expanding our Clinically Integrated Network (CIN) and partnering with independent providers. By working with all three groups (employed providers, CIN and independent providers), we are able to improve and expand access in existing locations as well as enter into new service areas. Furthermore, our experience, resources and established partnerships provide Novant Health the flexibility to enter new service areas quickly and assess the need for additional services.

Staffing Approach

Novant Health employs various staffing models based on the needs in the community, ranging from advanced practice provider-only clinics to single physician clinics, to full team-based care clinics. In our team-based care clinics the care team is responsible for the health and wellness of the patient panel and they incorporate various levels of providers such as: certified medical assistants, registered nurses, care coordinators, behaviorists, clinical pharmacist practitioner, advanced practice providers and physicians.

Identifying and Resolving Primary Care Gaps

Novant Health completes an annual comprehensive provider supply/demand analysis to ensure we monitor access across our footprint. Through this plan, each specialty, including family medicine, internal medicine, pediatrics and ob-gyn, is evaluated to ensure adequate coverage is provided for growing populations. Novant Health internally manages provider supply and contracts with Sg2 for the optimal view of provider demand and population forecasting.

Novant Health will work closely with NHRMC leadership and planning teams to determine what the growth needs are and identify gaps in primary care coverage. Once we have honed in on the service areas with gaps, we will work in partnership to determine the ideal strategy with which to move forward. For example, if there is a significant gap in coverage, we may want to have a discussion around standing up a primary care office in that service area. If it is a service area that has some coverage, yet we see an unmet demand, we may consider expanding existing clinics or partnering with established independent providers.

Improved Primary Care Access and Efficiency

Novant Health continues to enhance both primary care access and operational efficacy through well-planned growth, our Clinically Integrated Network partners, and by working closely with the independent providers who serve patients within our service areas. Novant Health believes strongly that empowering and partnering with the lead clinicians and clinic administrators in each practice drives accountability and buy-in at the clinic level while fostering a sense of independence. In addition, we have
support teams, through our central operations group, to educate, review and troubleshoot any practice area that may need additional focus. We incorporate quality, patient safety, patient satisfaction, and financial reviews as part of our ongoing review processes for each of our clinics.

Novant Health has been highly successful in recruiting, retaining and aligning local physicians in the service areas of partnered facilities. This fact is demonstrated in the geographies of Rowan County, North Carolina (Novant Health Rowan Medical Center) and Brunswick County, North Carolina (Novant Health Brunswick Medical Center). The total employed provider base in Rowan County has grown to include 131 providers (including physicians and advanced practice providers) in various specialties such as primary care and family medicine, pediatrics, orthopedics, obstetrics and gynecology, ear, nose and throat, psychiatry, general surgery, bariatric surgery and neurology. Similarly, Brunswick County has a total of 84 employed providers (including physicians and advanced practice providers) in various specialties such as primary care and family medicine, obstetrics and gynecology, general surgery, urology, plastic surgery, and pulmonary and sleep medicine.

GROWING IMPORTANCE OF HOME CARE
Novant Health is dedicated to increasing access via a high-quality health care continuum. As the healthcare landscape evolves, we recognize the impact care delivery beyond the walls of our hospitals and clinics has on our patients and communities.

NHRMC Home Care services are a critical component of the care continuum in southeastern North Carolina, covering over 3,700 lives annually across New Hanover, Brunswick, Pender, Columbus, Bladen, Dublin, Sampson and Onslow counties. As a direct affiliation with New Hanover Regional Medical Center, we recognize the impact that NHRMC Home Care has on providing quality care and services to patients.

Our strategic partnership will provide ongoing support to meet the current needs within NHRMC’s service footprint in addition to planning for anticipated population growth and new services. We anticipate the need to support and enhance existing NHRMC Home Care services which include:

- Skilled nursing
- Physical, occupational and speech therapy
- Medical social work
- IV infusion therapy
- Wound/ostomy care
- Patient and family education
- Home assessment for equipment needs
- Telehealth monitoring

As part of our growth process, we will work with leadership and planning teams to determine local growth needs and identify existing gaps in home care services. Demographic growth projections provided by NHRMC estimate significant population growth within New Hanover County, Brunswick County and Pender County through 2024. These estimates project a significant increase in the number of individuals 65+ moving into these areas over the next five years.

Given these projections, we anticipate a need to grow home care services to meet the evolving needs of the community and aging population. We recognize the significant need to plan for this segment of the population to increase access to home care services, integrate new models of care delivery and focus on population health.
As discussed in more detail further on, our Digital Products and Services team is working diligently to establish the technology necessary to deploy additional robust virtual care capabilities. We see these efforts as providing crucial elements to augment and enhance the home care services of the future. Working together, Novant Health and NHRMC can provide the full spectrum of high-quality, convenient services that our patients increasingly demand.

CARING FOR AGING POPULATIONS

As the U.S. population ages, Novant Health is working diligently to ensure that specific needs of the aging population within our service areas are met. Demographic projections estimate that the rate of individuals 65+ will grow at a faster rate in the southeastern North Carolina/NHRMC service area compared to other areas and age brackets across the state. Understanding these population projections is essential to planning and adapting to future needs in NHRMC’s service area.

We currently work closely with skilled nursing facilities (SNFs) in our service areas in order to better service geriatric populations. We also have senior care clinics that are focused solely on this population so that we meet their needs in a more attentive way. These clinical providers round in SNF facilities with some serving as medical directors of those facilities. Alliance with these facilities and providers is critical as we shift to value-based care and improve quality of care beyond the walls of our hospitals or clinics.

Through a strategic partnership, we will provide ongoing support and resources to maintain and further develop relationships with community providers such as SNFs and independent physicians who specialize in geriatric care. Given the anticipated growth in the 65+ cohort in NHRMC’s service footprint, we will assess collaboratively with NHRMC on the development of new geriatric clinics in the area.

For patients with higher acuity requiring an elevated level of post-acute care, we have partnered with Encompass Health to provide inpatient rehabilitation services. Encompass Health is a national leader in integrated healthcare services offering both facility-based and home-based patient care through its network of inpatient rehabilitation hospitals (IRF), home health agencies and hospice agencies. As of Dec. 31, 2019, Encompass Health operated 133 IRFs, 47 of which are joint ventures.

Given the projected growth rate of the 65+ cohort in the service area, we anticipate increased demand at both the 60-bed rehabilitation hospital on the NHRMC campus, as well as the outpatient rehabilitation centers. We will work with NHRMC to collaborate on best practices and shared knowledge to enhance rehabilitation services across southeastern North Carolina.

The 2015 New Hanover County Community Health Assessment (CHA) engaged focus groups to address needs within the community and noted the need for more “health resources”, heightened awareness of existing health promotion/disease prevention programs, and advertisement of these services in the county. A strategic partnership with NHRMC will enhance Novant Health’s commitment to community benefit – and our ability to enhance access and quality of care – in southeastern North Carolina. This commitment includes programs or activities that provide treatment or promote health and healing as a response to identified community needs and meets one of the following objectives:

- Improve access to healthcare services
- Enhance the health of the community
- Advance medical or health knowledge
- Relieve or reduce the burden on government to provide health services

We will work with leadership to identify the most pressing health needs of the community and specifically the aging population in both urban and rural settings. For example Novant Health supports more than
50 organizations system wide that support behavioral health as a community investment priority through social responsibility. We support programs such as Age-Friendly Forsyth (AFF) and the Shepherd’s Center of Kernersville specifically aimed at enhancing services for the aging population.

AFF began as a collaborative research process on aging in Forsyth County, with the intent to inform collective planning efforts, ensuring that Forsyth County is a place where people can live their best lives. AFF is currently in the beginning stages of transforming into a collective impact initiative with a focus on addressing issues and need areas of adults aged 60 and older in Forsyth County. Some outcomes of the initiative include:

- 30% of participants had a reduction in ED visits and a 25% reduction in number of falls
- 18% had an increase in informal supports
- 38% saw a reduction in Geriatric Depression Scales scores
- 48% showed improvement in Quality of Life scores
- 31% saw improvement in food insecurity
- 54% showed improvement in Social Isolation scores
- 22% showed a decrease in medication usage

The Shepherd’s Center of Kernersville, located in Forsyth County, helps champion and sustain adults who are aging or living with disabilities. The organization helps individuals remain in their homes as long as possible and helps prevent social isolation through programs such as telephone reassurance, counseling, respite care and the Senior Enrichment Center (providing life-enriching activities, services and growth opportunities to promote active lifestyles and healthy behavior changes).

SERVICE LINE GROWTH

Novant Health has implemented an institute structure that enables the advancement of healthcare through research, technology and innovation, as well as improvements in routine care, in our medical centers, hospitals and clinics. Novant Health’s institutes are each led by a clinical leader and administrative leader who work collaboratively to ensure the remarkable patient experience is delivered to our patients. Novant Health’s institutes include:

- Cancer Institute
- Community Health & Wellness Institute
- Heart & Vascular Institute
- Hospital-Based Medicine Institute
- Neurosciences & Psychiatry Institute
- Orthopedics & Sports Medicine Institute
- Post-Acute Care Institute
- Surgical Institute
- Women’s & Children’s Institute
- Institute of Innovation & Artificial Intelligence
- Institute of Safety & Quality

We envision a collaborative process around service line development which combines NHRMC’s expertise in serving its community and the insights of the NHRMC Innovation Center with the resources and leadership of the Novant Health institutes.
NHBMC and NHRMC have already established relationships along multiple service lines to ensure local patients are receiving convenient, quality care in the appropriate setting. Novant Health has worked in partnership with NHRMC and independent providers to expand capabilities in cardiology and neurology at NHBMC that enable local Brunswick residents to receive necessary care close to home. Brunswick area neurology and cardiology patients not requiring tertiary level care are now able to access services at NHBMC that beforehand would have required transfer to NHRMC in Wilmington. Partnering on these service lines has allowed NHRMC to decompress the hospital and NHBMC to increase services it offers to the local community. In addition, NHBMC, in partnership with Southeastern Nephrology has developed an inpatient dialysis program to allow dialysis patients to receive care locally at NHBMC.

**Providing Leading Edge Care Close to Home**

Novant Health has a strong track record of growth across existing service lines and has been successful in developing new, leading-edge service lines across our system. To support this growth we continue to invest capital into physician recruitment as well as the development of Centers of Excellence and specialty facilities and programs.

Novant Health has developed a structure that relies on local leadership and local physicians to drive growth within their service areas. These leadership teams have the best insight into the needs of their residents, rather than trying to manage diverse communities from a centralized location. By matching the services offered with the needs of their community, patients can receive the care they require without traveling to another facility outside of their local area.

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**Case Study: Investing in Heart & Vascular and Oncology**

At Novant Health Presbyterian Medical Center, we are investing over $190 million in a new Heart & Vascular Institute and Cancer Center. The John M. and Claudia W. Belk Heart & Vascular Institute as well as the Edward I. and Agnes B. Weisiger Cancer Center will be located in a 260,000 square foot state-of-the-art facility and will allow our most fragile patients to receive top-of-the-line care without having to navigate their way through multiple departments. Construction of the facility began in December 2018 and will be open in October 2020.

**Case Study: State-of-the-Art Orthopedic Hospital**

To further advance our high-quality orthopedic service line, we invested over $60 million in a new, state-of-the-art orthopedic hospital which opened its doors in October 2017. This advanced seven operating room, 60-bed orthopedic hospital is designed to be flexible with volume and case type variability. We also invested $4.9 million in a new outpatient surgical center co-located with the new orthopedic hospital that provides multiple surgical services including the constantly expanding spectrum of outpatient orthopedic surgeries.
Case Study: Partnering to Accelerate Patient Rehab

In our Winston-Salem service area, we partnered with Encompass Health to build a new $28 million rehabilitation facility. This 68,000-square foot, single-floor facility increased our current bed capacity from 39 to 68 rehabilitation beds. Novant Health Rehabilitation Hospital (an affiliate of Encompass Health) opened in October 2018 and features innovative technology and equipment that allows us to further expand our rehabilitation service offerings and provides key post-acute care services to complement and enhance several existing service lines such as neurosciences, spine, and orthopedics, among others.

Addressing Key Provider Needs

Novant Health’s experience illustrates consistent success recruiting, retaining and supporting physicians across specialties and geographies. Since 2005, Novant Health has nearly quadrupled the size of its employed medical group by offering multiple practice setting options, attractive recruitment incentives and competitive compensation packages.

While there are many benefits to being part of our physician network, we also have excellent relations with those independent physicians who are part of our medical staff. Independent physicians are actively engaged in leadership and decision-making and help make our organization stronger through their involvement.

In partnership with Novant Health, NHRMC can leverage our infrastructure and resources in physician recruitment and alignment to address both current and anticipated provider needs. In its provider needs assessment, NHRMC has a three year target of an additional 92 FTEs, which includes 20 primary care physicians, 33 medical specialists, 17 surgical specialists and 22 pediatric specialists. In 2019, Novant Health hired 241 new physicians and an additional 262 advanced practice providers.

Of the 241 physicians hired, 85 were primary care with the remaining 156 being specialty physicians. The top five specialties hired (totaling 96 physicians) were hospitalists, neurology, psychiatry, cardiovascular disease, and hematology and oncology. In the Brunswick area specifically, we hired 20 new physicians and 20 new advanced practice providers during 2019 as we continue to further invest in southeastern North Carolina.

CORPORATE/EMPLOYER HEALTH

Novant Health is committed to partnering with employers as a key stakeholder in improving the health and well-being of our communities. Novant Health has had a robust corporate health program for over a decade and serves thousands of clients across the Carolinas and northern Virginia.

Novant Health is currently working with a diverse group of over 400 employers in the Brunswick region. One of Novant Health’s long time partners in the coastal area has contracted with us to provide robust health and well-being services. Services include but are not limited to: an on-site wellness center staffed with an advanced practitioner, occupational medicine services, flu shots, biometric screenings and wellness programs. By partnering with Novant Health, this client saved over $126,000 in 2019 relative to previous years.
INNOVATION FOR THE CONSUMER

Novant Health has a long history of consumer-facing innovation that emphasizes both convenience and quality care. Consumers expect to be able to receive care in the manner and timing that fits their needs and schedule. This approach has evolved from multichannel (offering distinct service delivery methods) into omni-channel (integrating service delivery methods to allow for a seamless experience for the consumer) as we build a level of personalization rarely seen in health care experiences.

Novant Health was an early adopter of MyChart. Our Epic EHR now has over 1 million engaged patients. Our digital health approach is nationally recognized and has a dedicated business division. We began implementation of Epic in 2011 and rolled the platform out to acute and ambulatory facility in a systematic and measured fashion which helped ensure a successful implementation. Novant Health has been honored with several awards and recognitions related to its EHR platform including Epic’s Good Install Award and the Professional MVP Award. In addition, five Novant Health medical centers have received the prestigious HIMSS Analytics Stage 7 EMRAM Award which recognizes hospitals for using electronic medical record technology to its fullest potential to provide access and care to our patients.

Our EHR tools ranging from advanced appointment options to virtual care are all one click away through both the Internet and mobile applications. Furthermore, all the tools are integrated in a single view so patient care is delivered holistically.

Online appointments have been available since 2011 and recently were expanded through a major partnership with Red Ventures resulting in triple-digit percentage increases in utilization in the first year. To facilitate ease of payment, billing tools are accessible digitally and through personal interactions. The availability of online bill payment has been a significant contributor to efficiency in revenue cycle services. Woven throughout all of these tools are care reminders and population health driven interventions aimed to keep patients healthy.

Providing Value and Transparency

We have built a reputation on making the entire experience of healthcare remarkable, and our new work in creating healthcare bundles or episodes of care as a direct offering to employers is accelerating that. For certain conditions with predictable treatments and outcomes, employer episodes offer an upfront, fixed-price, single bill to pay.

Novant Health team members and dependents in the Brunswick area with Cigna medical coverage can take advantage of our episode of care for elective joint replacement, which includes best-practice services like surgical wellness visits. Our maternity episode similarly comes with important education and support throughout pregnancy with an upfront price and single bill, so patients can plan and avoid unexpected costs.

To control costs for all patients, Novant Health provides upfront, out-of-pocket price estimates for all scheduled inpatient and outpatient services. Unlike many price transparency efforts, the Novant Health price estimates focus on the price that matters most to the patient, the out-of-pocket financial responsibility. Novant Health patients can also call our financial counselors to discuss their price quotes and upcoming scheduled services or unscheduled services. In 2019, Novant Health provided over 100,000 price quotes to patients.

DELIVERING CARE THROUGH TELEHEALTH SERVICES

Novant Health has a long history of various virtual care delivery offerings. We were an early adopter of MyChart which, as previously mentioned, now has over 1 million Novant Health patients enrolled. In addition, Novant Health has many telehealth programs that connect one facility to another such as teleneurology, telesitter, telemetry, telespsych, tele-EEG and telediabetes. We continue to grow our
capabilities in providing consumer-facing technology and care delivery. Novant Health was a very early adopter and has been a national leader in e-visits and video visits, and continues to invest in new virtual capabilities.

Novant Health recently announced a national strategic partnership with TytoCare that includes Novant Health as its exclusive partner in North Carolina. TytoCare is the first and only virtual physical exam device that is fully integrated into Epic and delivers the next generation of virtual care.

Overall, our digital health capabilities are structured in a forward-thinking way to allow for rapid innovation and growth of digital services which have included the development of new technology platforms and products. All of the programs have been built around elevating the level of safety and quality for the communities we serve.

Furthermore, all platforms are easily scalable, allowing for rapid deployment to new partners. We will work collaboratively with NHRMC to determine the appropriate scope and timing in implementing telehealth programs that have been successful at Novant Health. Most importantly, Novant Health has focused on ensuring that virtual care is and remains a low-cost option for our patients.

LEVERAGING DATA
Novant Health continuously invests in the underlying IT infrastructure layers to ensure that the technology platforms and services are positioned to deliver business solutions. Over the past several years, we have dedicated significant time and resources to aggregating and analyzing data from disparate systems within Novant Health. We have leveraged the data to better understand the effects that particular actions have on patient safety and quality.

Novant Health provides in-workflow dashboards and detailed data for providers that allows them to drill down from meaningful alerts and metrics to specific patient information in the medical record. Advanced analytics capabilities enable service lines to evaluate procedures and treatment effectiveness. While our data is centralized, the reporting is decentralized enabling local decision-makers to access reports that are timely and meaningful.

Location of Command Center
Novant Health recognizes the importance of local leaders having access to a variety of data feeds to ensure patient safety, efficient operations and appropriate placement of patients. As such, we understand NHRMC’s objective to develop a command center to monitor data from the health system and use it to improve efficiency, quality and safety and manage referrals. In partnership with NHRMC, we would work to determine the size, scope and location of a command center serving NHRMC.

Case Study: LeanTaaS
Using analytics to monitor current conditions across multiple departments, LeanTaaS iQueue gives schedulers the information that they need to effectively schedule patients who are seen in multiple departments. This is particularly useful for cancer patients juggling multiple appointments and infusions. LeanTaaS makes suggestions to allow schedulers to make sure that patients are seen efficiently, which decreases patient wait times and increases overall utilization of clinic/infusion center resources. This same technology is being applied to ORs and radiology resources as well.
Establishing Collaborative Relationships

We feel that it is imperative for healthcare systems to work together in order to provide our patients with the most advanced care outcomes. This can include shared purchasing, extension of clinical capabilities, virtual platforms and data interoperability.

Novant Health has robust data sharing natively with auto query for all other Epic systems in the state of North Carolina and all other Epic customers nationally with potential need for patient consent. We are an early adopter of the Carequality interface and are among the first in the country to go live with interface to Social Security and the Department of Veterans Affairs. In addition, Novant Health is in the process of finalizing interface with the North Carolina immunization registry and the North Carolina opioid prescription database.

Timely Access to Data and Capabilities

Novant Health and NHRMC possess a unique advantage in launching a closer relationship – the significant relationship already in place between our two systems. The continued work between NHRMC and NHBMC provides a solid foundation for an expanded partnership. This will allow the two systems to work quicker to deploy the necessary digital capabilities, including any command center capabilities, once a closer relationship is cemented.

REACHING RURAL COMMUNITIES

Similar to many systems in North Carolina, Novant Health possesses a depth of experience in delivering care to communities across the urban, suburban and rural continuum. Both of our major service areas in Charlotte and Winston-Salem demonstrate this experience and provide the foundation from which we seek to expand outward. Throughout both areas, we deploy a portfolio of physician clinics, outpatient centers and acute care settings that flex with the needs of the community.

Unique to Novant Health is our experience in southeastern North Carolina. Our experience serving communities in Brunswick County provides insight into delivering care across the continuum of communities that complements the communities that NHRMC also serves. We understand the needs of not just providing care to rural communities, but to the rural communities of southeastern North Carolina and we have done so in both an ambulatory and an acute care setting. Furthermore, we have successfully accomplished our mission both standalone and in partnership with NHRMC.

DISASTER PREPAREDNESS

With a hospital, numerous physician clinics and outpatient centers in Brunswick County, Novant Health understands the importance of a robust disaster preparedness program, especially as it pertains to hurricanes, tropical storms and flooding.

Over the last four seasons, coastal North Carolina has experienced three large and powerful hurricanes that significantly impacted the region. NHBMC, consistent with its disaster preparedness plans, took several key actions to ensure the hospital would remain open and that continuity of care and services would be maintained. During Hurricanes Matthew, Florence and Dorian, staff and providers sheltered in place at NHBMC so that they could be available to provide care to those most in need. Prior to Hurricane Florence, NHBMC reduced its census by transferring out appropriate patients to other Novant Health hospitals to decompress NHBMC and make beds available for those impacted by the hurricane.

During these demanding times, we have partnered with NHRMC and looked for ways to coordinate efforts to help keep area residents safe and cared for. NHBMC and NHRMC have communicated on local road conditions during hurricanes in order to manage patient flow to our respective hospitals and facilities. NHBMC also worked with NHRMC to coordinate the provision of emergency water services at NHRMC.
Novant Health has also taken measures to mitigate the impact that these hurricanes have had on our team members. During the recovery, we exhausted the team member emergency fund to support local team members impacted by the hurricane. The team member emergency fund has since been replenished through the generosity of Novant Health team members outside of the southeastern North Carolina region. Moreover, during Hurricane Florence, team members who could not work due to facility inaccessibility were granted administrative leave instead of having to use paid time off.

NHBMC has been nationally recognized for our efforts during these storms. The pharmacy team at Novant Health Brunswick Medical Center received the 2019 American Society of Health-System Pharmacists (ASHP) CEO's Award for Courageous Service in recognition of the heroic efforts and inspiring, unselfish service during Hurricane Florence. Throughout the unprecedented flooding, the pharmacy team worked tirelessly and creatively to make sure the local community had access to needed medications at the time of greatest need.
2. ADVANCING THE VALUE OF CARE

PROVIDING VALUE IN HEALTH CARE

Through a partnership with Novant Health, NHRMC will have access to the corporate infrastructure, programs and resources to bolster NHRMC’s strong record of providing high-quality, affordable care. Our first step in a partnership will be to thoroughly understand existing programs in place and collaborate with local leaders and clinicians to enhance quality, safety and affordability.

The Novant Health Institute of Safety & Quality (NHISQ) encompasses all facets of the organization. At its core, NHISQ provides system oversight with personnel embedded at the local area and facility level, partnering with facility and institute leaders to improve quality and safety of patient care, and prevent medical errors. The Novant Health Institute of Safety & Quality offers expertise and resources in the following areas:

- Clinical data and analytics
- Clinical excellence
- Clinical documentation excellence
- Safety (First, Do No Harm)
- Regulatory accreditation
- Infection prevention

NHISQ utilizes clinical data and analytics that allow for our facility and institute leaders to understand their performance in real time and use that information to improve safety and quality. We utilize the Microsoft Teams platform and Microsoft Power BI to publish safety and quality, financial, growth and strategy, human experience, pharmacy, and population health data. This provides single-point connection for facilities and institute leaders to review their data, get assistance from our data teams, and strategize around projects and next steps in their work.

Additionally, the institute participates in the Vizient Clinical Data Base, which allows for internal benchmarking across the Novant Health footprint, but also external benchmarking with other Vizient Clinical Data Base participants. NHISQ is actively engaged with several artificial intelligence (AI) projects to enhance safety and quality, including initiatives that improve acute care patient flow (KenSci), care of patients with congestive heart failure (Jvion), the early diagnosis of breast cancer (Massachusetts Institute of Technology), and the rapid response to patients having a stroke (Viz.ai).

CONTROLLING OUT-OF-POCKET COSTS

Novant Health provides upfront, out-of-pocket price estimates for all scheduled inpatient and outpatient services. Unlike many price transparency efforts, the Novant Health price estimates focus on the price that matters most to the patient, the out-of-pocket financial responsibility. Novant Health patients can also call our financial counselors to discuss their price quotes and upcoming services or unscheduled services. In 2019, Novant Health provided over 100,000 price quotes to patients.

Annually, we review our chargemaster with a focus on costs and the impact on patients, especially as high deductible health plans have risen in popularity. For example, we keep prices for mammograms as low as possible so price is not a barrier for a patient seeking care. Novant Health believes in equitable pricing, no matter the form of payment, and we also have transparent hospital financial assistance and charity...
care programs that serve as an essential element to ensure we are able to provide remarkable healthcare to all members of our communities – regardless of their ability to pay.

For those patients who received their care through Novant Health, we have reduced total cost of care by more than $179 million over the last five years, through population health management and more efficient, high-quality care.

**HEALTH PLAN EXPERIENCE**

With a history of operating a successful 500,000 member commercial and Medicare Advantage health plan, jointly underwriting employer group benefits and assuming the financial risk associated with the Reynolds Tobacco Company, Novant Health has extensive and unique “corporate DNA” in the area of health plan operations and enjoys a positive legacy of total cost of care management, well before the term came into common use.

Novant Health has a long history of participation with the full inventory of Medicare Advantage issuers operating in North Carolina markets. Dating back to our founding and ownership of a Medicare + Choice health plan, we continue to embrace Medicare Advantage products as an important access to care option for Medicare beneficiaries and represents a durable financial opportunity and important patient connection point for our health system. The recent growth in Medicare Advantage products, the ongoing interest in North Carolina markets demonstrated by new market entrants, and Medicare Advantage membership enrollment growth, validates our initial and ongoing posture toward the segment.

Novant Health was one of the first, if not the absolute first, organizations in North Carolina to enter into a “value-based” agreement that aligned financial reward with demonstrated improvements in subpopulation-specific quality metrics. Much more recently, as one of the largest and top performing organizations within a national payer’s Medicare Advantage Accountable Care Organization portfolio, we consistently deliver on the cost, quality and patient experience promise of Medicare Advantage when that promise is linked to a high-performing clinical enterprise. As an organization, we have developed a mature understanding of the levers and dials that drive the Medicare Advantage clinical and financial model including but not limited to detailed diagnosis coding, diagnosis capture and recapture, strong clinical documentation, HEDIS metric gap identification and capture, supplemental reporting, program compliance, cohort and subpopulation management, patient access to care, beneficiary outreach and patient engagement.

In addition, Novant Health has evaluated various joint venture ownership strategies and continues to explore opportunities with strategically like-minded health plan operators while building internal capabilities. We focus on partnerships that offer a strong governance model aligned with a balanced equity position.

Novant Health believes integrating patient experience and electronic medical record data with health plan financial, transactional and consumer insight data catalyzes efficiency. It also unlocks the door to lower cost of care, greater access to care, improved health status and stronger communities. Financial alignment around the deployment of resources tailored to the clinical, behavioral, spiritual and social needs of members, patients and their families delivers a differentiated value proposition and strengthens our community.

**Support for Existing Plans**

Novant Health lauds NHRMC’s efforts to establish, own and operate a Medicare Advantage health plan in eastern North Carolina. As a successful respondent, Novant Health will devote the resources, people, strategy, and execution commitment necessary to reinforce NHRMC’s ongoing development and management activities. Our focus will be to help ensure the plan’s financial success and its long-term
ability to meet the unique needs of our Medicare beneficiaries in southeastern North Carolina. Furthermore, we have already partnered with NHRMC on its recent efforts to augment its contracted provider network and expand its ability to service more beneficiaries.

**Lowering Costs while Improving Access**

As part of its access and affordability mission, Novant Health has leaned heavily into the under-65 Affordable Care Act segment since the law’s inception. More recently, Novant Health has partnered with a very strong operator of individual plans in the under-65 individual and family plan segment, and within the context of that partnership, we are delivering Silver Benchmark Plan product pricing and benefits that deliver outstanding value to consumers and patients.

Those products have brought covered lives into the individual plan segment that were previously in the ranks of the uninsured. As a successful respondent, Novant Health will engage our partner in exploring service area expansion. We will actively mine for opportunities to deliver affordably priced under-65 individual and family plan offerings to complement the ongoing Medicare Advantage efforts described above.

**APPROACH TO VALUE-BASED CARE NETWORKS**

Novant Health’s approach to NHRMC’s existing value-based care (VBC) networks will be one of collaboration and looking to complement existing VBC networks that NHRMC has developed. Novant Health currently has a growing presence in Brunswick County. However, the Wilmington area and suburbs have a unique dynamic that will necessitate partnering with NHRMC leadership to review specific opportunities for potential expansion of existing NHRMC network platforms.

The Novant Health Physician Network (NHPN) is the umbrella that brings together all of our partnerships between Novant Health employed and independent physicians in our communities. It has grown to more than 3,100 providers that together have established fee-for-service and value-based contracts with government and commercial payors.

The NHPN currently manages, primarily through the Novant Health Medical Group, a Medicare Shared Savings Program (MSSP) with more than 80,000 attributed lives that has achieved substantial savings for the Medicare program. The Novant Health MSSP ACO recently entered into its second contract period and looks forward to taking downside risk in 2021.

Novant Health, in partnership with independent physicians, is participating in the Centers for Medicare and Medicaid Services (CMS) Medicare Shared Savings Program (MSSP) to provide care that delivers true value for beneficiaries by bettering the patient experience, improving health, and reducing the cost of care. In order to participate, Novant Health has set up an Accountable Care Organization (ACO) structure for our North Carolina market and the attributed beneficiaries of approximately 80,000, makes the Novant Health ACO, the second largest in the state. In addition, based on the most recent results, Novant Health ranks, among large health systems in North Carolina, as the third best ACO based on costs and is the second best ACO in the state (and fourth best in the nation) based on pay-for-performance quality.
The NHPN also consists of a Clinically Integrated Network (CIN) that represents a partnership between more than 640 independent community-based providers and NHMG providers. The goal of the CIN is to foster collaboration between providers with the goal of improving patient outcomes, enhancing the overall patient and provider experience, and creating efficiencies in care. The CIN currently holds two payor contracts and is exploring adding a third payor product in 2021.

The most recent CIN payor agreement launched on Jan. 1 of this year and represents a partnership with a new payor, Bright Health Exchange, which offers commercial health plan options on the health insurance marketplace in a 10 county area in North Carolina. This partnership represents a narrow network offering that is very attractive to independent community providers and also has a mechanism to share savings with all network participants.

The second payor product offered in the CIN is a standard commercial product that offers CIN members the opportunity to earn additional revenue based on performance of the network in two areas: quality and cost compared to comparable benchmarks. The CIN has performed very well under this plan, and performance-driven revenue is shared in a model that includes both Novant Health clinics and
independent community practices. As a next step, the CIN is looking to potentially partner with a payor to launch a Medicare Advantage product as early as 2021.

In the event Novant Health is chosen as a strategic partner to NHRMC, we will explore the possibility of partnering with both NHRMC and our existing Novant Health CIN payor partners to potentially offer an attractive network offering in the NHRMC service areas. This can be accomplished by either offering this opportunity to the existing network of providers participating in NHRMC’s current ACO structure or through the creation of a new legal entity that resembles a super CIN structure, which will create a geographically broad physician network.

As the healthcare landscape continues to evolve, both locally and nationally, Novant Health is committed to partnering with NHRMC to invest in building robust networks that will be able to scale and flex to accommodate changes in how healthcare is delivered to the communities.

Opportunity to Expand and Improve Value-Based Care Networks
We believe there a number of synergies that can come from combining NHRMC and Novant Health networks. Specifically, operational synergies can be found in leveraging the strengths of one another around maintaining and improving clinical quality, curbing inappropriate costs and utilization, and appropriately and accurately coding and diagnosing patient populations to ensure an accurate reflection of patient acuity. There will be opportunities for the NHRMC and Novant Health ACOs to share best practices, which will help to further identify opportunities to increase operational efficiencies and enhance overall performance.

There are strategic synergies to be found as well in light of the proliferation of super CIN and statewide network models. These models have the potential to standardize care, lower costs and achieve economics on a much larger scale than we have seen before.

CAPABILITIES IN VALUE-BASED CONTRACTING
Novant Health has built a reputation on making the entire healthcare experience remarkable, and our new work in creating healthcare bundles or episodes of care as a direct offering to employers is accelerating our status in that regard. For certain conditions with predictable treatments and outcomes, employer episodes offer an upfront, fixed-price, single bill to pay. Novant Health team members and dependents in the Brunswick area with Cigna medical coverage can take advantage of our episode of care for elective joint replacement, which includes best-practice services like surgical wellness visits. Our maternity episode similarly comes with important education and support throughout pregnancy with an upfront price and single bill, so patients can plan and avoid unexpected costs.

The value-based incentive penetration rates within Novant Health are a key growth area with over 500,000 attributed lives under management. Following the Health Care Payment Learning & Action Network (HCP LAN) framework, Novant Health has more than 50% of our revenue aligned with categories 2-4 (2. quality programs; 3. alternate payment models/shared savings and risk model; 4. global budgets).

Over the next five years we expect significant growth in Novant Health value-based care arrangements, most notably in shared savings and shared risk programs, and these programs will cross both the Medicare and commercial segments. We are investing in the tools and resources, setting strategy and creating the appropriate structures to be successful in alternate payment and downside risk models.
IMPROVEMENTS IN COST, SAFETY AND QUALITY FOR PARTNERED SYSTEMS

Novant Health seeks to partner with hospitals and health systems that share similar mission, vision and values as ours. We have taken a measured approach to growth through acquisition that focuses on finding the right partner instead of growing for the sake of growth.

Prior to our partnership in Northern Virginia to form a joint operating company (Novant Health UVA Health System) with UVA Health in 2016, Novant Health’s previous acute care transaction was the merger of Prince William Health System (PWHS) in 2009. With the merger, Novant Health committed to investing over $200 million over 10 years to establish PWHS as its own region within Novant Health. Since completing the transaction and after significant capital investments, PWHS has seen marked improvements in quality, safety, patient and employee satisfaction, and financial performance.

Safety and Quality

Novant Health focused intently on elevating the safety and quality profile of PWHS post-transaction. We implemented our First, Do No Harm program, invested in a full-time Vice President of Medical Affairs to champion quality and assist in physician education, and added clinical analysts dedicated to quality. The results were significant:

- Decreased and sustained serious safety rate to zero by July 2011
- Zero central line associated blood stream infections by April 2011
- Increased safety reporting by 52% from 2010 to 2011, to 71% from 2011 to mid-2012
- 70% increase in “Near Miss” reporting rate, improving transparency and communication
- Zero ICU ventilator associated pneumonia in 2010

In addition, we participate in a number of value-based care programs in northern Virginia. In this area, we have an integrated network with independent providers and physician groups with aligned incentives to drive value in these programs. With a different Novant Health footprint in this area, the relationship with other providers is key to our success in population health management. In our most aligned payor partnership, we have seen consistent quality and patient experience scores over the past four years with a significant increase in these positive results achieved in 2019. We have achieved top marks in the patient experience scores within this program, in each of the past four years.

Financial Performance

By partnering with Novant Health, PWHS was able to realize multiple significant financial benefits. Revenue enhancements and improvements in supply chain drove a 5% – 8% increase in operating cash flow. In addition, by partnering with existing MedQuest facilities in the region, PWHS saw a 15% increase in imaging volume at locations in Haymarket.

Investment

As part of the merger agreement, Novant Health committed to investing over $200 million in capital over a 10-year period. Through the support of Novant Health, PWHS has been able to make critical investments to expand its presence and services including:

- Opening of the new $110 million community hospital in Haymarket
- $18 million investment in the Lake Manassas Cancer Center
- Opening a $2.8 million cardiac cath lab
- $2.3 million renovation of IP orthopedic and oncology wings
- Created dedicated outpatient infusion care center
Developed sports medicine and concussion management programs
Launched $1.0 million robotic MAKOplasty surgical program
Implemented neuro-telemedicine to manage stroke care

The combination of the PWHS platform and Novant Health resources has yielded results well beyond the expectations of both systems. The successful integration has also provided a roadmap for Novant Health for future expansions into new regions.

PATIENT EXPERIENCE

Novant Health’s efforts around patient experience and satisfaction involve two dedicated teams that work collaboratively together: Voice of the Customer team and Patient Experience Advisory team.

The Voice of the Customer (VOC) team provides the requisite IT platform, tools and expertise that enable decision making and action planning to enhance all aspects of the patient experience at Novant Health. The VOC ensures accurate submission and receipt of vendor files, enhanced reporting visualizations utilizing business intelligence tools and text analytics and creates integrated views with HR metrics, engagement and patient experience data in one portal.

The Patient Experience Advisory (PEA) team is responsible for program creation to enhance the patient experience. The team is invested in applying programs that have proven successful, investigating national trends in customer experience and seeking out industry leaders for collaboration. By focusing on key drivers and high-impact units, the PEA promotes positive movement at all levels of the organization.

The PEA works closely with directors, managers and clinic administrators to ensure understanding of results and to create solutions that will enhance the patient experience at the unit or clinic level. Moreover, the PEA engages in ongoing dialogue with unit-level leadership to understand perceived barriers to success and uses engaged rounding programs to enhance understanding of team interactions with patients and family members.

Tracking Patient Experience

In addition to using data analytics at the unit level, reporting of patient experience is a key component of executive team and board oversight and is also an integral part of Novant Health’s culture. Novant Health’s executive operating council, which is led by our chief operating officer and consists of clinical, operations, finance and industry leaders, reviews patient engagement scores on a biweekly basis. Patient engagement scores are reviewed at all quarterly board meetings and we post patient engagement scores to Novant Health’s intranet for our team members to access.

Initiatives around patient experience have shown a meaningful effect in terms of improvement in HCAHPS scores. Figure 3 on the following page provides a history of Novant Health’s overall HCAHPS scores from 2015 through first quarter 2020:
Case Study: Increased Patient Satisfaction at Prince William Health System

Both patient and team member satisfaction scores improved after Prince William Medical Center merged with Novant Health. Most notable was inpatient satisfaction where Novant Health was able to drive an 11% increase in HCAHPS “Overall Rating Likely to Recommend” scores. Furthermore, we introduced our physician model, resulting in improved physician partnership and alignment. Finally, by focusing not only on patient satisfaction, but also on efficiency and team members, Novant Health elevated the team member “overall as a place to work” rating by 9 percentage points.

COORDINATION ALONG THE CARE CONTINUUM

Care Connections is Novant Health’s centralized, in-house care coordination platform. Care Connections is a team of centralized care coordinators to help our patients in their healthcare journey. This team is comprised of nurses, social workers, dietitians, pharmacy techs, pharmacists and specialists. The team focuses on specific patient populations to improve outcomes for patients at risk for adverse outcomes, the chronically ill, and others in need of assistance or support through their care pathway. Figure 4 on the following page details services Care Connections provides in an effort to reduce the risk of adverse health events and improve health:
Additional Care Coordination Initiatives

Additional initiatives include scheduling assistance, preventive gap closure, dietetics, transitional care management initiation, integration with specialty providers, and connecting patients back to their primary care provider and community resources.

Enhancements for NHRMC

NHRMC will be able to access the full suite of Novant Health’s Care Connection services. More specifically, we believe significant value can be leveraged by:

- Enhancing transitional care management process through Epic flowsheets
- Working with the NHRMC marketing team to provide patient scheduling – using web scheduling, chat function and telephonic support for patients
- Expanding care coordination services to additional value-based program members, which will increase the number of NHRMC patients who have access to these vital services
- Creating a robust process for scheduling patients for annual wellness exams through proactive outreach
- Increasing the number of patients for preventive gap closure by increasing the number of value based contracts for Medicare Advantage and commercial populations

Partnerships with Social Service Organizations

Novant Health could help establish and further develop partnerships with the public and private social service organizations within the service area. By engaging those partners through our Community Engagement Team, we can develop ongoing communications and build relationships enabling us to work collaboratively. This collaboration allows us to connect patients to essential community services. We can further enhance these relationships by strategically placing social workers in clinics that may have the biggest need for patient support.

Partnerships with Community Providers

While there are many benefits to being part of our physician network, we also have excellent relations with those independent physicians who are part of our medical staff and who practice in the communities we serve. In addition, independent physicians are actively engaged in leadership and decision making and help make our organization stronger through their involvement. We will extend every effort to engage and partner with independent physicians in the NHRMC footprint.
We already have strong relationships with several independent physician groups in the Wilmington area that provide outstanding services and are invaluable partners in providing the remarkable patient experience to the community. These practices include Delaney Radiology, Wilmington Pathology and Southeastern Nephrology. Delaney Radiology was an existing partnership when Novant Health acquired Brunswick Medical Center in 2006. We partnered with Wilmington Pathology in 2008 shortly after the acquisition of Brunswick Medical Center. We have also developed an inpatient dialysis program in partnership with Southeastern Nephrology. This partnership allows Brunswick area patients to receive dialysis care locally at NHBMC.

In partnership with NHRMC, we will work to maintain existing relationships with independent physician groups such as Wilmington Health. We will also keep any existing co-management arrangements in place.

In addition to fostering an organizational culture that values physician input and leadership, we have tangible services we can offer independent physicians that facilitate alignment with our system. This includes Novant Health Link (Epic access) and Axia Physician Solutions, which delivers services that enhance revenue and improve operational efficiencies for independent healthcare providers. Axia Physician Solutions’ offerings include network contracting, credentialing, contract consulting, group purchasing programs, financial consulting services, physician quality initiatives and educational opportunities. The goal of Axia Physician Solutions is to enhance relationships with independent providers by acting as a catalyst to extend Novant Health’s resources and services.
3. ACHIEVING HEALTH EQUITY

HEALTH EQUITY AS A LONG-TERM AND ASPIRATIONAL GOAL

Novant Health is focused on achieving health equity by identifying and addressing health disparities across the system. Novant Health’s commitment to health equity is fueled by its mission and core values, one of which is diversity and inclusion. As diversity and inclusion is a core value, Novant Health has been able to leverage this value as a strategic business imperative. Diversity and inclusion is a shared driver to achieve remarkable results in health equity and improved health outcomes, team member engagement, patient satisfaction, market share growth and brand preference and choice.

Our commitment to eliminate health disparities expands across the continuum of care, from inpatient to outpatient. Novant Health has developed a successful, repeatable model that has proven to improve health outcomes for patients, built strong community partnerships, and has been financially beneficial to our organization. This collaborative model involves an interdisciplinary team that identifies health care disparities by segmenting data to include quality, patient satisfaction and team member engagement by REaL-GAPS (race, ethnicity, language, gender, age, payor source and sexual orientation and gender identity), zip code demographics and social determinants of health. Cultivating strong community partnerships has enabled Novant Health to address social determinants of health such as conditions including neighborhood and physical environment, economic stability, community and social context, education, food and access to a healthcare system or provider.

Novant Health has a comprehensive, systemwide strategic plan for embedding diversity, inclusion and equity throughout the system. As a part of the plan, Novant Health formally committed to achieving health equity in 2016 when the president and chief executive officer signed the AHA’s #123forEquity Pledge to Act to eliminate healthcare disparities. As part of this commitment, Novant Health deployed an interdisciplinary team whose focus was solely on health equity. On subsequent pages there are a few case studies that demonstrate how Novant Health closed health care disparity gaps and improved health outcomes using our specific, proven methodology.

The long-term and aspirational goal of achieving health equity is of utmost importance to Novant Health, so much so that we have made achieving health equity a long-term goal of the system. The value of having a long-term health equity goal includes but is not limited to:

What is health equity?

“Health equity is the attainment of the highest level of health for all people. Achieving health equity requires valuing everyone with focused and ongoing societal efforts to address avoidable inequalities, historical and contemporary injustices, and the elimination of health and healthcare disparities.”

SOURCE: HEALTHY PEOPLE 2020

Figure 5: Health Equity and Improved Health Outcomes
The opportunity to identify, measure, understand and address health inequities noted in disease processes seen across service areas

Utilize best practices to assess current state of important and impactful health events (e.g. cancer screening) and set goals that will promote equity for all impacted Novant Health patients

Establish a metric to measure progress toward health equity

Sustain a desired state of quality and equity after health disparities gaps are eliminated

**Figure 6: Health Equity Long-Term Goals**

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Screened</th>
<th>Not screened</th>
<th>Total</th>
<th>Baseline % with care</th>
<th>2021 goal with care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>1,501</td>
<td>787</td>
<td>2,288</td>
<td>66%</td>
<td>71%</td>
</tr>
<tr>
<td>Black</td>
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<td>6,931</td>
<td>27,527</td>
<td>75%</td>
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</tr>
<tr>
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<td>4,383</td>
<td>68%</td>
<td>72%</td>
</tr>
<tr>
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<td>109</td>
<td>311</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>956</td>
<td>599</td>
<td>1,555</td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td>Pacific Islander</td>
<td>56</td>
<td>35</td>
<td>91</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>84,824</td>
<td>29,901</td>
<td>114,725</td>
<td>74%</td>
<td></td>
</tr>
</tbody>
</table>

72% **Target for Hispanic/Latina women**

71% **Target for Asian women**

While the long-term goal will focus on reducing the healthcare disparity gap, we will, at the same time, strive to increase the percentages of all women who receive mammograms.

76% **Target for all women**

**Awards and Recognitions for Health Equity**

As a result of Novant Health’s commitment to health equity, we have received the following health equity related awards:

In 2018, Novant Health was awarded the Centers for Medicare & Medicaid Services’ (CMS) inaugural Health Equity Award for our efforts discussed above to reduce disparity in pneumonia readmission rates. The award which was established in 2018, recognizes organizations that demonstrate a commitment to health equity by reducing disparities among the CMS beneficiaries they serve, particularly among diversity of race, ethnicity, gender, LGBTQ, and those living in rural areas.

In September 2019, Novant Health was honored as a top performer among the supplier diversity excellence awardees from Vizient. This award recognizes healthcare organizations that best champion inclusion in their supply chain and accelerate economic growth in their local community through the engagement, empowerment and utilization of minority-, women- and veteran-owned business enterprises. Furthermore, we are proud to be in a strong business position to serve the needs of the LGBTQ community. Fourteen of our acute care facilities have been recognized as “Leaders in LGBTQ Healthcare Equality” by the Human Rights Campaign Foundation’s Health Equality Index.
In addition to these awards for health equity, we have received numerous awards for our work in embedding diversity, inclusion and equity.

Our commitment to diversity and inclusion is also evident at the highest levels of Novant Health. In September 2019, Novant Health’s Board was recognized by the National Association of Corporate Directors (NACD) as the number one nonprofit to leverage the power of diversity and inclusion to create long-term value. Our board was chosen for “the clear support, engagement, and prioritization of diversity, inclusion, and equity given to the organization.”

**Structure to Achieve Health Equity**

In our work in closing health care disparity gaps, we have learned that in order to sustain the gains made when you close healthcare disparity gaps, you must have a formal structure in place to monitor the health equity work. Novant Health has created a systemwide Health Equity Council (HEC) that will be inclusive of leaders from NHRMC. The council’s responsibilities include:

- Identifies healthcare disparities by segmenting data of race, ethnicity, gender, socioeconomic status and other demographics of health inequities and analyzing trends and concerns related to specific populations and markets
- Addresses identified healthcare disparities/inequities through the development of strategic action plans
- Provides oversight and direction for community partnerships and initiatives that support addressing health equity
- Determines metrics to demonstrate success in closing health care disparity gaps and monitors progress
- Identifies educational needs for clinical team members
Each of our organization’s Institutes such as Heart & Vascular, Neurosciences, Oncology, Women & Pediatrics, Orthopedics, etc. are required to present to the HEC regarding their identified health care disparities and a plan to address them. These institutes have directly impacted the work to close health care disparity gaps.

In addition, we know that cultural competency is a requirement for the safe, effective and equitable understanding and delivery of culturally appropriate care – leading to not only better care, but also higher levels of satisfaction for our patients.

The Board of Trustees through its Nominating and Governance Committee and Patient Safety and Quality Committee monitors our organization’s diversity, inclusion and equity initiatives.

**Providing Team Members with Education and Support**

- Novant Health’s commitment to diversity, inclusion and equity includes a major focus on educating team members, including required classes and other vehicles of learning such as web chats, leadership retreats, live blogs, annual mandatory education and orientation for team members
- Because cultural competency is a requirement to addressing health equity, Novant Health’s physicians receive training to help better understand the variety of cultures that our patients represent. The work with physicians has enabled Novant Health to make significant improvements in our HCAHPS scores. Figure 7 on the following page illustrates just how quickly these efforts have made diversity and inclusion a core value in our organization
Partnering with NHRMC to Achieve Health Equity

Novant Health sees a unique opportunity to partner with NHRMC to achieve health equity in southeastern North Carolina. By joining our teams and NHRMC and NHBMC, we can leverage our collective local knowledge and resources to help identify and fill the gaps in care. Below are three case studies that demonstrate Novant Health’s approach to and success with addressing health equity.

Case Study: Cultural Competency Education Elevates HCAHPS

In a 2019 pilot, the Office of Diversity, Inclusion and Health Equity introduced Quality Interactions, a cross-cultural clinical learning curriculum with Novant Health inpatient care specialists (NHICS) and pharmacy care providers. Providers were given the training modules Recognizing and Overcoming Unconscious Bias, Competent Care for the Medicare Population, and Test Your Skills and Improving Adherence in Diverse Populations (pharmacy only). The hypothesis was that modules can assist in overall Novant Health strategy for human experience and educate caregivers regarding diversity, inclusion and health equity to reduce healthcare disparities and improve the health for all of our patients, while also improving patient satisfaction.

The results were significant. For “doctors treat you with courtesy and respect” on HCAHPS questionnaires, NHICS saw a nearly 16 percent improvement pre- and post-training patients rating with a top-box score. The question results moved Novant Health from the 32nd national percentile rating in Press Ganey’s database to the 77th percentile rating. As a result, the modules were recommended to roll-out to other areas of the organization. Pharmacy care providers also saw improvement across the board. This is significant because NHICS sees over 80% of admissions excluding mother and baby.
Case Study: Family Connects Delivers In-Home Support to New Mothers

Family Connects is a program that supports all new mothers and their babies in Forsyth County. The program involves dispatching nurses to homes to provide mother and baby screenings, nursing education and connection to primary care physicians. On average, over 95% of all mothers in Forsyth County who have their babies at Novant Health Forsyth Medical Center (NHRMC) are offered in-home visits, and the program was recently extended to Davidson County. Since beginning the program in 2016, Novant Health has conducted over 5,000 visits.

This program has resulted in several visits that identified potential health issues that otherwise may have gone untreated for a prolonged period. In one case a baby was at risk for tissue damage that the visiting nurse was able to refer immediately to a pediatrician for treatment. During a visit with a new mother, another nurse observed elevated BP levels and was able to schedule a same day physician visit that identified postpartum pre-eclampsia. In both cases, each individual was not scheduled for a regular visit for several weeks, which could have led to a worsening condition.

Case Study: Reducing Pneumonia Readmissions in African Americans

In April 2016 Novant Health teams focusing on health equity discovered a disparity in pneumonia readmission rates. Our team performed 100 comprehensive medical record reviews, looking at 29 clinical and socioeconomic data elements in order to understand the root causes of this disparity. As a result, Novant Health identified opportunities related to the discharge process, patient support after discharge, comorbidities and mortality rate. The team formed five work streams to develop targeted interventions: discharge, population health, home visits, access to healthcare and creating awareness.

Within one year, between January-September 2017, Novant Health successfully closed the gap: the disparity for African American patients who were readmitted with a diagnosis of pneumonia was reduced by 50% (from 4% to 2%) and was eliminated completely by the end of 2017 in comparison to the broader populations served. This project has created a framework and blue print that is being utilized for other health equity initiatives both within the system and in the communities that Novant Health serves. Figure 8 on the following page shows the change in pneumonia readmissions by race between 2016 to 2017.
COMMITMENT TO SUPPORTING OUR COMMUNITIES

Novant Health sees our community benefit as a tangible result of our Mission, Vision and Values. In 2019 alone we provided almost $1.0 billion in community benefit across several programs. Like NHRMC, we are proud of our commitment to provide quality healthcare, free of charge, to those individuals in our communities who are most in need.

In addition, we have deployed significant human, financial and technological capital to connect with the entirety of our communities. We are intensely focused on meeting the unmet needs of our patients through a combination of education, outreach, deployment of clinical resources and attention to the social determinants of health.

Philosophy & Approach to Financial Assistance

A robust charity care and financial assistance policy is a cornerstone of Novant Health’s culture, and is an essential element in allowing us to provide remarkable healthcare to all members of our communities – regardless of their ability to pay.

Below is an outline of our hospital financial assistance and charity care programs:

- Novant Health provides free care to uninsured patients with incomes of up to 300% of the Federal Poverty Level, with 100% write-off
- Uninsured patients with income over 300% of the Federal Poverty Level are eligible for a self-pay discount at managed care rates
- Any patient (even with health insurance) with a balance over $5,000 and income over 300% of the Federal Poverty Level is eligible for a catastrophic discount
Any patient is eligible for an individualized no-interest payment plan based on the amount due and the patient's financial status, with terms extending up to five years.

Novant Health sees a significant opportunity to collaborate with NHRMC and determine an optimal community benefit program, including a charity care policy, which will maximize the impact to the residents of southeastern North Carolina.

Novant Health is committed to providing high-quality care delivered with dignity and respect to all patients, regardless of their ability to pay. In fact, a 2010 report by the North Carolina Center for Justice, a leading research and advocacy organization in the State of North Carolina, commented that:

“...Novant Health has the most sound and clear policy of any hospital system in North Carolina....This policy recognizes the realities of modern family finances.”

The Justice Center report also recognized Novant Health for its openness and accountability in making our charity and financial assistance programs publicly available online. Figure 9 below details the cost to Novant Health of providing charity care and community benefit for 2012 through 2019:

Figure 9: Novant Health Total Community Benefit, 2012 – 2019

In 2019, Novant Health provided over $152,295,000 in charity care and $993,243,000 in community benefit programs and services. Our financial commitment to providing charity care and community benefit demonstrates our commitment to expand coverage for uninsured and underinsured individuals. In each of our recent transactions, we extended all Novant Health philosophies and policies related to financial assistance and bad debt.

Community Outreach & Education

As a part of Novant Health’s corporate citizenship, we are intentional about providing programs and services in and throughout our community — beyond the four walls of our facilities. Our community outreach programs and services are designed to improve patient health outcomes, provide measurable system impacts and position ourselves to identify long-term community-level changes occurring as a result of our outreach.
Novant Health deploys a variety of teams to help design, coordinate and implement programs throughout our communities. Our Community Engagement teams are active in the community, meeting with leaders of various third-party partners, establishing partnership opportunities and providing charitable contributions to help support needs within these organizations. Additionally, the system has a council of Novant Health leaders and community organizations (Community Engagement Advisory Board) to help establish greater communication between our organizations to further identify and mitigate gaps.

Through this work we expect to have significant impact on the communities we serve by:

- Increased integration of work and services between Community Engagement and Physician Network across the system
- Improved communication and ability to create ambassadors to advocate for Novant Health’s community engagement strategic work
- Increased efficiency in moving concepts and key partnership opportunities from idea state to implementation and optimization
- And developed baselines for key performance indicators to measure community engagement work: health improvement, financial impact and upward mobility

Novant Health Community Engagement has developed a deep appreciation for establishing rapport with partners in the community who might be able to increase our reach, while increasing the number of individuals impacted by our partnerships and services.

**Leveraging Technology to Connect the Community**

To assist in further connecting with the community, Novant Health has rolled out Novant Health MyCommunity, a free online search and connection platform for social service programs. This platform allows patients and community members to search for services along the spectrum of social needs and receive real time referrals to community-based organizations. Figure 10 below details our approach to connecting patients with available programs:

**Figure 10: Novant Health MyCommunity**

**Involving Local Leaders in Community Engagement**

In each of our service areas, the Novant Health Community Engagement team has developed Community Engagement Advisory Boards (CEABs). These CEABs are comprised of local executives and senior leadership from a cross section of the service area, and leaders from this board advised on the strategic direction of community engagement activity. These boards also allow for the creation of deeper integration of programs and services, ensuring alignment and effective communication within the community.
Engaging Our Own Team Members for Outreach

Novant Health has substantial resources that the system can utilize in caring for our communities. One of the most valuable resources is our diverse workforce, from which we have created Business Resource Groups (BRGs). These 12 BRGs are comprised of individuals sharing a common passion for the many populations of our communities such as veterans, LGBTQ and Black/African-Americans, Persons with Abilities, etc. With each group having a health equity goal, these BRGs are a key resource for enabling Novant Health to understand and engage with its communities. The Persons with Abilities BRG, is working with the Novant Health Brunswick Medical Center team to close socioeconomic gaps for people with disabilities. This facility has been instrumental in developing a partnership with Project SEARCH, a yearlong program that helps high school students with special needs transition to secure competitive employment for people with disabilities. Novant Health is one of the organizations that is serving as a community employer. Our commitment to eliminating healthcare disparities is essential to our mission and those we serve.

Vision 2020 Campaign

Throughout 2020, Novant Health is conducting the Vision 2020 campaign which will be promoted across a variety of platforms with the goal of encouraging community members to put a greater focus on their heart and overall health through exercise, better eating habits and mindfulness. In addition, Novant Health providers are seeking added education and certifications, such as the certification in obesity medicine to better arm themselves with all the tools to help treat patients in the community.

Case Study: Ensuring Healthy Pregnancies at NHBMC

The need to decrease the number of new moms smoking during pregnancy is a goal across North Carolina, and particularly in southeastern North Carolina. At NHBMC a lactation program was developed whereby a lactation consultant meets with patients during their prenatal visits and at the hospital. The consultant specifically engages with women who are pregnant and smoking to educate them on the dangers of smoking to them and their baby, and encourage them to pursue smoking cessation.

In addition, the racial disparity between Caucasians and African Americans with regards to infant mortality is also a key focus area. Novant Health physicians and others across the state are putting protocols into place to help make sure pregnancies are intended, reverse misconceptions about long-term reversible contraception, and provide preventative care – all efforts that can ultimately help target this racial disparity and close the gap.

As a result of our community benefit work from 2016-2018, 1,052 women and their families received free health education regarding healthy pregnancy, smoking cessation, reducing risk factors and improving infant care through annual community baby showers, pediatric education and breastfeeding support groups. Education occurred on the campus of NHBMC as well as in the community.

Providing Clinical Resources to Address Needs

Novant Health has joined forces with community partners to help provide clinical resources that address the unmet needs of the community. Through those partnerships we’re able to provide immunizations, checkups and other crucial services to neighborhoods in need of care at little or no cost to patients.
We have expanded access to family medicine, pediatrics and behavioral health in the highest poverty areas of our communities through clinics like our Movement Family Wellness Center and the Novant Health Michael Jordan Family Medical Clinic – both in high poverty areas of Mecklenburg County. In Forsyth County we have partnered with Wake Forest Baptist Medical Center to open the Highland Avenue Primary Care Clinic, in the heart of East Winston Salem.

**Community Screenings**

One of the central avenues of improving the health of our communities is by providing free screenings for a variety of potential health issues. Novant Health, either on our own or in conjunction with community partners, will often set up access points in low-income areas for individuals to receive a range of screenings who otherwise may not receive them for a variety of reasons.

For example, we provide community health screenings across our system through our Remarkable You initiative. Through this work, Remarkable You helps address health issues identified as urgent health needs in communities across our footprint – including prediabetes, obesity and high blood pressure. In 2019, Remarkable You team members completed 4,673 screenings, devoting a total of 4,858 hours at events throughout the year.

Knowing that we can accomplish so much more when we appropriately work together, we have forged partnerships with other local hospitals and health departments for the betterment of our community. One such example is ONE Charlotte Health Alliance, which is a joint venture partnership between Atrium Health and Novant Health to bring more healthcare to priority communities in need. From September 2019 to December 2019, ONE Charlotte Health Alliance provided health screenings to over 300 community members.

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**Case Study: Chronic Disease Prevention at NHBMC**

As a part of our 2016-2018 Community Benefit Implementation plan, NHBMC offered community-based services including education for chronic disease prevention, as well as glucose and A1C screenings. All of these programs are intended to increase awareness of obesity, chronic disease risk factors and promote healthy lifestyles that prevent disease, provide education around management and monitoring techniques and support patients through the initial stages of diagnosis and treatment.

As a result of our community benefit work from 2016-2018, 230 community members received free Remarkable You screenings and 200 additional community members received free blood pressure screenings. Among the 230 individuals screened through our Remarkable You screenings, 88% indicated they were previously aware of their risk factors and 99% of individuals indicated they were more aware of their risk factors as a result of the screening, indicating our impact on increasing awareness.
Ensuring Access to Affordable Healthcare

Affordability is also a key component in serving all populations and targeting health issues, such as mortality from colorectal cancer as included in the Healthy North Carolina 2020 Goals. Novant Health is pursuing many avenues to help make healthcare more affordable, including opening more outpatient clinics such as the Novant Health Brunswick Endoscopy Center and providing mobile mammography services. These services make the care more affordable and accessible for all populations.

Improving access to care for the growing and diverse populations we serve is an ongoing focus. We have opened physician clinics in underserved areas. For example, in 2017 Novant Health opened Waughtown Pediatrics opened in Winston-Salem, NC, neighborhood location provided an opportunity to incorporate bilingual caregivers was of the utmost importance to ensure access for the community. The clinic is located adjacent to a city bus route in a predominantly Hispanic/Latino community.

Waughtown Pediatrics has provided convenient care within the neighborhood and decreased the use of the emergency department for primary care needs. In addition, Novant Health partnered with the Michael Jordan family to open the Novant Health Michael Jordan Family Medicine Clinic in Charlotte to serve patients with little or no insurance. In southeastern North Carolina, similar efforts are rolling out through partnerships with the Brunswick Wellness Coalition, Brunswick Family Assistance Agency, Habitat for Humanity and free clinics like the New Hope Clinic.

Addressing Substance Abuse and Behavioral Health

As NHRMC and Novant Health are well aware, substance abuse and behavioral health are key focus areas across North Carolina. Novant Health is implementing efforts systemwide to help address opioid addiction and provide greater access to behavioral health services.

In southeastern North Carolina, the local Novant Health Foundation is raising funds to expand the Novant Health Brunswick Medical Center emergency department to include five beds dedicated to behavioral health patients in order to provide better treatment and safety for all. We are also integrating Brunswick County Novant Health clinics into a countywide comprehensive behavioral health outreach network to improve local access to Novant Health medical experts.

To help address mental health issues on the front end, we are developing a direct outreach program for early detection of behavioral health and substance misuse issues. This includes telemedicine hubs serving county schools, with an initial focus on middle school students. In addition, Novant Health is coordinating with local programs like the Brunswick County Sheriff’s Office Anchor Initiative, which provides care, recovery and treatment for any person with substance misuse issues.

As a result of our community benefit work from 2016–2018, 690 community members received mental health education at eight large-scale community events including collaboration with the Brunswick Consortium on Mental Health and the Opioid Task Force. Education occurred on the campus of NHBMC as well as locations throughout the community.

In our 2019–2021 Community Benefit Implementation plan, to continue a focus on reducing suicide rates, we have committed to focusing specifically on behavioral health through addressing drug misuse and substance use. We will be implementing a post-overdose response team to increase the number of individuals connected to substance use disorder treatment and services within the community.
Case Study: Partnering with HopeWay to Attack Mental Health and Substance Abuse

As many communities continue to struggle with mental health and addiction, Novant Health sees its partnership with HopeWay as a new resource in the fight. HopeWay is a unique residential treatment facility geared toward those struggling with mental health issues. The facility is a live-in treatment facility with on-site medical coverage after usual working hours. This design places HopeWay in a niche between inpatient psychiatry and outpatient services, and is the only residential treatment facility of its type in North Carolina.

Focus on Social Determinants of Health

Novant Health’s community benefit program is focused on creating programs and services to improve the health of our patients, neighbors and our communities’ most vulnerable citizens. With this as a backdrop, we have moved toward a comprehensive approach to addressing social determinants of health by starting new initiatives and services such as social needs assessments, transportation pilots and community health workers.

Our community health workers meet with socially vulnerable patients to assess their social needs and connect them with community resources that address social determinants. To ensure maximum effect, Novant Health’s community engagement strategy is centered in collaborative partnerships with a host of community partners to align collective commitment, passion and resources to develop whole health and economic vitality in our communities that need it most.

Novant Health understands that stable housing is a key area of focus for social determinants of health. Therefore we are intensely focused on improving housing quality in our neighborhoods and supporting sustainable, affordable community revitalization. Novant Health has partnered with a myriad of nonprofits and foundations to increase the availability of affordable housing in all of our communities. As an example of our dedication to finding a solution to stable housing, in 2019 Novant Health pledged $6 million to help provide affordable housing in Charlotte.

Additionally, we understand that limited or no access to proper nutrition can have a severe impact on the health of a community. To help address this issue Novant Health supports programs that increase food access and security – including food pharmacies, mobile food trucks and pop-up produce distribution to support healthy lifestyles for all our neighbors. In 2019, we screened over 300 patients for food insecurity, and provided over 200 patients with emergency, healthy foods.
4. ENGAGING STAFF

BUILDING AND MAINTAINING A HIGH PERFORMING TEAM

At Novant Health, we aspire to be unequaled at taking care of team members so that they can be world-class at taking care of our patients and the communities we serve. As a result, Novant Health has specifically focused on not just building, but sustaining, a high-performing, resilient team through the development of several initiatives to support this organizational priority.

In the past five years, Novant Health has expanded its mission, vision and values, to include a ‘Promise to our People’ in the form of our People Credo. A “People Credo” means our aim and belief is that we take care of our team members in the same manner we do for our patients. We commit to all team members that their experience at Novant Health is as important as the experience delivered to our patients.

In 2019, Novant Health was recognized by Press Ganey with the prestigious Culture of Engagement award. We recognize that New Hanover Regional Medical Center prides its success on the culture of support for each patient, team member and the broader community. Novant Health similarly believes that a strong culture and team member engagement is at the core of delivering the highest level of care for our patients.

We are intentional in calling our employees “team members,” as we know that the needs of any one patient are far more than any one individual can satisfy. Novant Health believes that it takes a team of high-performing individuals to meet the special care needs of our patients. We strive to provide a remarkable experience for all patients in our care, as well as for our team members.

This commitment to people is in-line with NHRMC’s strong performance as a leading employer. As a member of the 2019 Forbes Best Large Employer list, as well as Forbes list of America’s Best Employers for Diversity, NHRMC’s commitment to its people is obvious and aligned with Novant Health’s mission, vision and values.

EMPLOYEE RECRUITMENT AND RETENTION

Recruiting top talent to fulfill our mission is an intentional and strategic effort at Novant Health. Our talent acquisition team is partnered with a recruitment strategy team to specifically focus on proactively sourcing talent through many channels over and above the traditional venues of recruitment. While we continue to use typical methods such as job fairs and campus recruiting, we have also enhanced our use of social and online channels. All of this has led to success in filling open roles and ensuring Novant Health remains an employer of choice. We are prepared to extend these efforts working with NHRMC to ensure the best recruits are attracted to NHRMC as a top employer in southeastern North Carolina.
When it comes to nursing and critical shortages, we have built a centralized staffing function across the system which assists in filling critical openings when there are staffing needs within our facilities. We envision that this centralized function will be shared with NHRMC in a strategic partnership agreement.

**Addressing Nursing Shortages**

Novant Health’s Nurse Residency and Student Nurse Apprentice Program (SNAP) programs assist with recruiting and retaining top nursing talent. Our nationally accredited nurse residency program supports the education and training of new graduate nurses. This provides Novant Health with immediate access to individuals eager to be part of our nursing teams.

Furthermore, prospective nurses can gain valuable exposure through our SNAP program, a 10-week summer internship for nursing students between their junior and senior years of nursing school. These capabilities can all be utilized with NHRMC creating a remarkable recruitment experience for candidates attracted to our opportunities.

**Retaining Team Members**

Through our People Credo, Novant Health has intently focused on retaining and maximizing each team member and will extend that focus in a partnership with NHRMC. Our philosophy is that retention is key to not only solving a good portion of the critical shortages in nursing, but also in maintaining the competitiveness of our organization and providing the highest-quality care to our patients. In fact, Novant Health’s unique approach to individual development and recognition of potential has led to strong team member engagement – a key indicator in job satisfaction and turnover.

**Culture of Growth and Engagement**

Novant Health believes that supporting our leaders in building a culture of community, in a family-oriented atmosphere creates high-performing teams – whether it is within each nursing unit or our back-office functions. Building highly engaged teams that lead to better retention and team member engagement is one of our key organizational metrics. It is tracked throughout the organization all the way up to our Novant Health Board of Trustees. We survey our team members and physicians annually, and also engage in a pulse check bi-annually.

From 2015 to 2019, Novant Health’s team member engagement score climbed from the 49th to the 85th percentile when compared to other hospitals across the country. Press Ganey’s team member engagement survey has become a benchmark for the organization to determine areas of opportunity within our teams, as well as recognize high-performing and highly engaged teams. Our engagement score increase is due to establishing meaningful goals for leaders, focused action planning at the local and system level and an increased focus on the resiliency of our team members. We also have a learning program for leaders who are identified as in need of support based on the results of their engagement scores.

Leadership Enhancement Acceleration Program (LEAP) is a blend of coaching and structured learning for identified leaders, and has resulted in significant gains in engagement scores for individuals.
participating in the program. For those with oversight of patient satisfaction data, 76 percent of participants also experienced improvement in patient satisfaction.

**Competitive Compensation and Benefits**

Offering competitive compensation and benefit packages is critical in attracting talent today. From a compensation perspective, we not only have competitive pay practices, we also offer incentives in the form of an annual discretionary bonus plan for our team members. NHRMC is known for their wellness and benefit offerings and Novant Health is, also, a leader in benefit offerings to meet the needs of our team members, such as offering paid parental leave. Strategic partnering with Novant Health will help enhance the current benefit offerings at NHRMC to meet the needs of our team members.

One of the core principles within our people credo is: invest, recognize, appreciate & celebrate. We invest in our team members through recognition and reward programs. We provide positive affirmation, express appreciation, acknowledge contributions and celebrate successes. These principles are not only foundations for retention, but also part of a team member's total rewards as an employee of Novant Health.

**CAREER DEVELOPMENT & LEADERSHIP TRAINING**

Another core tenet in the Novant Health People Credo is growth & development. We encourage and support the growth and development of our team members through education, coaching, career planning and performance management.

Novant Health has partnered with Associates for Professional Development to provide resources and support for career enhancement, such as career coaching, webinars, and videos. Additionally, we are in motion to shift our focus from an annual performance feedback process to a focus on development, to support our team members' growth desires within the organization.

In regards to clinician development, we have partnered with our clinical education team to develop career pathways for our RNs, for growth within the field of nursing. For the bedside RN, we have a clinical ladder program to help provide growth opportunity right by the bedside and beyond.

**Leadership Training**

Novant Health develops leaders through education, coaching, stretch assignments and experiences across business lines. To accomplish the various approaches our system employs a variety of programs including:

- **The Next Level Leadership** program is to develop strong leaders to support future growth of Novant Health and foster a diverse and inclusive culture. This program is a way to recognize and invest in our top performing leaders at the manager level and helps prepare them to take on broader responsibility.

- We have a library of approximately 40 leader courses that are offered live or virtually. Examples of topics addressed are communication, decision-making, critical thinking, influencing skills, building trust, engaging and retaining talent, servant leadership, diversity and inclusion, performance improvement, coaching and emotional intelligence.

- **New Leader Immersion**, implemented in 2013, is a three-day program that newly hired or promoted leaders are invited to within their first 45-60 days of hire or promotion to a leadership role. The course is facilitated by senior leaders in the organization. The goal is to provide an
immersive experience focused on the culture of leadership at Novant Health and what it means to be a leader at Novant Health.

- **New Leader Immersion Reunion**, a new program as of January 2020, is a continuation of support in the leadership onboarding journey. This program is structured on how new leaders can proactively impact the health and performance of their teams by leveraging resilient leadership behaviors, increase understanding of team culture and how to shape it for optimal health and performance and enhance personal leadership influence through cultivating growth mindset and self-awareness. It also covers the talent philosophy of Novant Health in greater detail.

- **I Lead (Percipio)** is our online learning experience platform (LXP) that we purchase through Percipio/Skillsoft. It delivers an immersive learning experience for leaders. The platform leverages highly engaging content curated into over 172 learning paths (channels) and is continuously updated to ensure customers always have access to the latest information. In addition, we have created a content map matching the current content to our Novant Health Leader Competencies. Learning can be filtered by each of the leader competency behaviors for a more personalized learning experience.

**NOVANT HEALTH STUDENT PROGRAMS**

Novant Health Student Programs has 262 letters of agreements in place with schools all across the United States. The letters of agreements range from high school to medical school. Many of these schools have educational experiences in our facilities, which includes: nursing, allied health pharmacy, physical therapy, occupational therapy, advanced practice provider students, coding, social work and medical students. Novant Health’s Student Programs team strive to create academic partnerships, complement academic instruction through meaningful observation, clinical and non-clinical experiences and deliver a remarkable education experience in every dimension, every time.

Novant Health Student Programs exist to sustain a diverse and inclusive future workforce of qualified healthcare professionals. Below is a list to highlight the educational partnerships we have in place with Community Colleges and Universities in the NHRMC service area:

- University North Carolina at Wilmington (UNCW)
- Brunswick Community College (BCCC)
- Miller-Motte Technical College
- Cape Fear Community College (CFCC)

**Nurse Residency Program**

To support the recruitment and retention of new graduate nurses, Novant Health has a yearlong, rotational residency program that is accredited with distinction by the American Nurses Credentialing Center. Nurses are encouraged to rotate through four departments within one specialty, equipping the nurse with a greater breadth of knowledge to manage various types and acuities of patients.

Additional supports include training sessions, socialization opportunities and mentoring. The program allows Novant Health to attract top talent and fill nurse vacancies. Residents have applied from all over the country from preeminent schools, including Johns Hopkins, Vanderbilt, as well as North Carolina colleges and universities. In 2019, 417 nurse residents were hired and our retention rate for the 2018-2019 resident cohort was 93%. This program can easily be replicated at NHRMC.
**Student Nurse Apprentice Program (SNAP)**

SNAP is a 10-week summer internship for 80 - 100 nursing students between their junior and senior years of nursing school. The program pairs a student with an experienced nurse at Novant Health, allowing the student full immersion in their future profession.

Under the guidance of a preceptor, SNAP students complete patient assessments, perform interventions, evaluate treatment and contribute to plans of care. This program provides an excellent clinical experience which readies the student for the senior year, while gaining exposure to Novant Health’s culture.

Program evaluations have described Novant Health as friendly, nurturing and supportive. SNAP students learn about the nurse residency program during their final day of SNAP and are allowed early application to the residency, which assists with securing a preferred specialty. About 60 percent of SNAP students begin their career in the Novant Health nurse residency program. This program can also be easily replicated at NHRMC.

**ACQUIRING TALENTED TEAM MEMBERS**

Novant Health’s talent acquisition team proactively seeks to understand the factors that affect the supply and demand of nursing candidates to develop strategies used to engage and recruit the best talent. The number of nursing positions exceeds the level of available talent, there are a high percentage of RNs are entering retirement age and there are bottlenecks in nursing education that limit the talent pipeline. Novant Health Talent Acquisition works diligently to bridge these gaps through creative advertising, leveraging interactions during events attended and sharing what makes Novant Health different from our competitors as a way to fill RN openings.

We source nursing candidates by treating job seekers as consumers and market what Novant Health offers beyond salary by highlighting what matters most about our organization: the culture, leadership, growth and development of each individual, as well as shared governance.

Sourcing is an important and necessary initial piece of recruitment and an essential aspect of building a robust talent pipeline. We have a dedicated team that identifies, engages and networks with relevant candidates and resources to build a talent pool for current and future positions. As part of our process we seek to understand the full spectrum of needs — constant, immediate and cyclical — through partnerships with our recruiters, marketing providers and third party agencies.

Novant Health’s approach to sourcing and acquiring talent seeks to employ multiple avenues of approach including internet search, social media and career events. Our various platforms and techniques allow for in-depth mining of candidate information that supports efforts to move selected candidates into the pipeline.

Once Novant Health has identified potential candidates that fit our criteria, the goal is to make contact through the use of a multitude of available and effective channels. To further supplement our resources, we are preparing to launch a sophisticated AI tool that will allow us to recognize candidate information quicker and route profiles and resumes to the hiring managers and recruiting team in a real-time manner. This goal of deploying this platform is to significantly compress the overall time between candidate identification, contact and successful recruitment.
COMMITMENT TO TEAM MEMBER HEALTH & WELLNESS

At Novant Health, our patients’ well-being depends upon our team members’ well-being, and we are dedicated to providing a culture that supports our team members’ well-being journey. We want to ensure our team members have the resources and support to bring their best selves to work and take their best selves home. Novant Health supports our team members’ welfare in a variety of ways. We provide information from a holistic approach and promote activities that support a person’s physical, emotional, social and financial well-being.

All benefit-eligible team members can earn incentives through our well-being portal through the medical plan option they choose. All incentives roll over from year-to-year. All team members have access to the portal that offers a variety of activities such as e-learning videos, personal challenges, on-demand fitness videos and a recipe database, among other things. Our portal also allows team members to earn points by syncing wearable devices that track their physical activities.

Providing Education on a Healthy Lifestyle

We recognize that beginning any health journey must be initiated and supported by effective education. Therefore Novant Health has invested heavily in multiple educational resources such as virtual well-being seminars and health challenges all throughout the year. We also have an employee assistance program available to all team members and their immediate families that can provide guidance and support on various aspects of mental health.

Helping Ensure Proper Nutrition

A large challenge for all healthcare team members is understanding the impact food choices can have on lifestyle as well as simply finding the time to eat a nutritious meal. To better support our team members Novant Health partners with our food service vendor to ensure we have healthy options available in all of our retail cafes. In addition, we offer wellness combos daily, post nutritional information at the place of service, and strategically place healthier items at eye level, as well as at grab-n-go areas to help team members make healthier choices. Moreover, Novant Health also offers a healthy catering menu and guidelines for meetings and events.

Providing Incentive for Exercise

Novant Health understands that individuals are motivated in a myriad of ways to exercise. That is why, in addition to education, we provide financial incentives to exercise or otherwise pursue a healthy lifestyle. Novant Health team members can earn deposits into an HRA for a multitude of daily physical accomplishments such as reaching a certain level of steps per day, attending yoga classes or going for runs. Furthermore, we have implemented interfaces that allow team members to instantly upload results from their smart watch or mobile device.

Maintaining and Enhancing NHRMC Wellness

Novant Health is constantly seeking new ways to enhance the wellness of our team members. Given that focus, we will certainly commit to maintaining any programs that NHRMC currently has in place as well as enhancing those programs where possible. Additionally, we look forward to learning more about NHRMC’s wellness center and how that may be replicated throughout the Novant Health system to provide another wellness resource for our existing team members.
EMPLOYEE RECRUITMENT, RETENTION AND CAREER DEVELOPMENT AT PARTNERED SYSTEMS

At each of our recent partnerships, we extended our same support services to the affiliated partner, working with their leadership to understand the existing system and how to integrate Novant Health support and programs. Each partner benefited from all of the above strategies for recruitment and retention. We also extended all of our career development and training resources outlined below to the affiliated partner.

Novant Health will provide NHRMC access to our I-Learn enterprise learning platform, which is our branded version of the Talent Management Industry Leading Cornerstone on Demand platform. The I-Learn system will provide current NHRMC employees the opportunity to obtain ongoing professional development for corporate and clinical training by leveraging:

- 1,641 Computer Based Learning Courses
- 192 Mobile Ready Courses
- 1,476 Combined Virtual and Classroom Courses
- 149 Digital Learning Material Documents (PDF’s, Quick Reference Guides, etc.)
- 182 Micro-learning video learning objects
- 622 Learning Playlists
- 564 Curriculum components
- 40 Social learning Communities of Practice
- 7 Cohort based learning programs

RETAINING NHRMC TEAM MEMBERS

Retention is a key concern for healthcare systems and hospitals across the country. Because Novant Health prioritizes retaining its employees, team member engagement is a significant focus in order to foster a culture that keeps team members satisfied. In 2019, we were in the 85th percentile for team member engagement and received the Press Ganey Culture of Engagement award.

Novant Health is committed to an on-going focus on the engagement of all team members to assist with retention. All engagement strategies will be extended to NHRMC employees to continue its legacy of being a great place to work.

We work closely with our physicians, nursing and other leaders to help them assess and determine action plans that enable high levels of team member engagement and retention. For any partnership engagement, we have a robust change and communications plan that can be key to retention from the very beginning of the partnership. We will work with leadership to help assess and provide strategy and support.

Commitment to NHRMC Team Members

Through the People Credo, Novant Health has focused intently on retaining high-quality, engaged team members and will undoubtedly extend that focus to NHRMC. We feel it is imperative to maintain the continuity and confidence of NHRMC team members to facilitate an efficient integration and provide a strong platform for system growth. Therefore we plan to focus our efforts on retaining all of NHRMC’s current employee base.
As plans for additional growth are implemented, the need for incremental high-quality staff will grow alongside, thus expanding, not contracting, the regional workforce. As previously mentioned, in all of our prior partnerships, including NHBMC, the headcount has grown since the partnership with Novant Health was consummated. Furthermore, given the increased size and scope of the organization, enhanced opportunity for lateral and upward mobility will be present.

Novant Health believes in maintaining and, where possible, raising the level of employee satisfaction. In prior partnerships we have chosen to carefully assess compensation levels over an extended period. This offers the time needed to carefully evaluate and understand current compensation philosophies. These philosophies may include approaches to salary increases, incentives, shift differentials, bonus structures and performance reviews. In addition, a thorough evaluation allows Novant Health to pinpoint areas where compensation levels, and overall employment packages, may need to be brought up to Novant Health standards.

In each of our recent partnerships, including Prince William Health System, Rowan Regional Medical Center, and Brunswick Medical Center, all employees joining the Novant Health team were given credit for length of service as part of a very comprehensive employment package. Given our focus on retaining NHRMC employees and ensuring employee satisfaction, Novant Health commits to deploying a similar approach in transitioning current NHRMC employees, including providing credit for length of service.

Novant Health strives to promote from within and to create an environment that facilitates upward mobility by promoting learning and development and personal accountability. Opportunities for development and promotion across Novant Health’s enterprise and geographies will be made available to all NHRMC employees.

**Minimizing Employee Disruption and Turnover**

To minimize employee disruption and turnover due to a new strategic partnership, the organizational development function of Novant Health human resources will work with the leadership team at NHRMC to ensure a deep understanding of what is of most importance to the organization. This will allow us to collectively identify insights into areas of existing alignment and integration.

We will offer change managers to help with the message of change and utilize change management adaptation to ensure that the messaging is consistent for all team members. We will partner with our corporate communications team and NHRMC communications to ensure a robust and meaningful communication strategy accompany this assessment and integration process.

**COMMITMENT TO COMPENSATION AND BENEFITS**

In any partnership Novant Health feels it is important to maintain team member morale and engagement, and where possible elevate those aspects of team member relations. Therefore we commit to making no changes to NHRMC compensation and benefits unless approved by local leadership and the local board.

**Maintaining Current Compensation Levels**

As discussed earlier, Novant Health’s focus on compensation will be on pinpointing any areas where compensation packages need to be elevated. Thus, we are committing to current compensation levels from the outset. Once a partnership is formed, we will work in concert with the NHRMC team to understand and replicate any compensation best practices that can be applied to other parts of the Novant Health system.
With regards to our current program and methodologies, Novant Health compensation is a market-based program that takes into consideration experience in the role in order to determine salary rates. Annually in the late spring, positions at all seniority levels are reviewed and, if the range or hire rate needs to increase, recommendations are made including the cost to adjust those employees in the role.

**Comparative Benefits**

While no two organizations benefit programs can ever be the same, a comprehensive review of each organization’s benefit programs reveals that NHRMC and Novant Health’s benefit plans compare favorably – both in regard to contribution rates and plan design.

Additionally, Novant Health has an established record of successfully collaborating with strategic partners as it relates to determining the best strategy for maintaining a benefits program that will allow NHRMC to attract and retain the talent necessary to accomplish its mission. Whether it means adopting a single benefits structure and strategy for the combined staff of both organizations, or offering the flexibility for each organization to maintain different benefit packages, Novant Health is committed to an attractive benefit plan for team members.

Additionally, Novant Health understands the importance of communication with team members in matters of employee benefits and commits to transparent communications throughout an integration process. We recognize that NHRMC staff must feel comfortable that they will have an affordable and quality benefits program as a result of any partnership.

**Honoring Years of Service and Accrued Benefits**

Novant Health has an established practice of recognizing the prior service of staff for all benefit plans. This includes paid time off accruals, as well as retirement plan eligibility, accruals and vesting. Furthermore, we commit to collaborate with NHRMC leadership in thoughtful evaluation of its defined benefit plan obligations with the goal of arriving at a course that ensures the preservation of earned benefits plan participants, while also allowing NHRMC to go forward with a cost structure that provides the financial resources and flexibility to accomplish its mission.

**Robust Retirement Plans**

Novant Health offers a defined contribution 403(b) plan that is record-kept by Fidelity Investments. Additionally, as a non-governmental 501(c) employer, Novant Health sponsors a 457(b) non-qualified plan for select senior leaders and physicians that allows eligible participants to defer income in addition to what they can defer in the 403(b) qualified plan.

Novant Health provides a $1 for $1 match up to 6 percent of pre-tax pay. The matching contribution is vested after 3 years of service and team members earn one year of vesting service for each calendar year in which they are paid for at least 1,000 hours. As previously stated, Novant Health has the established practice of recognizing the prior service of any partner team members towards retirement plan eligibility, accruals and vesting. We commit to NHRMC that we will maintain this practice.

**COMMITMENT TO THE COMMUNITIES WE SERVE**

Novant Health has demonstrated our commitment to North Carolina throughout its history. A recent economic impact study recognized that Novant Health’s operations in the state provide an overall impact of $9 billion on an annual basis, including almost $800 million at that time in community benefit annually. This includes approximately 58,000 jobs that result from our operations in the state, either directly or indirectly.
Novant Health recognizes that in order to support a strong and growing community we have to be a strong and growing employer. In each of our recent partnerships, including Novant Health Brunswick Medical Center, the overall number of employees has increased after our partnership was consummated. This is often the result of continued investment in both acute and ambulatory investments by Novant Health. We also partner with local educational institutions to support workforce development. In the Brunswick community, we have strong partnerships with Brunswick Community College, Cape Fear Community College and Southeastern Community College.

**Corporate Services and Back-Office Support**
While headquartered in Winston-Salem, Novant Health corporate services can be found across our footprint. Team members with responsibility across the system can be found in every community we serve and we are efficient in sharing corporate responsibilities no matter the location of the service. For example, we have members of our marketing and communications department sitting in Virginia, Winston-Salem, Brunswick and Charlotte. Despite differences in geography, the department services the entire system.

In addition, as an expanded service area of Novant Health, the coastal North Carolina area will require a significant amount of back office support. By design, our corporate back office functions, such as accounts receivable, digital products and strategy and finance have flexibility that will allow them to co-locate in the NHRMC area. In addition, we are open to exploring all opportunities to place other corporate departments and team members in the NHRMC service area.

**Impact on Local Employment of Partnered Health Systems**
We have been successful in recruiting, retaining and aligning local physicians in the areas around acquired or merged facilities. This fact is demonstrated in Rowan County, NC (Novant Health Rowan Medical Center) and Brunswick County, NC (Novant Health Brunswick Medical Center). The total employed provider base in Rowan County has grown to include 131 providers (including physicians and advanced practice providers) in various specialties such as primary care and family medicine, pediatrics, orthopedics, obstetrics and gynecology, ENT, psychiatry, general surgery, bariatric surgery and neurology. Brunswick County has a total of 84 employed providers (including physicians and advanced practice providers) in various specialties such as primary care and family medicine, obstetrics and gynecology, general surgery, urology, plastic surgery and pulmonary and sleep medicine.

In regards to filling current openings and meeting community needs, Novant Health plans to work closely with local physician service line leaders, other physician executives, independent physicians and facility administrators to determine where potential care gaps exist. Should utilizing an employed physician model be the best route in certain situations, Novant Health and NHRMC can employ physician recruitment functions. As part of this joint effort, Novant Health has a team of dedicated recruiters who partner with local and service line leaders to determine needs and to facilitate the process. Whether providers, staff or back office support, in each of our communities Novant Health is one of the largest employers.

**COMMITMENT TO MISSION, VISION AND VALUES**
Novant Health’s mission, vision and values provide the solid foundation upon which our success has been built over the past several decades. Our mission, vision and values centers everything around the patient, thereby creating a remarkable patient experience in every decision we make. Novant Health prioritizes partnering with organizations that exhibit similar mission, vision and values, and the drive to impart them throughout the organization.
Figure 11 below outlines Novant Health’s mission, vision, values as well as our people credo and promise:

Figure 11: Novant Health’s Mission, Vision and Values

**Similar Mission, Vision and Values**

NHRMC and Novant Health share similar mission, vision, values and cultures. NHRMC, similar to Novant Health, puts the patient at the center and strives to improve the health of its community by, “Leading Our Community to Outstanding Health.” Like NHRMC, Novant Health exists to improve the health of communities, one person at a time.

Novant Health communicates our vision to employees at every opportunity. Our success is a result of our efforts to create a remarkable patient experience, and that goal is something our employees identify with and have a passion about achieving. Our vision statement is a key component of all of our communications and will be incorporated into any facility with which we partner. Our mission statement can be recited by every Novant Health employee because it is simple, understandable and something everyone can support.

Our values align perfectly with NHRMC’s and we share compassion and teamwork as detailed in both organization’s values. Through our vision and values, we share NHRMC’s values of ownership and communication. A shared commitment to people is obvious. Novant Health and NHRMC are committed to team members and patients alike.
Alignment of Mission, Vision and Values of Partnered Systems
Because we prioritize partnering with organizations that exhibit similar mission, vision and values, it has not been difficult to maintain or complementarily enhance partnering organizations’ mission, vision, values and culture. Novant Health is committed to honoring the existing culture – including the mission, vision and values – of all prospective partners. In all cases of partnership or merger, Novant Health has worked with the partner organization to evolve the mission, vision, and values to represent the vision of both organizations.

Not-for-Profit Commitment
Novant Health is proud of its not-for-profit status and is dedicated to ensuring its charity care and community benefit improves the health of its community. By partnering with local health departments and other healthcare providers, we identify community health needs and build programs to fill identified gaps in care and services. In 2019, Novant Health provided $993 in charity care and $152 in community benefit. Our Community Impact Report, published annually, is a testament to our charitable mission and the needs of our community.

IMPORTANCE OF DIVERSITY & INCLUSION AND NON-DISCRIMINATION
Diversity and inclusion is an integral component of our culture and organizational structure and a commitment we will bring to any system with which we partner. Our diversity and inclusion efforts are led by a dedicated team that engages with all levels of the organization to ensure that our value of diversity and inclusion is reflected in all that we do. Novant Health is set apart from many other health systems in that we have a Chief Diversity and Inclusion Officer on our Executive Team who has a team of professionals dedicated to enhancing diversity and inclusion across the system.

Commitment to Inclusion, Anti-Discrimination and Diversity Programs
As outlined in section three, Novant Health’s Diversity & Inclusion team has a robust strategy centered on the recognition that every person is different, each shaped by unique life experiences. This strategy enables us to better understand one another and our customers, which leads to better health equity among our diverse patient population. As a core value of Novant Health, diversity and inclusion programs will remain a priority in any partnership with NHRMC.

Strengthening NHRMC’s Diversity and Inclusion Programs
As outlined in section three, Novant Health’s commitment to diversity and inclusion includes a robust strategy, headed by our chief diversity and inclusion officer. In the current business environment, we recognize that diversity and inclusion training is becoming more and more necessary for a business to reach its full potential.

Our diversity & inclusion trainings are focused on the following principles:

- An inclusive workplace increases employee engagement
- An inclusive workplace leads to greater employee retention
- An inclusive workplace levels the playing field and brings helpful change
- Managing diversity and inclusion takes several different sets of skills
- Those in the workplace without an understanding of diversity and inclusion aren’t going to get it without some training
More diverse and inclusive workplaces are more profitable, according to studies

- It protects businesses from liability

As a strategic partner with NHRMC, we will replicate this best practice training, ensuring that NHRMC team members are fully equipped to expand their knowledge base of diversity & inclusion and build a more inclusive work environment.

INVESTING IN EMPLOYEE EDUCATION

Novant Health works with team members who wish to participate in a number of governmental tuition forgiveness programs. This includes team members who participate in the State of North Carolina program. In addition, Novant Health works with many team members who wish to participate in any of the three federal tuition forgiveness programs.

Novant Health has a history of supporting our employees by continued investment in their education. In addition to tuition reimbursement programs, Novant Health has also created nursing scholarships that support internal advancement and improve financial wellbeing among team members, particularly those living in lower opportunity areas within our communities.

Our Upward Mobility program is designed to support nurses who are currently enrolled in an accredited North Carolina community college and experiencing financial hardship to apply. Scholarships provide up to two years of up-front coverage of tuition and fees for the accredited nursing program leading to licensure as a registered nurse.

Participating team members are offered the flexibility of working a reduced schedule without a reduction in current compensation and benefits to increase available time to meet academic requirements. Participating team members will also have access to mentorship and career coaching. For 2020, Novant Health has expanded the program to both of our major service areas and will look to expand it further to southeastern North Carolina in partnership with NHRMC.
5. PARTNERING WITH PROVIDERS

PHYSICIAN PARTNERSHIP IS A CORNERSTONE OF NOVANT HEALTH

The physician partnership model has been one of the cornerstones of our organization and our dyad model of leadership extends across and throughout Novant Health. We believe in physician leadership at every level of the organization and have been viewed as an industry leader over the last decade with regards to how integrated physicians are in the leadership of our system, medical centers, institutes and various physician partnership models. Regardless of the partnership model chosen by the physicians, Novant Health is committed to improving the health of the communities we serve. Each of the communities that we serve has a unique physician environment. We are proud of the various physician partnership models that we have developed, but also realize that each physician community is different. Therefore, we work with the local leadership groups and local physicians (including employed and independent physicians), to identify growth opportunities and/or gaps in coverage and then collaborate with the physician community to develop action plans. In all of our markets, we work with and rely on independent physician groups to deliver the most remarkable patient experience. We will work with NHRMC to ensure that regardless of the partnership solution, we will continue to partner with the existing NHRMC physician community.

PROVIDER RECRUITMENT CAPABILITIES

A strategic partnership between Novant Health and NHRMC will prove incredibly beneficial in our joint provider recruitment capabilities. Immediate advantages will include sharing of physician and APP candidates, representing southeastern North Carolina provider needs while attending professional conferences, sharing database subscriptions, and promoting provider needs with Novant Health Medical Group (NHMG) residency graduates.

After a thorough examination of the NHRMC’s provider recruitment system, the NHMG recruiting team will facilitate collaboration on best practice experiences, efficiencies from applicant tracking system, physician candidate tracking tool, key statistics, marketing materials for conferences, memberships to Advisory Board, Sg2 and AAPR, and recruitment boot camp materials. Any enhancements or improvements implemented will apply to both physicians and advanced practice providers.

With previous partnerships and affiliations, the strategic relationships have allowed for expanded access to candidates through broader brand awareness in physician databases and ads. These partnerships resulted in access to hospitalist recruitment support based on a cohesive approach to service line structure and support with an established presence in the community. Additionally, active physician leadership created a connection between physicians and the provider recruitment team resulting in an enriched experience for the physician candidates. These partnerships also brought access to enhanced benefit and marketing materials for utilization in candidate packages.

NHMG provides a large pool of specialists and sub-specialists with connections to academic and fellowship programs as well as the ability to network and collaborate with physicians in their field. Existing physician leaders in the same specialty will be able to provide best practices from their own experiences developing and maintaining programs.

Case Study: Rowan Medical Center and Brunswick Medical Center

We have been successful in recruiting, retaining and aligning local physicians in the communities of new partner facilities. This fact is demonstrated in Rowan County, North Carolina (Novant Health Rowan
Medical Center) and Brunswick County, North Carolina (Novant Health Brunswick Medical Center). The total employed provider base in Rowan County has grown to include 131 providers (including physicians and advanced practice providers) in various specialties such as primary care and family medicine, pediatrics, orthopedics, obstetrics and gynecology, ENT, psychiatry, general surgery, bariatric surgery, and neurology. Brunswick County has 84 employed providers (including physicians and APPs) in various specialties such as primary care and family medicine, obstetrics and gynecology, general surgery, urology, plastic surgery, and pulmonary and sleep medicine.

MEDICAL EDUCATION, RESIDENCY AND FELLOWSHIP PROGRAMS
Following review of the NHRMC RFP and considering the similarity of the medical education, graduate medical education, nursing and provider training programs at NHRMC and Novant Health, we do not foresee any significant impact on the current structure.

All organizational/leadership structures at NHRMC should remain in place per national accreditation standards and will not change in any significant way with a Novant Health collaboration. Novant Health possesses varied and vast resources that create learning environments dedicated to personal and professional development, service and wellness of all our learners, fellows, residents, staff, patients and our communities. Novant Health is committed to providing the necessary financial support for administrative, educational, clinical and human resources for graduate medical education and other medical education activities. Maintenance and success of all current NHRMC programs will be the immediate focus with any Novant Health collaboration. New development or enhancement decisions regarding the current educational programs at NHRMC will be appropriately reviewed by leadership to ensure alignment with strategic priorities.

Graduate Medical Education
Our organizations’ approaches to education are very similar, as Novant Health has for decades trained residents/fellows at Novant Health Forsyth Medical Center with a Wake Forest affiliation (similar to the UNC and NHRMC training affiliation). In 2014, Novant Health founded a graduate medical education program in the greater Charlotte area. Novant Health currently sponsors one family medicine residency program fully accredited by the Accreditation Council for Graduate Medical Education (ACGME) at Novant Health Huntersville and Presbyterian Medical Centers as compared with the four residency training programs at NHRMC (family medicine, general surgery, ob-gyn and internal medicine). We look forward to learning from your experiences and evaluating opportunities to grow and improve our joint residency programs.

Nursing Education
Novant Health has a strong and accomplished clinical education department that ensures the professional development of nursing and allied health professionals. Our structure is easily scalable, and we will partner with the current NHRMC education team to assimilate a model consisting of clinical nurse educators (CNE) and clinical practice specialists (CPS).

For our 9,000+ nursing team members across acute and ambulatory settings, Novant Health employs 58 CNEs. The CNE-to-team member ratio is 1:155. The CNEs assess practice gaps, design and deploy education, and evaluate application of new knowledge. In addition to using traditional classroom methods, simulation and computer-based learning modules housed within the Cornerstone learning management system, our CNEs are proficient in virtual instructor-led training (VILT). VILT allows for large audiences across geographically diverse settings. Nurses at NHRMC will be able to attend classes taught by a nursing expert at Novant Health, and vice versa. The CNEs are organized around six nursing
specialties, each specialty with its own essentials curriculum – foundational courses that ensure competency and prepare the nurse for professional certification.

The clinical practice specialist (CPS) team consists of 12 master-level or doctoral-prepared nurses who are experts in their field. These nurses work horizontally in the system to assess practice patterns and implement evidence-based innovations to improve quality outcomes. The number of CPSs is not dependent on number of nurses, but rather remains stable as the CPS team is solving system-level clinical issues, standardizing and elevating nursing practice for the entire Novant Health system.

To support the recruitment and retention of new graduate nurses, Novant Health has a yearlong, rotational residency program that is accredited by the American Nurses Credentialing Center. Nurses are encouraged to rotate through four departments within one specialty, equipping the nurse with a greater breadth of knowledge to manage various types and acuities of patients. Additional supports include didactic training sessions, socialization opportunities and mentoring. Our retention rate for the 2018-2019 residents was 93%.

To support information needs at the point of care, Novant Health nurses utilize the full suite of Lippincott products – Procedures, Advisor and Blended Learning. Lippincott is a leader in nursing and allied health publishing, and our partnership with Lippincott has resulted in a marketing video and white paper.

Novant Health’s simulation model is in-situ – bringing scenarios to the clinicians in their normal work environment. Utilizing high and low fidelity manikins, inter-professional simulations allow teams to practice high-risk scenarios to improve competency and identify barriers in workflows. Our simulation van allows for easy transport of equipment to all hospitals within our system.

Case Study: Nursing Improvement at NHBMC

Due to Novant Health’s mix of tertiary and rural hospitals, we are proficient at extending resources to provide individualized education when and where it is needed. Our educators and specialists travel as needed to assess practice gaps and deliver customized education at the point of care. An example involves Novant Health Brunswick Medical Center (NHBMC), in which the nurses were struggling with managing newborn emergencies due to low volume at this secondary, rural hospital.

The clinical practice specialist visited the hospital, and met with nursing leaders, clinical nurses and physicians to understand the issues. The visit included immersion in the obstetrical unit to observe practice. She partnered with clinical nurse educators and neonatal nurse practitioners from Novant Health Presbyterian Medical Center to develop a plan that addressed clinical nurses’ competency as well as provider practice patterns for admission versus referral.

A team traveled to NHBMC to deliver education to the nurses, including in-situ simulation of neonatal emergencies, and partnered with pediatrics to co-develop guidelines regarding disposition of very sick infants. In this tradition, New Hanover Regional Medical Center will be a valued partner in extending expertise to NHBMC as well as all Novant Health hospitals, while potentially receiving additional support and partnership from Novant Health’s collective expertise.

ADVANCED PRACTICE PROVIDERS

Novant Health believes advanced practice providers are a critical component of the care team now and will continue to gain prominence in our care and delivery system as the healthcare environment evolves.
We have such a strong belief in advanced practice providers that we have developed a leadership council for them and have representatives in various levels of leadership throughout our organization.

NHMG provider recruitment team will be able to support NHRMC’s recruitment team with sourcing APP candidates, including sharing candidates, representation of NHRMC with conference attendance and a broad pool of APP candidates through multiple program connections across North Carolina and support from the APP council.

WORKING WITH COMMUNITY PHYSICIANS

Novant Health views independent providers across our service area as an extension of our organization, and we place a high value on their services and partnership. We have a dedicated team that visits the independent providers throughout the year in order to stay connected, foster relationships, discuss areas for improvement and keep them up to date on the services we offer. As noted above, physician partnership is a core belief at Novant Health, and we approach the partnership with flexibility and openness to develop a relationship and model that works with and for the community physicians.

Physician Contracting

We have standard noncompete provisions within our contracts for our affiliated providers. We feel these are needed to help protect both parties as the organization has invested in the startup and growth of the clinic and the providers have invested their time in building patient panels and closely held relationships with their patients.

Independent Physician Partnerships

Novant Health offers several physician partnership models and programs that can lead to closer alignment with independent physicians and medical groups. Leadership from Novant Health and NHRMC will review each of these service offerings in detail and then decide which offerings will be most beneficial to each particular area in an effort to continue to build alignment with independent community practices. These models include a Clinically Integrated Network (CIN), Epic EHR offerings to community practices (called Community Connect), a Management Services Organization offering and a menu-driven list of individual services that can be chosen by independent practitioners. Below is an overview of these models along with additional detail on each service offering.

Clinically Integrated Network

As mentioned previously, Novant Health has a Clinically Integrated Network (CIN) that is the primary vehicle for clinical partnerships between both independent providers and NHMG providers. The objective of the Novant Health CIN is to foster collaboration between providers with the goal of improving patient outcomes, enhancing the overall patient and provider experience and creating efficiencies in care. As noted earlier, the CIN currently holds two payor contracts and is exploring adding a third payor product in 2021.

The most recent CIN payor agreement launched on Jan. 1 of this year and it represents a partnership with a new payor that offered commercial health plan options on the health insurance marketplace throughout a 10 county area in North Carolina. This partnership constitutes a narrow network offering that was very attractive to independent community providers, and the CIN is the primary network for this product, with the only exception being a few select specialties not currently in our CIN needed to meet network adequacy requirements (which requires a direct contract with this payor for network adequacy reasons). This partnership also has a mechanism to share savings with all network participants.

The second payor product offered in the CIN is a standard commercial product that offers the opportunity to accrue additional earnings based on performance of the network in two areas: quality and cost relative to comparable benchmarks. The CIN has operated very well under this plan, and performance driven
revenue is shared in a model that includes both Novant Health practices and independent community practices.

**Community Connect**

Novant Health Community Connect is a program that allows independent clinics to use Novant Health’s Epic EHR in order to better integrate with Novant Health systems. Information flows from our Novant Health clinics to those implementing Community Connect and vice versa. Novant Health offers more favorable Epic pricing to those independent practices participating in the Novant Health CIN and participating practices are able to experience significant savings on the one time up-front costs as well as savings on monthly licensing and software support fees. Additionally, Novant Health, through its ChoiceHealth dba Axia Physician Solutions business entity, also offers the Epic EHR, billing and reporting support to independent practices through an MSO arrangement. Additional information on the MSO is shared in a separate section below.

**ChoiceHealth**

Novant Health has a Management Services Organization (MSO) called ChoiceHealth Inc., which does business as Axia Physician Solutions for our MSO service offerings. Axia Physician Solutions believes in developing a strong partnership with practices to identify opportunities for boosting financial, operational and clinical success. Axia offers the following services through the MSO program:

- Virtual Practice Administrator – supported by an internal team that monitors and benchmarks participating independent practice’s data in order to generate reports to help practice leadership optimize operational and financial opportunities. Included support services are: financial dashboards, operational dashboards, weekly and monthly check-ins, monthly site performance reporting package, developing of daily tasking notifications, and real time monitoring of industry KPIs
- EHR Solutions – Axia offers two EHR solutions as a part of the bundled service offering – Epic and Athena Health
- Revenue Cycle Services (Epic only)
- Operations Optimization – includes practice workflow evaluations, scheduling optimization, policies and procedures review, best practices, education

**A La Carte Services**

Additionally, ChoiceHealth offers several a la carte services to independent practices that are designed to improve practices' financial performance and reduce operational burdens. First, ChoiceHealth has pre-established contracts with specific payors that include commercial, Medicare Advantage and workers’ compensation products. These payor contracts were established using the messenger model contracting process which ensures compliance with antitrust guidelines and independent practices that join ChoiceHealth have the opportunity to opt in to specific payor agreements.

Additionally, ChoiceHealth is an NCQA certified credentials verification organization (CVO). This designation allows ChoiceHealth contracted payors to delegate credentialing to ChoiceHealth, resulting in a more efficient and expedient payor credentialing process.

ChoiceHealth also offers non-delegated credentialing services to independent practices who need assistance with credentialing paperwork. Lastly, ChoiceHealth offers a group purchasing program that offers opportunities for independent practices to save money on medical and office supplies.
MEDICAL GROUP OPERATIONS

Novant Health will seek to continue the medical group operations with the existing employed physician base as we gain a better understanding of its operations and what the growth strategies are for the service area. We will look to enhance the group through partnerships, expansion of existing clinics, satellite clinics, and further access points throughout the service area as needed. We envision, but will not require, moving the New Hanover Regional Medical Center medical group relationship from Atrium to Novant Health.

Novant Health focuses on ensuring that physicians are involved throughout the management structure of the system. We employ multiple physician councils and boards to make certain that our physician partners have the ability to contribute to the direction of NHMG and Novant Health as a whole. In addition, Novant Health utilizes multiple compensation models that allow physicians to be more entrepreneurial should they desire. Finally, Novant Health believes that transparency is core to maintaining a strong relationship with physicians. Therefore, we provide significant insight into financial performance and revenue cycle operations through a variety of easily accessible dashboards and databases.

We see significant benefits for the existing medical group practices to affiliate with NHMG. Such a partnership will allow for the rapid expansion of the current service offerings as well as help to deepen partnerships with the independent providers in the area. NHMG will utilize our existing expertise to help operationalize new growth and drive quality, safety and satisfaction, as well as help lower the total cost of care for patients throughout the service area.

LOCAL MEDICAL STAFF GOVERNANCE

Since Novant Health will seek to keep the local NHRMC board in place, a number of functions will remain in local control. In general, policies and procedures with regard to medical staff governance will remain in the purview of the NHRMC board. As with all of the responsibilities that Novant Health will expect to remain under local control, all Novant Health corporate resources will be available at the discretion of the local teams.

One area where the Novant Health system may implement changes will be in the area of safety and quality. Because this area is so crucial for our system’s strategic and operational goals, corporate-wide policies and procedures are necessary to maintain the high-quality care our patients expect across all facilities.

Novant Health’s approach to quality and safety is flexible and adaptable to change, but focuses heavily on precision, physician involvement and best practices. Our quality reporting organizational structure allows for and encourages the sharing of best practices. Additionally, our chief medical officer has a team of senior quality leaders who specialize in various facets of quality including operation performance improvement, safety and transformation, infection control, regulatory affairs, nursing and research.

PHYSICIAN RETENTION

Medical Education and Training

Novant Health has a comprehensive and multidimensional approach to providing education, training and development for its medical group physicians. Training and education are provided through our online, on-demand “I-Learn” platform. This includes quality, safety, population health topics as well as standard medical education courses, all free of charge. In addition, all physicians have free, unlimited access to the application and resource “Up to Date,” which is embedded in the EHR and available via device app.
Other examples of specific, in-person training/education:

- **Physician-patient communication skills training:** Enhancing listening, empathy and communication skills of providers. Five-hour course to enhance patient and provider experience, patient compliance, patient outcomes.

- **Mastering Conversations training:** Growing confidence in having challenging conversations such as bad prognosis, end of life, de-escalation.

- **Novant Health Odyssey Program:** Longitudinal on-boarding program developed by providers, for providers that spans the first 9-12 months of employment. This program helps welcome new providers, builds community and facilitates connectivity with senior leaders, fellow providers and organizational support teams. It focuses on the provider’s role as team leader, support tools and resources for practice success and sustainability. Outcomes from this program include increased engagement and retention.

**Physician Satisfaction**

Novant Health’s No. 1 strategic priority is to be a high performing, change-ready, resilient organization. In service of this and because of the industry epidemic of physician burn-out, Novant Health has taken an aggressive and proactive approach to well-being and resiliency. Our focus on these efforts begins with a dedicated senior physician leader who provides strategic direction, monitors engagement and burn-out and leads specific programmatic and cultural efforts. As a result of our efforts, Novant Health is now viewed as a national leader in burn-out prevention.

The Novant Health Leadership Development program is a four-day retreat focusing on resiliency, well-being and enhancing fulfillment in the personal and professional lives of its physician participants. Over 800 Novant Health providers have participated in this nationally recognized program. Outcomes include outstanding subjective feedback (>99% will recommend to a colleague), increased engagement (participants are in the 97th% nationally), enhanced recruiting, and fostering physician leadership interest and opportunities. We have participants from other organizations across the country come to participate as well.

The Novant Health Provider Mentor Program was developed to support new graduate physicians by connecting them in a formal six-month mentoring relationship with existing seasoned colleagues. Program design includes personalized matching based on application and agreed upon goals for the experience. Both mentors and mentees have rated this experience as extremely valuable and fulfilling.

**Physician Leadership**

Novant Health believes that strong physician leaders as well as highly connected physician-administrative partnerships are vital ingredients to system success. Each of the over 600 clinics has a “lead clinician” who oversees performance, culture and teamwork in partnership with a clinic administrator. These leaders are in a continuous learning environment through regular meetings and mentoring.

In 2020, the Novant Health Physician/APP Leadership Institute will be launched to strengthen leadership capabilities even further. This will put a greater emphasis on senior leadership including didactic education and the art of leading people and teams. It will be accomplished through live seminars, web-based learning and executive coaching when indicated. There is a strong focus on systems thinking and leading through influence, well-being and resiliency.
Physician Retention

In recent years, Novant Health has entered new areas where we supported and grew provider bases to serve these communities. Physicians who are new to the organization by way of these relationships have access to all the resources listed above. This approach facilitates a feeling of belonging to the Novant Health team and our culture. As our physicians are the cornerstone of our organization, expanding our provider base has allowed Novant Health to achieve growth in some very competitive areas.

In Northern Virginia, Novant Health entered the community with the acquisition of one facility and approximately 40 physicians. Through persistent efforts, we now have multiple facilities, a partnership with The University of Virginia, 115 employed medical group providers and 500 providers who are on our various medical staffs. Our operations in Northern Virginia continue to grow, with expanded service offerings, additional physician specialties and new facilities.

In Brunswick County, we began with a small presence of physicians (two) and have grown the medical group to now consist of 52 physicians and 32 APPs in 26 locations. We continue to add talented practitioners, and increase the resources for the citizens of the communities we serve.
6. QUALITY OF CARE AND PATIENT SAFETY

ENHANCING SAFETY AND QUALITY
The Novant Health Institute of Safety & Quality covers all parts of the organization and includes:

- Clinical data and analytics
- Clinical excellence
- Clinical documentation excellence
- Safety (First, Do No Harm)
- Regulatory and accreditation, and infection prevention

The institute’s work is customizable to meet the needs of the local community. We partner with local leaders to provide a transparent, collaborative approach to improve safety, health outcomes and prevent medical errors. We have rigorous clinical data and analytics that allow for our facilities and clinical institute leaders to understand their performance in real time and use that information to improve safety and quality.

Quality Tracking and Reporting
Novant Health utilizes a robust safety and quality reporting platform that provides insight and transparency into how we are delivering on our vision to deliver the most remarkable patient experience, in every dimension, every time. A comprehensive dashboard that tracks extensive quality indicators across three components of our organization: (i) acute care; (ii) NHMG; and (iii) ASCs; is distributed monthly to system leaders.

Each component (acute care, NHMG and ASCs) is scored monthly based on percentage of identified quality targets achieved. The scores for each component are weighted and roll up to an overall Novant Health quality score which is also published monthly. The goal for both the overall Novant Health quality score and each respective component is to have 80% or more of indicators at or better than target.

Acute care, NHMG and Novant Health ASCs are scored on 31, 40 and 6 quality metrics, respectively. The acute metrics are derived from CMS Hospital Compare measures and focus on readmissions, inpatient mortality, hospital acquired infections and patient safety. In Figure 12 on the following page are illustrative examples of our acute care dashboard:
Our efforts in safety and quality have resulted in strong publicly reported metrics across our hospitals. In the most recent LeapFrog survey (Fall 2019), eight of our twelve hospitals surveyed received a grade of “A” with the remaining receiving a grade of “B.” Figure 13 below provides an historical breakdown of our hospitals’ LeapFrog grades.

**Use of Data and Analytics**

Novant Health utilizes multiple, integrated platforms to publish safety and quality, financial, growth and strategy, human experience, pharmacy, and population health data. This provides one-stop shopping for facilities and institute leaders to review their data, get assistance from our data teams, and strategize around projects and next steps in their work.

We participate in the Vizient Clinical Data Base, which allows for internal benchmarking across the Novant Health footprint but also external benchmarking with other Vizient Clinical Data Base participants. Our institute is actively engaged with several artificial intelligence (AI) projects to enhance safety and quality including initiatives that improve acute care patient flow (KenSci), care of patients with congestive heart failure (Jvion), the early diagnosis of breast cancer (Massachusetts Institute of Technology) and the rapid response to patients having a cerebral vascular accident (Viz.ai).

We are in the process of developing provider and procedure-based scorecards for spinal surgery, transcatheter aortic valve replacement (TAVR) and other procedures.
One of the core requirements of our AI platforms is that they be scalable to meet the needs of the system now and in the future. This flexibility will allow Novant Health to extend these platforms to any partnership with NHRMC as it sees fit. In fact, NHRMC and NHBMC already work in conjunction through Viz.ai on stroke detection, illustrating the ability of Novant Health to extend our platforms to NHRMC.

**Safety and Quality Programs**

Novant Health supports several targeted programs that may be integrated to enhance NHRMC’s outcomes. These include, but are not limited to:

- **First, Do No Harm** — Launched in 2009, First, Do No Harm is an intense internal campaign focused on patient safety, with a goal of dramatically reducing serious safety events. The focus of the campaign is not simply to implement additional procedures, but rather to change the culture of Novant Health related to patient safety. As such, all Novant Health employees, including physicians and non-clinical staff, participate in “First, Do no Harm” training, which helps to instill the principle that patient safety is a responsibility of all Novant Health employees. As a result of First, Do No Harm, we have reduced serious safety events by 80% since the inception of the program.

- **Continuous readiness** — System approach to ensure facility and department compliance with CMS and TJC standards. Includes mock survey process, focused survey assessments and Novant Health official tracer questions and tools within The Joint Commission Resources (JCR) Accreditation Manager Plus software.

- **Analytics and informatics** — Novant Health utilizes Vizient Clinical Data Base to allow for data analysis and benchmarking for acute care safety and quality.

- **Infection prevention** — Includes epidemiology newsletter, hand hygiene and electronic hand hygiene surveillance.

- **Opioid stewardship** — Initiative developed to combat a crisis that takes the lives of over 130 people every day. Focuses on a three year goal that addresses the opioid crisis through reduced prescription of opioids, improvement in hepatitis C and HIV testing in patients with opioid use disorder, and standardized opioid use agreements with patients.

- **Clinical documentation excellence** — Focus on both acute care and ambulatory.

**Integration of Quality and Patient Safety Efforts**

Novant Health views the integration of safety and quality efforts with NHRMC as a collaborative process whereby current quality programs are the basis for customizing an approach that meets the needs of the local facility. We foresee local NHRMC quality leaders being incorporated into system-level safety and quality teams to ensure local issues are addressed and timely communication of events, opportunities and successes occurs across the system.

**Integration of Care Management and Coordination Efforts**

Our approach will be to understand and learn about existing programs and how Novant Health can enhance or augment existing processes. We have invested heavily in building scalable corporate infrastructure and resources to provide an integrated and seamless patient experience across all avenues of care. NHRMC can leverage this infrastructure to improve its processes, where and when it makes sense.
Case Study: Patient Safety and Quality at Prince William Health System

Prince William Health System in Northern Virginia merged into Novant Health in 2009. Novant Health focused intently on swiftly elevating the safety and quality profile of PWHS post-transaction. We implemented our First, Do No Harm program, invested in a full-time VPMA to champion quality and assist in physician education, and added clinical analysts dedicated to quality. The results were significant:

- Decreased and sustained serious safety rate to zero by July 2011
- Zero central line associated blood stream infections by April 2011
- Increased safety reporting by 52% from 2010 to 2011, to 71% from 2011 to mid-2012
- 70% increase in “near miss” reporting rate, improving transparency and communication

ADHERENCE TO GUIDELINES AND INITIATIVES

Novant Health promotes adherence to safety and quality guidelines and evidence-based protocols, etc., through the robust safety and quality infrastructure and collaborative processes we have developed. As previously mentioned, our Institute of Safety & Quality covers all aspects of the organization and provides oversight at the service area and facility level to promote a collaborative approach to improve patient safety and quality.

We incorporate providers into all quality and safety teams and our providers have access to safety and quality dashboards including access to their individual quality and safety data. Additional oversight is provided through weekly meetings of executive team members and members of the Safety & Quality Institute to review performance in terms of patient safety indicators, safety events, hospital-acquired infections and other key initiatives.

Case Study: Novant Health Forsyth Medical Center

The American College of Surgeons National Surgical Quality Improvement Program (ACS NSQIP®) recognized 88 hospitals for achieving meritorious outcomes for surgical patient care in 2018. These hospitals were chosen out of 592 eligible hospitals.

Novant Health Forsyth Medical Center is the only hospital in North Carolina that received this recognition in both categories of "All Cases" and "High Risk." Additionally NHFMC is among only 56 hospitals in the United States to be recognized in these categories.

The ACS raises the standards of surgical practice to improve the quality of care for surgical patients. The NSQIP is the only nationally validated quality improvement program that measures and enhances the care of surgical patients.
NURSING AT THE FOREFRONT
Novant Health’s nursing team members are the front line in ensuring the highest quality and safest care for our patients. This begins with our clinical education and extends through various programs such as First, Do No Harm, Red Rules and Use 5 Saves Lives.

Our focus on nursing programs and nursing excellence has been recognized nationally. Eight of Novant Health’s acute care facilities are designated as nursing Magnet facilities. In 2019, both of our tertiary care facilities, Novant Health Forsyth Medical Center and Novant Health Presbyterian Medical Center, were re-designated for the fourth and third times, respectively.

Novant Health designs all of our safety and quality programs, especially those focused on nursing, to be scalable. This allows Novant Health to transport our work to facilities outside of the system and strengthen their approaches to high-quality, safe care. This will also allow Novant Health and NHRMC to quickly collaborate on extending best practices throughout our facilities.

ENHANCING EXCELLENCE PROGRAMS
Novant Health has dedicated resources that will be accessible to NHRMC through a partnership. These include:

- FDNH, HPI High Reliability
- Vizient Clinical Data Base
- eRL reporting
- Just culture
- Leapfrog Top Hospitals
- Tool kit including model for improvement/PDSA, Lean, Six Sigma
- Healthcare Information and Management Systems Society, Inc. (HIMSS)

ACCESS TO EMERGING TECHNOLOGIES
To continue to innovate and advance the utilization of technology in care delivery, Novant Health recently launched the Novant Health Institute of Innovation & Artificial Intelligence. The institute is jointly led by Eric Eskioglu, MD, Executive Vice President and Chief Medical Officer, and Angela Yochem, Executive Vice President, Chief Digital and Technology Officer. The goal of the institute is to use advanced technology to provide personalized patient care and accelerated solutions.
Novant Health deploys a number of platforms that target adherence to care guidelines and protocols to improve safety, reduce variation and deliver the highest quality of care. Examples of various platform usage includes:

<table>
<thead>
<tr>
<th>Dimensions user-interface design</th>
<th>Epic build uses extensive clinical informatics principles to design intuitive workflows based on Epic Foundation and optimized for Novant Health clinicians as approved by Dimensions governance groups.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical decision support</td>
<td>Novant Health and medical staff compliance, regulatory, and safety policies are supported with active alerts and passive prompts within a clinician's workflow to allow a timeline response and follow-up reporting.</td>
</tr>
<tr>
<td>Pharmacy &amp; Therapeutics (P&amp;T)</td>
<td>A system-level order set process reporting to the Novant Health P&amp;T Committee manages the literature-based content to meet Joint Commission requirements for triennial review and specialty survey requirements.</td>
</tr>
<tr>
<td>system order set approval process</td>
<td>Order validation is used to prevent order entry of orders with high patient safety implications as approved by Novant Health P&amp;T and Dimensions governance groups.</td>
</tr>
</tbody>
</table>

In addition, Novant Health is embracing machine learning and artificial intelligence platforms that have the ability to enhance the safety and quality of the care our patients receive. As mentioned above, over the past several years we have introduced platforms such as Jvion, Viz.ai and KenSci to the system focused on areas such as congestive heart failure and stroke detection.

**Case Study: Viz.ai**

Novant Health deployed the Viz.ai platform in July 2019 to Novant Health Presbyterian Medical Center and Novant Health Rowan Medical Center to assist our neurosciences team in stroke detection. Recently the platform was able to detect an issue with the scan of a stroke patient at one of our facilities. The AI platform was able to alert the teleneurologist who evaluated the scan and immediately implemented clinical procedures that saved the patient’s life.

**Strategic Roll-out**

While Novant Health is enthusiastically embracing the use of new technologies, we understand that each deployment of new technology must be strategic and methodical to ensure no gaps in care. Each new technology undergoes proof-of-concept testing prior to being deployed to the broader system. This allows our institutes to work collaboratively with technology providers to evaluate data and confirm proper outcomes prior to wider adoption.

Should Novant Health and NHRMC decide to partner, Novant Health will work with NHRMC leadership to determine the optimal employment of our technology platform. While there is significant potential for technology to improve the safety and quality of care, we recognize the negative impacts that speeding
through implementation may sometimes have. It is therefore imperative that local leadership and clinical teams be heavily involved in any implementation planning.

**Novant Health Ventures**

In October 2016, Novant Health launched Novant Health Ventures (NHV) to provide additional access to new and innovative companies, including emerging technologies. The purpose of NHV is to invest capital allocated by Novant Health into healthcare-focused venture capital and growth equity funds.

Working in conjunction with fund management teams, Novant Health mines former, current and potential portfolio companies that have the potential to partner with the system and further accelerate our adoption of pioneering technologies, new care pathways and advanced operational platforms. Despite its infancy, NHV has already had multiple portfolio companies that have been adopted by the Novant Health system, such as the aforementioned Jvion.
SERVICE LINE GROWTH

Novant Health has invested significant resources into strategic planning capabilities and sees a significant opportunity to share these resources with NHRMC. In order to collaborate on service line growth we could leverage Novant Health’s operational planning and innovation group, which has dedicated resources and protocols to assist service line leaders in research, planning and execution. Together, we would be able to examine a variety of data points to assist in decision making.

Novant Health conducts market and environmental assessments through which we are able to define the size and scope of the opportunity for a particular service. We add in growth forecasts from vendors such as Sg2, along with our own recruitment strategies. To develop a multidimensional view of service opportunities, Novant Health also factors in any industry-specific elements (regulatory, legislative, economic, etc.) that could impact the service. Additionally, we conduct on-going competitive intelligence and profile reports to identify changes in each of our service areas.

Each service line has a system vision statement that guides priorities over the next three to five years. This clear and specific statement assists in goal setting and planning while also outlining key results to be achieved, the expected impact to our communities and specific behaviors or service offerings that the service line should possess to be successful.

We recognize that various aspects of our service areas are constantly changing. Therefore, service lines annually outline their acute and ambulatory strategies along with key performance indicators, specific initiatives to achieve these results and risk points that could be encountered. Subsequently, this work is presented to the Novant Health leadership team and helps guide overall strategy for the local area and system.

Service Line Approach for NHRMC

We envision a collaborative approach to service line growth in southeastern North Carolina. NHRMC and Novant Health both have extensive experience operating service lines in the area and are familiar with the dynamics there, areas of need and areas for potential growth. We would look to leverage the combined resources of Novant Health’s operational planning and innovation group, NHRMC’s planning capabilities and each system’s institute and service line leadership in the service line planning process, but we would make NHRMC's community expertise an integral part of the service line planning process.

Continued Service Line Development

Novant Health understands the benefits that robust service lines deliver to the health system as a whole. In fact, we have benefited from the investments that NHRMC has made directly in locating certain services at NHBMC. Therefore, we commit to not only maintaining services lines at NHRMC, but continuing to invest so they may broaden their reach and care for additional communities in southeastern North Carolina.

Novant Health has worked in partnership with NHRMC and independent providers to expand capabilities in cardiology and neurology at NHBMC that enable local Brunswick residents to receive necessary care close to home. Brunswick area neurology and cardiology patients not requiring tertiary level care are now able to access services at NHBMC that beforehand would have required transfer to NHRMC in Wilmington. Partnering on these service lines has allowed NHRMC to decompress the hospital and NHBMC to increase services it offers to the local community. In addition, NHBMC, in
partner
ship with Southeastern Nephrology has developed an inpatient dialysis program to allow dialysis patients to receive care locally at NHBMC.

We also recognize that over time the needs of the community may change and providers must change with those needs. Novant Health feels that it is the local leadership and local boards that maintain the greatest vision into the community and its needs. Therefore, we place the emphasis on the local teams, including health system leadership and medical group leadership to determine the optimal investment in the various service lines.

Balance in the Service Area
Novant Health is driven by its mission “… to improve the health of our communities, one person at a time.” This means we are committed to providing locally the healthcare services required to sustain and promote the health of our communities, even if these services are provided with limited or no financial benefit to the system. We will bring this same commitment to provide essential services to the communities served by NHRMC.

Novant Health continually evaluates service offerings to make sure our service mix is meeting the healthcare needs of our communities. In addition, we perform regular reviews of service lines to identify ones that may be underperforming financially or operationally. Our finance and strategic planning departments work closely with service line leaders to close the financial gap of any underperforming service lines.

We evaluate all options available, such as partnering with a third-party providers, in so much as they ensure the mission-critical need will continue to be met within the community. Novant Health commits to provide the support, guidance and corporate resources to ensure that while ultimate decision rights on service scope stay with local leadership, service lines are retained and operating efficiently.

OPTIMIZING PATIENT TRANSFERS
Novant Health utilizes proprietary platforms for transfers that occur to higher levels of care both within our system and access for facilities that are not in our system. As our relationship grows closer, we anticipate working in concert with NHRMC to determine the optimal process for transferring patients to higher levels of service, balancing the desire for local care and the ability to deliver the highest level of care. Our mission, vision and values always place the patient’s needs first, and we will continue to work with other providers in the state and region to provide the utmost level of care.

Given the higher-acuity services at NHRMC and the partnership with NHRMC to have its AirLink helicopter stationed at NHBMC, we currently transfer most NHBMC patients requiring a higher level of care to NHRMC. As is currently the case, we would work collaboratively with NHRMC on strategies to ensure that patients from across southeastern North Carolina receive the appropriate level of care, whether that entails remaining at NHBMC or other area hospitals or being transferred to NHRMC for tertiary or quaternary care, as appropriate. We would look at ways to grow and increase capacity of high-acuity service lines at NHRMC so that area patients requiring a high level of care can be kept local for their treatment.

EMS AND CRITICAL CARE TRANSPORT
Novant Health understands the unique relationship between NHRMC and local EMS. Therefore, we do not anticipate any impact or material changes to NHRMC EMS and critical transport services. Furthermore, we will continue to support the local leadership team should it decide to evaluate any changes to the relationship in the future.
INNOVATIVE SOLUTIONS AND EMERGING TECHNOLOGIES
As previously discussed, Novant Health has implemented an institute structure that enables the advancement of healthcare through research, technology and innovation, as well as improvements in routine care, across the full spectrum of care. Novant Health’s institutes are each led by a clinical leader and administrative leader who work collaboratively to ensure the remarkable patient experience is delivered to our patients. Novant Health’s institutes include:

- Cancer Institute
- Community Health & Wellness Institute
- Heart & Vascular Institute
- Hospital-Based Medicine Institute
- Neurosciences & Psychiatry Institute
- Orthopedics & Sports Medicine Institute
- Post-Acute Care Institute
- Surgical Institute
- Women's & Children's Institute
- Institute of Innovation & Artificial Intelligence
- Institute of Safety & Quality

From an initial review, we have identified several preliminary areas where our organizations could collaborate to enhance service line growth at NHRMC. Some of the more salient examples include:

**Surgical**
We see areas to partner in surgical to include:

**Thoracic Robotic Surgery Program**
NHRMC has an impressive offering of robotic surgery services to include gynecology, gynecologic oncology, urology, general surgery and colorectal surgery. Shared learnings from our thoracic program in our greater Charlotte service area could help guide the development of a similar program at NHRMC expanding care for local patients. Similarly, Novant Health looks forward to learning about NHRMC’s unique experiences in robotic surgery.

**Technology Obsolescence**
Intuitive has made the workhorse Si platform obsolete. As we shift our current inventory from Si to Xi, buying multiple platforms at one time has provided some efficiencies in capital deployment and supplies, potentially reducing cost of care.

**Neuroscience and Psychiatry**
Currently, the Novant Health Brunswick Neuroscience & Psychiatry Institute (NHBNPI) and NHRMC have already begun to develop partnerships to provide more comprehensive and efficient care for our shared stroke and psychiatric patients in the Brunswick community. The partnerships built between NHBNPI and NHRMC include neuroscience critical care, ischemic and hemorrhagic stroke therapy and intervention and our psychiatric and behavioral health services.
A partnership between the health systems would provide both institutions with a unique opportunity to develop standardized, efficient, multidisciplinary, community-specific, value-based care throughout North Carolina and surrounding regions. As we look to become more integrated, we view the following as potential opportunities for further collaboration:

**Pediatric Neurosurgery and St. Jude Children’s Research Hospital**

Novant Health has developed a systemwide, multistate presence in pediatric neurosurgery. Novant Health Presbyterian Medical Center in Charlotte campus houses an affiliate clinic of St. Jude Children’s Research Hospital and partners with us to deliver leading-edge pediatric tumor therapy for children in the Charlotte region allowing patients to receive care closer to home.

A NHRMC-NHBPI partnership would open the doors to the southeastern community, allowing pediatric patients to get their surgeries and advanced life-saving cancer treatment from St. Jude Children’s Research Hospital without going far from their home. At our Charlotte campus, our pediatric oncologists, neurologists and neurosurgeons are able to perform and deliver all aspects of pediatric brain cancer treatment and provide access to the latest clinical trials from St. Jude Children’s Research Hospital. In addition, our pediatric surgery program offers pediatric endovascular procedures treating infants and toddlers with complex intracranial vascular disorders. By forming a more intimate relationship, we would be able to extend these service opportunities into southeastern North Carolina.

**Comprehensive Functional Neurosurgery Program**

Novant Health Presbyterian Medical Center has a dedicated fellowship-trained functional neurosurgeon and neurology movement disorder and epilepsy program. Together, the team delivers not only the latest in medical therapy, but also offers robust, advanced therapies for movement disorder and epilepsy. The Visualase laser allows us to treat deep epileptogenic foci that otherwise could not be safely treated, all through a hole in the skull the size of a pencil.

Other cutting edge technology and minimally invasive procedures for the treatment of movement disorders are also being performed in our functional neurosurgery program. These services could enhance the advanced care we deliver to southeastern North Carolina and provide an opportunity for us to explore further integration of these services into NHRMC, creating an access web across the Carolinas.

**Complex Cerebrovascular Surgery Program**

Novant Health employs complex dual-trained cerebrovascular neurosurgeons. Novant Health is the first and only hospital in North Carolina to perform MRI NOVA studies to look at the cerebral blood flow as an objective means of determining which patients with intracranial atherosclerotic disease are candidates for direct STA-MCA bypasses, indirect bypasses for Moyamoya disease. The collegiality between the partners would allow for a more robust opportunity for program development and joint progressive clinical research endeavors.

**Neurology**

It is not cost effective to build multiple programs for rare neurological diseases such as myasthenia gravis and amyotrophic lateral sclerosis (ALS) in every community. NHRMC has neurological specialists with the unique skill set that would enhance the neurological services of Novant Health system-wide in these areas and could be developed as a system-wide center by developing highly specialized myasthenia gravis and ALS centers.
Orthopedics and Sports Medicine

There are opportunities to look strategically at orthopedic services offered between NHBMC and NHRMC. Opportunities include centralization of high acuity procedures and value-based products at NHRMC and delivery of outpatient orthopedic procedures in low-cost sites of care.

Early participation in Medicare’s bundled payment programs translated into success in the design and delivery of value-based orthopedic products at Novant Health. We have successfully designed and delivered a team member total joint bundle that capitalizes on our high-performing orthopedic facilities and fellowship-trained total joint specialists to standardize a total joint pathway and eliminate out-of-pocket costs for team members who receive a total hip or knee replacement.

Partnership with NHRMC would enable a further refined approach to value-based orthopedic care, system efficiencies to lower total cost of care, site of care strategies for orthopedic procedures and research programs and grants to drive quality improvements across systems.

CLINICAL RESEARCH AND GRANT FUNDING

Novant Health has a robust clinical research program across all therapeutic areas encompassing ambulatory and outpatient clinics and acute care facilities. We strongly believe that clinical research is a core element of a sophisticated healthcare system and have made significant investments in program infrastructure to support a thriving clinical research enterprise. Benefits include better care options for patients, improvement in safety and quality, higher provider satisfaction and improvement in reputational score.

Novant Health enjoys an excellent inspection record with the Food and Drug Administration, having passed numerous inspections in recent years. Clinical research is a highly regulated segment of healthcare and we have processes and resources in place to ensure ethics, safety, quality and compliance – the hallmarks of our integrated program.

All Novant Health institutes and centers of excellence participate in clinical and/or outcomes research as determined by its leadership teams. Currently, Novant Health investigators are active in the areas listed below:

- Regulatory and accreditation, and infection prevention
- Cancer Institute
- Community Health & Wellness Institute
- Heart & Vascular Institute
- Hospital-Based Medicine Institute
- Innovation & Artificial Intelligence Institute
- Neurosciences & Psychiatry Institute
- Orthopedics & Sports Medicine Institute
- Post-Acute Care Institute
- Safety & Quality Institute
- Surgical Institute
- Women’s & Children’s Institute
- Nursing
Our teams support research initiatives led by Novant Health investigators and endorsed by the institute and system leaders. Our corporate research role is to ensure ethics, safety, quality and compliance as we support our clinical investigators. In other words, we facilitate the research driven by our clinicians. Within the clinical organization, many leaders have identified a research liaison to assist in management of the research portfolio within clinical areas. We partner with these liaisons and leaders in the management and administration of their respective portfolios.

Novant Health’s program is founded on four tenets — ethics, safety, quality and compliance. Each is critically important to improve the health of those whom we serve and to deliver a remarkable patient experience. Novant Health aims to partner with NHRMC’s research team to ensure every clinical trial, every patient encounter and every novel therapy delivered, be it an investigational drug, medical device or other research intervention, is managed in a safe, compliant and ethical manner.

Our oncology teams look forward to the opening of two phase I oncology clinical trial units (Winston-Salem and Charlotte) in July and October 2020, respectively. These units will be staffed with a cadre of specially trained and experienced early-phase research nurses and data managers. With the high-acuity of early-phase and first-in-human trials, the importance of highly skilled trials professionals is of paramount importance in managing patient safety, protocol compliance and building trusting and enduring relationships with pharmaceutical companies, biotechs and industry.

Novant Health sees an opportunity to partner with NHRMC and include a third phase I oncology clinical trials unit in Wilmington. This expansion will afford patients in the Southeast region of the state opportunities to participate in early-phase research without having to travel long distances to centers outside the region – something we will certainly explore if of mutual interest.

Novant Health’s cancer program is very active with National Cancer Institute (NCI) NCORP Research. Our cancer program participates in NCORP research through the Southeast Clinical Oncology Research Consortium (SCOR), our pediatric hematology-oncology program and the St. Jude Affiliate Clinic at Novant Health Hemby Children's Hospital, which is a member of the Children’s Oncology Group (COG) and a designated Hemophilia Treatment Center. Our adult hematology program conducts autologous stem cell transplants, CAR-T cell therapy and has applied for FACT accreditation, expected soon.

Novant Health is currently implementing the Forte OnCore Clinical Trial Management System (CTMS) – a platform that is fully interoperable with Epic and allows us to centralize, manage and gain insight into all research-related activity, including safety reporting (SAE/AE/UAP, protocol deviations/violations), financial management, billing compliance, metrics reporting, patient calendars, EHR integration, patient demographics, governance committee management, audit management, effort tracking/reporting, patient registries, biospecimen management and more. New Hanover Regional’s clinical trials office is familiar with Forte’s CTMS, having used its hosted Allegro product for many years.

A fully interoperable CTMS reduces redundant data entry, drives quality and compliance, streamlines business ops and enhances patient safety. OnCore CTMS is in place at more than 100 U.S. health systems, including leading cancer centers, academic medical centers and integrated healthcare systems across the country. The potential for NHRMC and Novant Health to collaborate on a single OnCore instance will
offer trial operations efficiencies as well as robust reporting to the leadership team around trial activity, accrual, finances, investigator activity and more.

Over the past several years, thousands of patients have benefited from Novant Health’s regional leadership in sponsored clinical trials. In addition to hundreds of trials led by dozens of pharmaceutical companies, biotechs and device manufacturers, Novant Health also works as a subrecipient on federal grants including NIH, NCI, StrokeNet, NHLBI, NIADS, PCORI and others. While most academic medical centers measure success in federal research dollars awarded, at Novant Health, we measure success by positively impacting patient outcomes locally. This means providing expert clinical trial options closer to home.

**Research and Grant Funding at Partnered Systems**

Novant Health has extensive experience in integrating research operations across disparate programs and geographies. In 2015 and 2016, Novant Health centralized what then were highly functioning research programs spread across service lines and acute care facilities. The central function, known today as “corporate research” houses all research nurses, coordinators, data managers, regulatory coordinators and research finance functions. Over the past several years, we have worked to employ best practices from legacy components of the program and roll these out as corporate initiatives.

We currently maintain four teams within corporate research — a general research team in both Charlotte and Winston-Salem, and an oncology research team in these two major geographic areas. Each supports regional hospitals and clinics from a central “hub” located at Novant Health Forsyth Medical Center (Winston-Salem) and Novant Health Presbyterian Medical Center (Charlotte) that serve as the administrative centers for research operations.

Our integration of these centers brings together the best of research-sharing common technology, process flows, business operations, financial systems, SOPs, internal monitoring, compliance and more. Operating as a single, cohesive unit under a shared leadership model, we are able to offer patients across the Southeast access to more clinical trials and research opportunities than operating as separate business units. Contractually, we engage trial sponsors as one group, allowing our investigators to participate in studies where they have oversight of patients across the region. A principal investigator can be located at any Novant Health facility or clinic and work with sub-investigators at facilities hours away, all while exercising oversight for the study as required by law. This affords Novant Health clinicians opportunities to lead study accrual which can result in authorship on publications in leading journals and other accolades that positively affect both the provider, clinic and Novant Health overall.

Members of our research teams are familiar with NHRMC research leadership, having collaborated on projects over the years. A partnership with NHRMC would afford Wilmington-area clinicians with access to an expanded clinical trials network that would benefit patients across southeastern North Carolina. Like Charlotte and Winston-Salem, Wilmington could serve as a third major hub for research across the region and facilitate research access for patients, including those who currently do not have access to trials through Novant Health Brunswick Medical Center, primarily due to distance.
8. ENSURING LONG-TERM FINANCIAL SECURITY

CONSISTENT FINANCIAL PERFORMANCE

Novant Health is well-positioned financially to support the future growth of NHRMC in its service area including beyond New Hanover County. Novant Health has an established track record of delivering robust financial performance through varying industry conditions. Over the past eight fiscal years (2012 through 2019—unaudited), Novant Health has averaged operating cash flow and operating income margins of 12.0% and 4.7%, respectively. These results demonstrate the achievement of cost savings and operating efficiencies resulting in a healthy and viable financial and operational position, especially when compared to health systems of similar size and geography.

For fiscal year 2019 (unaudited), Novant Health had operating revenue of $5.4 billion and continued strong operating cash flow of $501 million. In addition, as of December 31, 2019, Novant Health had total assets of $7.6 billion, total liabilities of $3.0 billion, total net assets of $4.6 billion and cash and investments of $3.1 billion. As a result of our consistent and strong operating performance, we have been able to make considerable investments in our facilities, improve patient care, provide high levels of charity care and fund cutting-edge research.

Our financial viability and balance sheet strength are demonstrated by our bond ratings of “AA-” by Standard & Poor’s (S&P), “Aa3” by Moody’s and “AA-” by Fitch,. The outlook is stable from all three agencies after upgrades by Moody’s and S&P in 2019. In announcing the upgrade, an analyst from S&P remarked that the “AA-” rating, “…reflects Novant Health’s sustained and favorable financial profile trends, namely consistent healthy operating performance and a falling debt load.”

Capital Capacity

As mentioned above, Novant Health credit ratings are AA-, Aa3 and AA- as rated by S&P, Moody’s and Fitch, respectively. Commensurate with our ratings, our balance sheet and leverage metrics are strong which provides capacity to access additional capital. Figures 14 and 15 below and Figures 16 and 17 on the following page show that through prudent allocations of capital and intentional deleveraging, we’ve been able to significantly reduce our debt load while maintaining healthy cash balances, as demonstrated by our historical days cash on hand metric.

Figure 14: Days Cash on Hand

<table>
<thead>
<tr>
<th>Year</th>
<th>Days Cash on Hand</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>201</td>
</tr>
<tr>
<td>2013</td>
<td>247</td>
</tr>
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<td>2016</td>
<td>245</td>
</tr>
<tr>
<td>2017</td>
<td>269</td>
</tr>
<tr>
<td>2018</td>
<td>232</td>
</tr>
<tr>
<td>2019</td>
<td>221</td>
</tr>
</tbody>
</table>

Note: FY 2019 Unaudited

Figure 15: Cash-to-Debt (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash-to-Debt (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>218.1%</td>
</tr>
<tr>
<td>2013</td>
<td>216.4%</td>
</tr>
<tr>
<td>2014</td>
<td>218.4%</td>
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<tr>
<td>2015</td>
<td>218.1%</td>
</tr>
<tr>
<td>2016</td>
<td>218.4%</td>
</tr>
<tr>
<td>2017</td>
<td>218.1%</td>
</tr>
<tr>
<td>2018</td>
<td>236.6%</td>
</tr>
<tr>
<td>2019</td>
<td>254.8%</td>
</tr>
</tbody>
</table>

Note: FY 2019 Unaudited
Budgeting and Capital Allocation Process

The total pool of capital to be allocated to local areas, or for corporate infrastructure, is determined based on projected operating cash flow of the system and required reserves for debt service. Area leaders work closely with corporate support departments (e.g., strategic sourcing, clinical engineering, real estate, etc.) to identify and prioritize potential capital projects within their communities. Funds are allocated to these areas based on need, growth potential, or significant identified projects. The NHRMC board will be active in this process.

Funding for Affiliates

In past partnerships with other hospitals or health systems, like Prince William Health System, Novant Health committed to investing a specified amount of capital over a specified period of time, while maintaining a local board with reserve powers to initiate major operational and program plans, develop operating and capital budgets and develop strategic plans, among others rights and responsibilities.

Novant Health has reviewed the information in the data room related to NHRMC's strategic master plan and we are very supportive of the plan’s goals and objectives. Novant Health will defer to the NHRMC board and senior leadership team on the development and refinement of market-based strategic and capital plans. This approach is consistent with our belief that the system should thoughtfully balance the benefits of local decision making with the need to achieve economies of scale by pooling resources and purchasing power across a broader geography.

The Obligated Group

The Obligated Group consists of Novant Health, Inc., Forsyth Memorial Hospital, Inc., and The Presbyterian Hospital. Each member of the Obligated Group may issue notes, bonds or other forms of debt under the Master Indenture, which are referred to as Master Obligations. Obligated Group members are jointly and severally liable for the payment of all Master Obligations. The Master Indenture authorizes the creation of a Combined Group, which consists of the Obligated Group and Restricted Affiliates. Restricted Affiliates may not issue Master Obligations under the Master Indenture; however, the members of the Obligated Group have promised in the Master Indenture to cause Restricted Affiliates to provide funds to members of the Obligated Group to pay such Master Obligations. Novant Health has designated 12 affiliates as Restricted Affiliates under the Master Indenture.

Novant Health has structured this proposal to provide NHRMC and the County with maximum flexibility by proposing a broad range of partnership structures. The treatment of NHRMC’s outstanding indebtedness will vary by partnership structure. A fully integrated partnership structure, for example, will result in NHRMC becoming part of Novant Health’s overall capital and debt structure and a member of the Combined Group, similar to Prince William Health System. As a not-for-profit health system,
Novant Health has the flexibility to assume, refinance, defease, or otherwise satisfy NHRMC’s existing obligations as may be financially and legally advisable.

**Impact of Novant Health’s Existing Financial Policies and Practices**

Novant Health intends to maintain NHRMC’s current financial policies and practices.

**Access to Capital**

We maintain relationships with a number of investment and commercial banks, and given our aforementioned strong credit ratings, we will be able to access multiple avenues of financing including bridge financing, lines of credit and long-term tax-exempt or taxable bonds.

**Debt Guarantee**

Novant Health has structured this proposal to provide NHRMC and the County with maximum flexibility by proposing a broad range of partnership structures. The treatment of NHRMC’s existing indebtedness will vary by partnership structure.

**Commitment to Capital Investment**

As described further in Section 10 & 11 – Governance & Partnership Alternatives, under a full integrated structure, Novant Health is committed to funding routine capital expenditure (which we estimate to be approximately $60 million per year for the foreseeable future based on information provided in the data room) as well funding the Strategic Master Plan Phases 1, 2 and 3 which in total amount to approximately $2.5 billion in capital expenditure. As detailed in Section 10 & 11 – Governance & Partnership Alternatives, Novant Health will provide significant capital under other alternative structures, including a capital commitment and co-investment opportunities under a management services agreement and pro rata funding of capital under a joint operating company or joint venture structure.

**Access to Financial and Capital Structures**

As mentioned earlier, Novant Health maintains credit ratings of AA-, AA- and Aa3 by S&P, Fitch and Moody’s, respectively. Our credit ratings, strong balance sheet, capacity for capital and relationships with investment and commercial banks allow us access to tax-exempt and taxable debt financing.

**EXISTING SYSTEM RESOURCES**

As described later in Section 10 & 11 – Governance & Partnership Alternatives, Novant Health is flexible and open to several partnership options. Treatment of current cash and investments will depend on the partnership structure. Novant Health will compensate the County for any net cash and investments retained under NHRMC under a fully-integrated partnership model.

**CONTINUED SUPPORT FOR THE NHRMC FOUNDATION**

In addition to contributing $50 million to the NHRMC Foundation, Novant Health will provide ongoing support and best practice sharing through the Novant Health Foundation. Novant Health philanthropic support is operated primarily through the corporate Novant Health Foundation and our six regional foundations. The corporate foundation is focused on delivering innovative fundraising capabilities to support the continued mission of improving our communities, one patient at a time. Backed by a staff of 34 team members, including eight CFREs (Certified Fund Raising Executives), the corporate and regional foundations have established a unique ability to work across the spectrum of community size, from rural to major metropolitan.

**Redesigned for the Future**

Within the past 18 months, Novant Health reorganized and strengthened our philanthropic support operations. Our new operational model helps centralize support and provides additional system-level resources to our regional foundations in order to maximize efficiency and fundraising capabilities.
Regional Focus
Traditionally, philanthropic support at Novant Health has been undertaken by our six regional foundations: (i) Novant Health Forsyth Medical Center Foundation; (ii) Novant Health Presbyterian Medical Center Foundation; (iii) Novant Health Prince William Medical Center Foundation; (iv) Novant Health Thomasville Medical Center Foundation; (v) Novant Health Rowan Medical Center Foundation; and (vi) Novant Health Brunswick Medical Center Foundation. With the improvements, Novant Health Foundation has added a regional focus that will encompass the entire operating geography of Virginia, North Carolina and South Carolina.

Regional foundations will continue to support the local facilities with which they are associated. In conjunction with providing that support, they will also focus on growing the philanthropic footprint by working collectively and collaboratively to attract major regional and national donors.

Extensive Back Office Support
To maximize efficiency and gain economies of scale, the corporate Novant Health Foundation offers significant back office support to the regional foundations. By providing this support, regional foundations are able to dedicate the majority of their time to expanding relationships with donors and potential funders in their respective communities, and less time on support operations.

Support functions provided by the corporate Foundation include:

- Gift processing and database management support
- Grant writing and reporting
- Prospect research
- Capital campaign design and oversight
- Gift planning education and program management
- Fundraising analytics
- Website design and support
- Social media

All regional foundations use a fundraising software called Raiser’s Edge that provides consistent and comprehensive prospect and donor data management as well as fully integrated analytics. All regional foundations now have access to the Raiser’s Edge database, enabling foundations to understand and manage potential donor overlap.

Commitment to Keep NHRMC Foundation Local
Novant Health anticipates the NHRMC Foundation operating in the same manner as our other local foundations. It is our assumption that all restricted cash and investments are already earmarked for specific projects and/or programs, and Novant Health will not seek to divert any of those funds. Furthermore, we routinely honor the desires and intentions of our local foundations for investing in their associated facilities and programs, and look forward to working with the NHRMC Foundation and board to determine the best investments at NHRMC with which to utilize the current amount of unrestricted cash and investments.

PAYOR CONTRACTS
Novant Health commits to maintaining NHRMC's material payor contracts and agreements without disruption.

SYNERGIES THROUGH PARTNERSHIP
Novant Health believes that efficiencies from economies of scale are critical in healthcare. We have the ability to save considerable expense by leveraging corporate overhead costs over many facilities. We have
already realized considerable savings by negotiating for medical supplies, capital equipment and medical malpractice costs as a system versus negotiating as single facilities. These savings are re-invested into resources that will improve patient care, make healthcare safer and more affordable, and provide services to the communities we serve.

The merits of a scaled health system that a partnership with Novant Health will advance offer significant efficiencies to the combined enterprise and would ultimately lower the cost of health care for our communities. A number of elements of the existing Novant Health infrastructure indicate the potential benefit that can be extended to NHRMC. By leveraging Novant Health’s world-class supply chain and sourcing competencies, NHRMC can achieve significant cost savings to reinvest in direct patient care.

In addition to the quantitative or economic benefits, the post-reform model will require a deeper foundation of intellectual capital to thrive in a value-based environment. Novant Health strongly believes that a relationship where NHRMC has access to as many Novant Health resources as possible creates more advantages for both of our organizations, and forms a partnership that allows us to truly shape the future of healthcare in our communities.

With regard to current employment levels, the proposed partnership will not negatively affect NHRMC employees at any level. In fact, job growth will be a priority and we believe there will be meaningful opportunities to increase the number of healthcare related jobs located in New Hanover County by establishing a new shared services center and basing a corporate department in Wilmington. Additionally, it is our expectation and strong preference that the NHRMC Senior Leadership Team remain in place and continue to function in their current capacities, albeit with increased responsibility and oversight for an expanded regional network, including NHBMC.

Corporate Overhead

It is the practice of some healthcare systems to reallocate current corporate overhead cost to new hospitals joining the system. This is not the case with Novant Health. In our two most recent partnerships, Rowan Regional Medical Center and Prince William Health System, Novant Health did not spread corporate overhead costs from existing hospitals to the new hospitals.

For internal reporting purposes, Novant Health uses a “direct bill” method to allocate costs to its facilities. The direct bill method captures expenses that are deemed to be directly “controllable” by the facility. The most significant expenses in direct bill are materials management, revenue cycle services (for acute facilities), most HR areas, and, disbursements/payroll. Using this method allows Novant Health to gauge financial performance and operations management across facilities on a fair basis.

For external reporting purposes (such as tax returns and audited financial statements), all corporate expenses that benefit NHRMC will have to be allocated. These allocations are determined on an area by area basis based on identified cost drivers (for instance, IT expense may be allocated based on the number of computers). Novant Health will not allocate costs incurred in other regions, such as greater Charlotte, to NHRMC.

GRANT FUNDING

Novant Health is a not-for-profit 501(c)(3) organization and we are proud of our mission to improve the health of communities, one person at a time. Under any partnership structure, NHRMC will remain a not-for-profit, tax-exempt entity. As such, we do not anticipate any impact on existing grant-funded programs.
9. STRATEGIC POSITIONING

EXPANSIVE VISION TO BE THE SOUTHEAST’S PREEMINENT HEALTHCARE SYSTEM

Novant Health’s vision is to be the preeminent, super-regional healthcare system in the Southeast. We seek to deliver remarkable care to communities stretching from Virginia through the Carolinas and potentially extending down the eastern seaboard into Florida over time. We have built a diverse, inclusive team and culture that ensures we can partner with other systems who share a common vision of extending care that feels local, but reaches broadly. We view NHRMC as integral to achieving this mission. As the system’s “Eastern flagship,” NHRMC would be a core component of our regional strategy and serve as the catalyst for expanding the communities we serve along the seaboards of both North Carolina and South Carolina.

Below are the key differentiators that we believe will enable Novant Health, in concert with NHRMC, to deliver on a shared strategic vision.

- Experienced, multi-regional healthcare services provider with a care delivery platform that ensures patients can access the most advanced care when and where they need it
- Operating model and governance structure that intentionally balances a high-degree of local decision-making and strong local clinical delivery capacity, with the recognition of the need to pool resources and optimize certain functions across broader geographies to achieve economies of scale and to develop new competences in a rapidly evolving industry
- Bifurcated ambulatory strategy that combines an existing portfolio of clinics, urgent care locations, freestanding imaging centers, ambulatory surgery centers and retail clinics with the unique ability to expand ambulatory access points in a capital efficient manner
- An unwavering commitment to a pluralistic physician alignment model and belief in the importance of physician engagement and leadership as demonstrated by our use of a dyad leadership model that pairs clinical leaders with administration leaders at both the Executive Management and Regional Leadership levels
- Financial wherewithal and commitment to expanding access to care across the continuum as a multi-billion enterprise with $3 billion of unrestricted cash and investments and ‘AA-/AA-/Aa3’ ratings
- Technology-enabled enterprise with fully connected EHR supported by a digital products and strategies team acutely focused on finding new mediums of connecting patients with care virtually, further expanding reach and access
- Clinically integrated network well positioned for value-based care transition and risk-based contracting will allow Novant Health to more meaningfully manage populations
- Culture of partnership and local governance to guide southeastern North Carolina strategic vision
- Keenly focused on local provision of care which, by combining NHRMC with Novant Health’s Brunswick operations, will enable us to provide unique insight into local and regional service area dynamics
- Ability to invest significant resources to fund NHRMC’s strategic master plan and to address opioid addiction through the creation of free-standing addiction centers
Continued substantial investments in back-office functionality will support expansion into a super-regional system including commitments to increase the number of healthcare related jobs in New Hanover County by establishing a Novant Health shared services center and a corporate department in Wilmington.

**EXTENDING CARE THAT FEELS LOCAL, BUT REACHES BROADLY**

Novant Health sees a significant opportunity to expand our ability to deliver advanced care beyond our current Virginia, North Carolina and South Carolina footprint. Our strategic vision for southeastern North Carolina will be guided by NHRMC’s vision for its broader service area and fully supported by our system’s unique capabilities and financial strength. Drawing upon both our organizations’ combined, longstanding experience in southeastern North Carolina, we believe that together we can become the preeminent healthcare delivery system that provides high quality and cost-effective services to communities in the southeastern United States.

Importantly, we view a potential partnership with NHRMC as both synergistic and symbiotic. As highlighted in the Strategic Master Plan and recent Partnership Advisory Group meetings, expanding primary and ambulatory care access points is key to providing patient care that is convenient, local and rooted in clinical quality. We believe that a combined southeastern North Carolina footprint could draw upon best practices from both organizations and decant NHRMC’s New Hanover facilities, allowing for a significant expansion of tertiary and quaternary services at NHRMC. Our presence in Brunswick County and insights into regional care needs uniquely position our organization to optimize care and improve patient flow and would allow valuable mutual learning and information sharing for our organizations.

**Expansive Ambulatory Deployment**

We imagine expanding care not simply through new acute care facilities, but through more extensive ambulatory portfolios. Offering a full spectrum of lower cost options such as physician clinics, urgent care centers and outpatient surgery centers will enable patients to reduce the stress of care and focus more on achieving greater, sustained health. Novant Health sees our ability to rapidly and effectively deploy a broad ambulatory strategy in new communities as a hallmark of our growth capabilities.

**Developing and Employing Advanced Technology**

To achieve our aim of providing the highest quality care to patients, Novant Health has embraced the development and employment of advanced technologies. Over the past two years, we have strived to partner with providers such as Jvion and KenSci which offer artificial intelligence platforms that can support our care providers and achieve levels of care not previously imagined.

In addition, our digital products and strategies team continues to find new ways to connect patients with care virtually. Whether delivering specialist care such as tele-behavioral health or primary care through our partnership with TytoCare, Novant Health is focused on reaching each and every community in our footprint and beyond. We see significant opportunity to rapidly deploy our full suite of technology platforms to any and all of our partners who recognize the value inherent in advanced technology.

**Scalable Back Office to Support Growth**

Novant Health has made substantial investments over the years to ensure a back office that is flexible and scalable to support the expansion into a super-regional system. This includes industry-leading revenue cycle capabilities, advanced cybersecurity systems and a sophisticated supply chain. Moreover, many of our back office platforms are intentionally designed to be co-located, allowing various geographies to host core components of system-level corporate functions.
Culture of Partnership and Local Governance

Pervasive in all Novant Health does is a culture of partnership based on employing a diverse team that works together to deliver remarkable care. This culture of partnership allows Novant Health to push governance and control down to the local communities. As we continue to grow throughout the Southeast, it is that continued belief that the system supports the local community, and not the other way around, along with a culture of diversity and partnership that will remain our foundation.

STRATEGIC PRIORITIES

As the healthcare landscape continues to evolve, both nationally and locally, it remains essential that like-minded systems such as Novant Health and NHRMC continue to collaborate on delivering care to the regions we serve. Only through further cooperation can we persist in developing new care pathways and lower cost venues of care for our communities.

Our strategic priorities for southeastern North Carolina can be initially viewed through the lens of our strategic imperatives, which focus our efforts in all the communities we serve:

- **High-performing, change-ready and resilient team** — Our culture will be known for resilience and innovation. Our leaders, team members and clinicians will have the mindset, tools and skills to anticipate and manage rapid change, ensuring that we continue to grow and thrive as a system

- **Improving health** — We will provide the highest quality care and value through the remarkable patient experience to each individual patient, while partnering with others and developing a system of care that focuses on keeping our communities healthy

- **Operational excellence** — We will deliver outcomes to exceed our patients’ expectations of a remarkable patient experience

- **Technology, innovation and advanced analytics** — We will optimize and expand our technology and business intelligence capabilities to provide actionable and secure information and innovate to drive organizational results

- **Consumer-driven products and pricing** — We will develop products, pricing and partnerships that anticipate and respond to the needs of our patients, employers, communities and payors

- **Industry leadership and growth** — We will provide industry leadership and advocacy, and build strong community relationships as we grow locally and into a multistate super-regional system

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Case Study: Novant Health Brunswick Community Hospital

Since Brunswick Community Hospital joined Novant Health in 2006, we’ve remained focused on our mission, vision and values of improving the health of the community, delivering remarkable patient experiences and acting on our strategic priorities across the coastal community. We opened the new Novant Health Brunswick Medical Center in 2011; created a local foundation focused on community health needs; expanded the medical staff to three times the size; and opened a freestanding endoscopy center to accelerate our ability to deliver on our imperatives. We have maintained an “A” rating from the Leapfrog Group since 2016 and have had a positive impact on the community.
Building from a common heritage rooted in service to southeastern North Carolina, we firmly believe NHRMC and Novant Health have a unique opportunity to unite the complementary strengths of both organizations to accomplish more than either organization could achieve independently, all for the benefit of New Hanover County and surrounding communities. As the system’s southeastern flagship, NHRMC would be a core component of our regional strategy and serve as the catalyst for broadening the communities we serve along the coast of both North Carolina and South Carolina. NHRMC will be included in the formation stages of this significant regional expansion strategy, enabling it to be a key partner capable of exerting substantial influence as we jointly develop strategic plans.

Novant Health will work collaboratively with NHRMC and the County to support the fulfilment of existing strategic and operational initiatives and, as described in Section 10 & 11, Novant Health is fully committed to funding Phases I, II and III of NHRMC's master plan. Additionally, building upon the successful integration of NHRMC's cardiac service into NHBMC, we see an opportunity to further extend the reach of NHRMC's specialists into the communities served by NHBMC.

Longer term, Novant Health envisions the development of an expanded regional health system capable of delivering the full continuum of care to the coastal communities. We will focus the future on growth of existing and new programs and services and developing centers of excellence. Operational initiatives will include investments in new facilities, implementation of innovative care processes and technologies, expansion of essential programs and further development of outreach programs. We will continue to provide care to all patients and families of all ages, regardless of their financial situation.

By investing in additional ambulatory resources, preparing the NHRMC campus for the future and investing more in Pender and other surrounding counties, together we can position NHRMC to become the premier healthcare provider in the coastal region, capable of delivering superior quality and value, achieving economies of scale and enhancing access to care for a growing population.

REGIONAL APPROACH TO PLANNING
Developing strategic priorities and plans for southeastern North Carolina must first begin with listening to and understanding how NHRMC views the region and the community. While Novant Health’s experience in serving patients in Brunswick County certainly provides us with one view of NHRMC's adjacent community, a partnership with NHRMC would significantly broaden the scale and scope of our potential impact. We feel it will be essential to collaborate early and often with NHRMC on refining and implementing strategic plans for the region.

Close Collaboration
Our initial thoughts center on expanding access to care, system-wide collaboration and sharing of best practices focused on safety and quality, and creating a coordinated care continuum for coastal residents with the best community and tertiary services provided. We propose starting with further service line development and growth, ensuring that a full array of high-quality services are available for heart and vascular, neurosciences, behavioral health, orthopedic and women’s care, while also expanding access points with the goal of keeping patients in the greater Brunswick and New Hanover areas. Together, we can enhance the community's perception and receipt of care provided locally.

Additionally, we would focus on key elements supporting coordination of care, including transportation, telemedicine capabilities, nursing coverage and other identified synergies and best practices. By working together, we envision leveraging the strengths and resources of each organization for the benefit of the community and those we serve.
Understanding Community Needs
A recent community health needs assessment for Brunswick County identified as top needs in the area, treatment for chronic diseases, such as cancer, diabetes and heart disease, as well as mental health/substance abuse. Novant Health sees a partnership as an opportunity to bring together significant resources in an effort to further answer the unmet needs of coastal North Carolina, including opioid and other addiction issues. In addition, the community needs assessment also identified affordability as a primary roadblock to receiving high-quality care, which highlights an opportunity to work together on offering lower cost access points for patients and reducing healthcare costs overall.

Expanded Partnerships
One potential strategy to addressing community needs is expanding our partnerships with the Brunswick Wellness Coalition and other community agencies to address food access and chronic diseases, like diabetes and COPD, to demonstrate our ongoing commitment to community health and wellness and improving health equity. We are working with the Brunswick Wellness Coalition to provide health fairs in Leland, Southport and Shallotte, free mammography screening and resources to connect individuals to primary care physicians near their homes.

To provide close connectivity between our organizations, Novant Health serves on the organization’s executive committee. We have also worked closely with the New Hope Free Clinic in Boiling Springs Lakes and Shallotte to provide specialty care in gastroenterology, urology, general surgery, endoscopy, lab and imaging services. Novant Health sponsors fundraising efforts and events for the clinic.

Tackling Mental Health and Substance Abuse
As many communities continue to struggle with mental health and addiction, Novant Health sees its partnership and strategic investment with HopeWay as a new resource in the fight. HopeWay is a unique residential treatment facility geared toward those struggling with mental health issues. The facility is a live-in treatment facility with on-site medical coverage after usual working hours. This design places HopeWay in a niche between inpatient psychiatry and outpatient services, and is the only residential treatment facility of its type in North Carolina.

As described in Section 10 & 11, Novant Health is prepared to make a one-time contribution in the amount of $50 million to capitalize a new nonprofit foundation that could address specific community wellness needs in the County. By way of example and subject to the ultimate discretion of the County, the new foundation could fund the creation of a comprehensive addiction treatment program focused on opioid abuse that includes the construction of treatment centers in the community to help tackle addiction issues in the communities of southeastern North Carolina.

STRATEGIC ALIGNMENT
NHRMC’s focus areas of access, value and health equity align closely with the strategic focus of Novant Health. Given this close alignment, we see opportunities to accelerate many of the strategic initiatives that comprise the focus areas of NHRMC.

Access
NHRMC’s focus on increasing access for patients aligns well with Novant Health’s emphasis of providing consumer driven pricing and products. We want patients to be able to access care where they want to when they want to. That is why Novant Health has deployed an ambulatory footprint comprised of clinics, urgent care locations, freestanding imaging centers, ambulatory surgery centers and retail clinics resulting in over 600 combined locations across three states.
Novant Health utilizes this expansive footprint to achieve to multiple core outcomes: (i) offer patients multiple points of care access, (ii) provide cost-effective choices for patients and (iii) decompress our acute care facilities. We are constantly seeking new methods of care delivery to ensure that patients receive the care they need, but at the lowest cost setting that is appropriate.

We have also sought to leverage ever changing technology to supplement, and eventually supplant, our on-site care. This includes changing how Novant Health views information technology within the system, from simply maintaining the infrastructure to deploying advanced platforms and artificial intelligence in our care models.

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**Case Study: GoHealth Urgent Care**

In late 2018 Novant Health partnered with GoHealth to accelerate our urgent care strategy. GoHealth is an innovative care provider who designs care delivery around partnering with not-for-profit healthcare systems. GoHealth will enter a community by forming a joint venture with the system whereby the system staffs the providers and GoHealth provides a myriad of support services, including site selection and clinic design.

GoHealth sites are designed to be located in major retail settings, providing high visibility and ease of access for our patients. In addition, the sites are supported by Novant Health’s Epic platform ensuring a seamless patient record for the patient’s primary care physician. Furthermore, the joint venture utilizes GoHealth’s mobile platform, which empowers consumers to locate and choose the center with the optimal mix of proximity and wait time, and then hold that consumer’s arrival time.

Since partnering with GoHealth, the joint venture has opened 16 centers across Charlotte and Winston-Salem, with several more expected in 2020. This large portfolio of sites has allowed Novant Health to treat over 100,000 patients in the past year, offering a viable alternative to the higher-cost emergency department.
Case Study: TytoCare

In October 2019, Novant Health announced an innovative partnership with TytoCare. TytoCare has developed an integrated modular device and telehealth platform that allows for on-demand, remote medical exams. The partnership allows patients to have access to standard virtual visits, as well as the ability to utilize the TytoHome examination device to augment virtual visits with comprehensive physical exams.

Patients anywhere in North Carolina will be connected exclusively via the TytoCare platform to a Novant Health provider anytime, anywhere. Furthermore, the TytoCare end-to-end platform will be integrated into Novant Health’s ever-advancing digital health care delivery platform to permit patients to receive high-quality care on their terms.

TytoHome is a handheld, modular examination device used by patients that allows clinicians to perform comprehensive physical exams virtually. Providers will leverage video, augmented reality, advanced sensors and machine learning to examine the heart, lungs, skin, ears, throat and abdomen. Tyto devices will also measure body temperature and heart rate and have the capability to connect via Bluetooth to other devices that measure blood pressure, oxygen saturation and weight.

Value

Not only does Novant Health focus on delivering care through multiple access points, but also on ensuring that patients are receiving the optimal value for the care they receive. Our strategic priority of improving health mandates that we will provide the highest quality care and value through the remarkable patient experience to each individual patient, while partnering with others and developing a system of care that focuses on keeping our communities healthy.

Ensuring maximum value is accomplished through a variety of strategies, including deploying innovative contracting strategies and building a network of broad care for patients to leverage. As discussed in previous sections, Novant Health constantly seeks to evolve our contracting strategies, including the deployment of new and innovative care bundles. Furthermore, we have worked diligently to deploy clinically integrated networks throughout our footprint, connecting both employed and independent physicians.

Health Equity

Significant disparities in healthcare exist throughout the geographies in the southeast and North Carolina. Novant Health is focused on eliminating this inequalities in health and healthcare so that all people receive the highest level of health. Since signing the AHA #123forEquity pledge in 2016, we have been determined to identify opportunities to deploy teams, utilize data and dispatch resources to achieve health equity. And we have been nationally recognized for our efforts, winning the inaugural health equity award from CMS in 2018 for our work to reduce pneumonia readmissions for African-American patients.
Case Study: The Michael Jordan Clinic

In 2019, Novant Health opened the first of two medical clinics in partnership with Michael Jordan. Supported by a $7 million gift, the clinics target communities with little or no health care. The 6,800-square-foot clinic offers standard primary and preventive care while also providing neighborhood residents access to behavioral health and social support services.

The clinics are strategically placed in an area identified as having high priority public health concerns by a health needs assessment conducted by the Mecklenburg County Health Department in partnership with Novant Health. Novant Health sought input from the community throughout the planning and development process. Our teams met with leaders of the community and held forums with community members on a monthly basis, receiving feedback on everything from the aesthetic features of the clinics to the services they felt they needed most. Team members working in the clinics were recruited from surrounding neighborhoods.

PENDER MEMORIAL AN ESSENTIAL PARTNER

Novant Health views Pender Memorial Hospital (PMH) as an essential partner for a comprehensive system in southeastern North Carolina. Much the same as NHRMC and NHBMC provide local care for New Hanover and Brunswick counties, PMH is a foundational asset for Pender County. Moreover, as growth continues to accelerate in the area it will be imperative to maintain a strong network of facilities to ensure no single facility experiences undue pressure.

Novant Health understands that NHRMC sees the need to develop a strategic plan for PMH and has noted its presence in Phase 2 of the Strategic Master Plan. We see an opportunity to collaborate as partners to invest significant resources in PMH and the surrounding area to enhance care and increase access for the residents of Pender County.

MAINTAINING A STRONG NETWORK

Novant Health and our operations in Brunswick County have enjoyed a 10-year plus relationship with NHRMC. We have worked closely to expand cardiac care for area residents, placing providers ever closer to the patients to enable greater access. Novant Health and NHRMC have also recently collaborated to elevate the neurosciences care in the area as well as providing 24/7 air ambulance coverage.

This close relationship illustrates the value of a network of hospitals working together to care for a regional population. Along with other regional providers such as Dosher Memorial Hospital we see a potential partnership with NHRMC as a medium to enhance the overall level of care in the region. Therefore, we look forward to not only continuing the relationships that NHRMC has developed, but finding ways to further deepen those ties.
SYSTEMWIDE INITIATIVES

Novant Health is committed to a bi-lateral learning relationship and stands to learn much from NHRMC. Given the close alignment of NHRMC’s areas of focus and Novant Health’s strategic imperatives, there are specific strategic initiatives that we will seek to collaboratively introduce at NHRMC to accelerate the pace of implementation:

- **Access to care:** Novant Health is prepared to deploy significant financial and intellectual capital to help NHRMC hasten the expansion of the system’s ambulatory footprint. Whether opening new physician clinics, expanding urgent care in the region or investing in new outpatient surgical centers, there is significant opportunity for investment.

- **Advancing value-based programs:** By partnering, Novant Health and NHRMC can work together to develop more advanced value-based programs. This not only enhances the level of care for the patients of southeastern North Carolina, but also provides greater clarity and certainty on the cost of care.

- **Closing of health equity gaps:** Both systems understand the needs the population of southeastern North Carolina faces. We understand that significant investment must be made to enable all patients to receive the same level of care. Partnering will allow us to further pool our resources to deploy the technology and programs to identify and close the gaps that currently exist.

- **Enhanced staff and provider engagement:** Novant Health recognizes that to deliver remarkable care you first have to care for your teammates. We continue to deploy new tools and strategies to reduce burnout and ensure that our team members are engaged.

- **Expansion of clinical offerings:** The opportunity exists to further deploy new clinical programs to the surrounding counties in southeastern North Carolina. By continuing to invest in new clinical programs, NHRMC, with Novant Health’s backing, can further decompress the main facilities and concurrently bring care closer to the patient.
Overview

Novant Health has a long history of successfully partnering with other healthcare providers. We are comfortable with a range of alignment models, believing that form should follow function when developing strategic relationships. Our experience spans management and shared services relationships, innovative joint ventures and joint operating companies such as our partnership with UVA Health System in Virginia, and fully integrated affiliations. Novant Health also is committed to maintaining local governance and local decision-making. In our experience, members of the local community are best positioned to serve as trustees because they understand the unique needs of the service area. It is for this very reason that Novant Health has kept local boards in place in all of our previous partnerships.

As previously discussed in Section 9 – Strategic Positioning – NHRMC will be the core component of an accelerated, regional growth strategy, serving as the Eastern flagship and a catalyst for expanding the communities we serve in eastern North Carolina and beyond. Our existing presence in Brunswick County creates unique opportunities for NHRMC to accelerate capital investment and growth, achieve efficiencies, improve access, and optimize care coordination across an expanded, regionally focused, delivery network. The ability to achieve cost savings may result in opportunities to redeploy savings to fund additional programmatic investment, footprint expansion, and/or other initiatives for the benefit of patients and the local community.

We recognize the magnitude of the decision facing NHRMC and the County, and appreciate that the County may not want to pursue an outright sale of NHRMC. We have maximum flexibility to accommodate the County’s objectives and have structured this proposal to offer a range of partnership arrangements, including a (i) management services agreement (“Management Agreement”, “MSA” or “MA”), (ii) joint operating company, (iii) joint venture, and (iv) fully integrated model. All of these arrangements will deliver significant funding for capital investment.

Governance

NHRMC FIDUCIARY BOARD

The NHRMC board will remain in place, in a fiduciary capacity, under all partnership scenarios. We expect that NHRMC will continue to be governed by a community-based, volunteer board of 17 trustees. Board composition and nomination rights will vary depending on partnership model. In the case of a full integration, for example, the NHRMC board will nominate trustees and control the composition of the board slate. A Novant Health trustee or designated official may participate on the NHRMC board in an ex-officio basis to enhance connectivity to the Novant Health parent company board. The degree of involvement and reserve powers held by Novant Health and NHRMC will vary depending on the level of integration and investment between the two systems.
NOVANT HEALTH BOARD REPRESENTATION

Novant Health believes it is important to maintain connectivity between local boards and the Novant Health parent board. We are open to increasing the number of trustees on the Novant Health board in order to accommodate representation from NHRMC under certain partnership scenarios. At this time, we are prepared to offer NHRMC one board seat in connection with a joint operating company or joint venture in which Novant Health is the majority member, and two board seats in connection with a fully integrated partnership.

Range of Partnership Alternatives

Novant Health is offering a range of potential alignment models to provide the County with maximum flexibility. We look forward to the opportunity to review these models with the PAG in more detail as discussions progress. We are committed to demonstrating ongoing flexibility, transparency and patience throughout this important process. Our overarching goal is to continue to find ways to work together and deepen our relationship. Accordingly, we are open to exploring, with equal enthusiasm, alternative arrangements to meet NHRMC and the County’s strategic objectives if needed.

Note that our preliminary analysis of NHRMC’s corporate organizational structure indicates that NHRMC may need to convert to a hospital authority or private nonprofit in order to consummate some partnership models, such as a joint venture or membership substitution. This will not be an impediment to partnership, and we are fully committed to dedicating extensive resources and moving expeditiously to meet NHRMC and the County’s timetable.

MANAGEMENT SERVICES AGREEMENT

Novant Health proposes to partner with NHRMC through a long-term management services agreement. This contractual approach enables the County to retain 100% ownership of NHRMC, while providing NHRMC with access to capital and shared resources from Novant Health, such as supply chain, revenue cycle, information technology, payor contracting, human resources, financial management, treasury, innovation and other services. No changes will occur to the rights, responsibilities and composition of NHRMC’s existing board of trustees, and the existing NHRMC management team will remain in place with expanded responsibilities.

Pursuant to the MSA, Novant will provide NHRMC with solutions, resources, innovation and expertise to enhance operational, financial and clinical results in order to keep NHRMC at the forefront of industry change. Our best-in-class offerings span multiple operational areas, including patient safety and quality, physician recruitment and alignment, strategic planning, operational efficiencies, revenue cycle, data analytics, biomedical engineering and regulatory and accreditation.

Novant Health is prepared to accept a performance-based arrangement whereby a significant portion of the management fee will be at-risk, payable only in the event NHRMC achieves specified performance targets. The model that we are proposing will ensure that management fees are funded through revenue growth and operational improvements directly attributable to Novant Health’s enterprise resources, and we envision that the parties will adopt and track mutually agreed upon performance metrics that address key matters, such as clinical quality, patient experience and financial performance.

Upon finalizing the terms of the long-term MSA, Novant Health is prepared to integrate the activities of NHBMC into NHRMC in order to align incentives and facilitate joint regional planning. We believe this strategically and financially compelling offer represents a unique opportunity to implement a regional alignment model that addresses many of NHRMC’s strategic goals and objectives, while preserving its independence and immediately expanding its footprint and care coordination capabilities. Through the
NHRMC MSA and the integration of NHBMC, we will be capable of developing and implementing strategies to enhance the quality and availability of healthcare services through a regional, integrated delivery network to achieve greater efficiencies and clinical integration throughout eastern North Carolina, all to better serve the needs of the local community.

Novant Health will work collaboratively with NHRMC, the County and the PAG to determine a capital commitment to meet NHRMC’s needs. We are committed to supporting NHRMC and will commit significant capital to address the needs in NHRMC's master strategic plan in the context of a MSA partnership.

Additionally, we are confident that there will be significant opportunities for Novant Health to co-invest alongside NHRMC on a project-by-project basis. Novant Health commits to establishing a formal co-investment vehicle to facilitate the joint funding of regional development opportunities throughout southeastern North Carolina, such as a comprehensive ambulatory network with expanded access points or joint, integrative offerings to benefit patients and payors.

JOINT OPERATING COMPANY

Recognizing that the County may not want to sell all or a portion of NHRMC, Novant Health is prepared to structure the partnership as a joint operating company (“JOC”). In this scenario, the County and Novant Health will each contribute the operations of NHRMC and NHBMC, respectively, to a newly formed JOC. The JOC will be governed by a board of trustees comprised of representatives appointed by the County and Novant Health. This board will be granted specified authorities over strategic planning, budgets and other operational matters for NHRMC and NHBMC, with certain rights over fundamental corporate actions reserved to the County and Novant Health. The current NHRMC senior executive team will remain in place with management responsibilities for the JOC and will be supplemented, as needed, with Novant Health system resources.

There are several benefits associated with the JOC model.

- The County retains 100% ownership of NHRMC, while transferring the operational responsibility to a newly formed operating entity to facilitate coordinated joint planning for the entire region
- NHRMC may remain a public entity (either a component of the County or hospital authority)
- NHRMC’s public status is preserved
- NHRMC and the County may receive significant capital at closing

The JOC will be jointly owned and governed by the County and Novant Health. Novant Health’s preference is to participate as the majority member, but is open to alternative percentages based on the County’s goals and objectives. In addition to contributing NHBMC to the JOC, Novant Health will make an upfront cash contribution to achieve the desired membership split of the JOC. The cash contributions will be used to fund capital projects and/or an upfront cash payment to the County. Novant Health is flexible with respect to the proportion of cash and capital provided to satisfy NHRMC and the County's objectives. The parties will be responsible for funding future capital investments in proportion to their percentage ownership in the JOC after closing; however, Novant Health is open to exploring ways in which it could unilaterally fund future capital needs of the JOC without diluting the County’s shared governance rights.

We will offer NHRMC one seat on the Novant Health parent company board in connection with a JOC in which Novant Health is the majority member.
JOINT VENTURE

Alternatively, Novant Health is open to facilitating a partnership through the creation of a new joint venture involving NHRMC. A joint venture will produce the same strategic and financial benefits as a joint operating company, but there are several structural differences to consider.

- Requires a partial sale of NHRMC (e.g. the County retains less than 100% ownership)
- NHRMC may be required to convert to a hospital authority or a private non-profit
- NHRMC’s public status may be affected

In this scenario, the County and Novant Health will contribute NHRMC and NHBMC, respectively, to a newly formed joint venture. The joint venture will be governed by a board of trustees comprised of representatives appointed by NHRMC and Novant Health. This board will be granted specified authorities over strategic planning, budgets and other operational matters for the joint venture, with certain rights over fundamental corporate actions reserved to the County and Novant Health. The current NHRMC senior executive team will remain in place with management responsibilities for the joint venture and supplemented, as needed, with Novant Health system resources.

The joint venture will be jointly owned and governed by NHRMC and Novant Health. Novant Health’s preference is to participate as the majority member, but is open to alternative percentages based on the County’s goals and objectives. In addition to contributing NHBMC to the joint venture, Novant Health will make cash contributions to achieve the desired membership split. The cash contributions may be in the form of significant funding for capital projects and/or an upfront cash payment to the County. Novant Health has maximum flexibility to optimize the allocation of financial value between capital for NHRMC and cash for the County to best meet your goals and objectives. The parties will be responsible for funding future capital investments in proportion to their percentage ownership in the joint venture after closing; however, Novant Health is open to exploring ways in which it could unilaterally fund future capital needs of the joint venture without diluting NHRMC’s shared governance rights.

We will offer NHRMC one seat on the Novant Health parent company board in connection with a joint venture in which Novant Health is the majority member.

FULLY INTEGRATED MODEL

Novant Health is prepared to partner through a fully integrated model, with Novant Health serving as the ultimate parent of NHRMC. In this scenario, NHRMC will have access to and enjoy full and unlimited system benefits and advantages. System membership will preserve NHRMC’s local identity and community input, while achieving sufficient operational integration to maximize economies of scale and skill, ensure a highly coordinated and seamless patient experience, and compete effectively in a rapidly evolving industry.

This scenario provides the greatest level of financial value to the County by maximizing proceeds at closing (see Estimated Net Proceeds to New Hanover County below). Additionally, Novant Health will commit to funding 100% of NHRMC’s strategic master plan and ongoing routine capital expenditures.

As the ultimate parent, Novant Health will not be engaged in day-to-day operating decisions; these determinations will be made at the local level, guided and informed by system policies and practices. The NHRMC board will remain in place, in a fiduciary capacity. The NHRMC board will nominate trustees and control the composition of the board slate. The local board will retain control over developing operating budgets and capital plans for the local system as well as local operations and strategic planning. Decisions involving the continued scope of healthcare services to provide and approval of any new clinical
programs are the responsibility of the local board. Board and medical staff relations and the selection and contracting of hospital-based physicians also are among the responsibilities of the local board.

**Illustrative Local Fiduciary Board Powers**

<table>
<thead>
<tr>
<th>Local Board Responsibilities</th>
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<tbody>
<tr>
<td>Development of major operational and program plans</td>
<td>Physician credentialing</td>
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<tr>
<td>Oversight of the quality of patient care</td>
<td>Political and community interaction</td>
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<tr>
<td>Management accountability, evaluation, and succession</td>
<td>Board and medical staff relations</td>
</tr>
<tr>
<td>Approval and recommendation to Novant Health board of annual operating and capital budgets</td>
<td>Selection and contracting of hospital-based physicians</td>
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<tr>
<td></td>
<td>Recruitment and nomination of local board members</td>
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The list above represents a sample of powers typically reserved to the local board. In the event NHRMC or the County have specific concerns about a particular element of a proposed partnership model, Novant Health is open to exploring solutions through the use of reserve powers or other protective rights.

Day-to-day management decisions will be made and implemented by the local management team. It is our desire that the NHRMC executive team retain their current positions and assume primary responsibility for developing and implementing the strategy outlined in this proposal.

We will offer the County two seats on the Novant Health parent board in connection with a fully integrated partnership, which may be achieved through a long-term lease (100% prepaid or a combination of upfront and annual payments), membership substitution or asset purchase.

**Economic Consideration**

**NHRMC ACCESS TO CAPITAL**

Future investment will be a critical factor in NHRMC’s long-term success, and Novant Health is committed to supporting that investment to ensure the needs of the local community are met. We will commit to fund 100% of NHRMC’s routine and strategic capital needs (or a significant percentage in the case of a joint venture, joint operating company or management services agreement). Based on the information provided in the data room, Novant Health anticipates funding approximately $60 million of routine capital annually, plus approximately $2.5 billion of strategic capital projects to complete all three phases of NHRMC’s strategic master plan.

**PRELIMINARY NHRMC VALUATION**

Based upon the information provided in the data room, Novant Health proposes a debt-free, cash-free enterprise value of NHRMC equal to $1.5 billion (the “Valuation”). Assuming a fully integrated partnership, the Valuation will be paid at closing and be subject to customary adjustments for: (i) any change in net working capital relative to an agreed-upon target; (ii) an increase for the amount of any cash and investments transferred to Novant Health; (iii) a reduction for the amount of any indebtedness, capital lease obligations, or interest rate swap liabilities assumed by or paid for by Novant Health; and (iv) a reduction for any pension or supplemental retirement plan liabilities assumed by or paid for by Novant Health.
ESTIMATED NET PROCEEDS TO NEW HANOVER COUNTY

Our preliminary analysis of NHRMC’s consolidated balance sheet as of Sept. 30, 2019, indicates a net cash position of $440.5 million. As shown in the table below, this figure represents cash and investments, including board-designated and trustee-held funds, less outstanding indebtedness, accrued interest, unfunded pension and supplemental retirement plans, and interest rate swap liabilities.

<table>
<thead>
<tr>
<th>NHRMC – Preliminary Net Cash (Debt) Analysis</th>
<th>9/30/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash &amp; Investments</strong></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Short Term Investments</td>
<td>$215.5</td>
</tr>
<tr>
<td>Board Designated Funds</td>
<td>634.2</td>
</tr>
<tr>
<td>Trustee-held Funds</td>
<td>36.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>886.7</td>
</tr>
<tr>
<td><strong>Less: Debt &amp; Debt-like Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Debt &amp; Capital Leases</td>
<td>$(384.3)</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>(7.7)</td>
</tr>
<tr>
<td>Net Interest Rate Swap Liability</td>
<td>(0.0)</td>
</tr>
<tr>
<td>Unfunded Pension Liability</td>
<td>(49.1)</td>
</tr>
<tr>
<td>Supplemental Retirement Plans</td>
<td>(2.2)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(446.2)</td>
</tr>
<tr>
<td><strong>Net Cash (Debt)</strong></td>
<td>$440.5</td>
</tr>
</tbody>
</table>

Novant Health prefers that all or a portion of the excess cash and investments remain with NHRMC to accelerate and increase capital spending in the local community. However, we are prepared to compensate the County for NHRMC’s net cash surplus at closing. In this case, assuming a fully integrated relationship, total net proceeds to the County will equal approximately $2.0 billion.

COMMITMENT TO NEW HANOVER COUNTY

Novant Health is committed to supporting the local communities in which it operates. We are prepared to make a one-time contribution in the amount of $50 million, irrespective of partnership structure, to the New Hanover Regional Medical Center Foundation in order to meet unmet community health needs in the County. By way of example, the foundation could fund the creation of a comprehensive addiction treatment program focused on opioid abuse that includes the construction of treatment centers in the community to help address substance abuse issues.

Local job growth and economic development will be priorities. A partnership with Novant Health will not negatively affect NHRMC employees at any level; in fact, we commit to significantly increasing the number of healthcare-related jobs located in New Hanover County by establishing a new Novant Health shared services center and basing a corporate department in Wilmington. We also will seek opportunities to maintain existing relationships with local vendors and support local companies in the region.

1 Excludes funds that are restricted by donors for specific purposes and for endowments as well as pledges and grants receivable.
2 Includes Cash and Cash Equivalents, Cash Equivalents and Investments for the Future Payment of Claims Liabilities, and current Investments.
3 Includes Noncurrent Cash and Investments designated by the Board for Operating and Other, Capital Improvements, and Supplemental Retirement Plans.
4 Includes Cash Equivalents held by Bond Paying Agent and Cash for Debt Service-Not Held by Bond Paying Agent.
5 Excludes Pension Deferrals.
TOTAL ECONOMIC VALUE

Novant Health estimates the total economic value associated with a fully integrated partnership structure is approximately $5.3 billion. Key components of our proposal are summarized in the table below.

<table>
<thead>
<tr>
<th>Total Economic Consideration</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fully Integrated Partnership Model</strong></td>
<td></td>
</tr>
<tr>
<td>Upfront Cash Received by County</td>
<td>~$2.0 Billion</td>
</tr>
<tr>
<td>Strategic Master Plan</td>
<td>~$2.5 Billion</td>
</tr>
<tr>
<td>Routine Capital – 10 Years</td>
<td>~$600 Million</td>
</tr>
<tr>
<td>Contribution to Foundation</td>
<td>~$50 Million</td>
</tr>
<tr>
<td>Contribution of NHBMC</td>
<td>~$150 Million</td>
</tr>
<tr>
<td><strong>Total Value to Local Community</strong></td>
<td>~$5.3 Billion</td>
</tr>
</tbody>
</table>
12. DEAL PROCESS AND TIMING

DILIGENCE AND CLOSING
Novant Health has extensive experience in performing diligence and completing partnerships across a wide range of options. Our structure as a private, not-for-profit system offers a degree of flexibility that many other systems do not possess. In addition, Novant Health’s financial strength provides a level of certainty regarding the ability to execute the financial terms of even the largest transactions.

Confirmatory Diligence
Novant Health plans to perform a level of due diligence on NHRMC that is commensurate in scope and depth with similarly structured transactions of similar size. We estimate that the due diligence process can be completed within 90 days after selection, subject to any delay related to any additional or supplemental diligence requested or required by the representation and warranty insurance underwriter.

During the process, Novant Health anticipates deploying cross functional teams onsite to NHRMC only as needed. We plan to utilize existing processes developed in our previous partnerships to ensure maximum efficiency. Our focus is always to execute our diligence process in a manner that is sufficient, but does not interfere with patient care or cause undue stress upon the NHRMC management team.

Financing
Novant Health currently has $3.1 billion in cash and investments, and has generated over $550 million in average annual operating cash flow over the past five years. Furthermore, our AA-, AA-, Aa3 ratings with the credit agencies provides us with a broad market from which to raise external capital to supplement our balance sheet.

Novant Health anticipates funding any up-front cash payments with NHRMC with a combination of cash on hand and external financing. We maintain excellent relationships with many global investment and commercial banks that are willing and ready to provide bridge financing for a transaction. Ongoing capital investments will be financed from operating cash flow and debt issuance where appropriate. Novant Health will not require a financing contingency as part of any partnership.

Corporate Approvals
Novant Health’s Executive Team - including Carl Armato, Chief Executive Officer, Frank E. Emory, Jr., Chief Administrative Officer and Fred M. Hargett, Chief Financial Officer – actively participated in the preparation of this proposal. Additionally, the Novant Health Board of Trustees has reviewed and approved our current proposals.

Once the structure and details have been arranged, it will be necessary to present the Proposed Strategic Partnership to the Novant Health Board of Trustees for approval. As required, and has been past practice, Novant is prepared to call special sessions of the Novant Health Board of Trustees to facilitate deliberation on the Proposed Strategic Partnership.

Contingencies
The partnership may be subject to governmental/regulatory approvals necessitated by the structure of the transaction.
KEY TERMS
Novant Health understands that, as a governmental entity, NHRMC is subject to certain state laws and statutes. We will ensure all applicable laws and statutes are followed. In addition, Novant Health and NHRMC will work together to design a partnership that provides the necessary comfort to New Hanover County and its residents.

Representations and Warranties
Novant Health is willing to purchase a representation and warranty insurance policy to serve as the sole source of recourse for any damages, claims or other losses incurred by Novant Health arising out of a breach of representations and warranties made by NHRMC in the definitive agreement to the extent such insurance is available from underwriters on commercially reasonable terms. Based on our preliminary discussions with a leading broker, we are optimistic that a commercially reasonable R&W policy can be obtained on a no-seller-indemnity basis – this means that NHRMC will have no liability for its representations and warranties in the definitive agreement outside of matters customarily excluded from such policies for a transaction of this type and known liabilities (which no insurance product will cover). We also understand that it is more likely that R&W policy coverage will be available in either (i) a JOC, (ii) a joint venture partnership in which Novant Health has a majority stake or (ii) a fully integrated partnership in which Novant Health acquires NHRMC. Whatever the case, we are committed to working with NHRMC to find a mutually satisfactory method of managing NHRMC’s risk for breaches of representations and warranties.

Post-Closing Commitments
Subject to the parties’ mutual agreement regarding the scope and duration of Novant Health’s post-closing commitments, recourse against Novant Health for a material breach of such post-closing commitments will include repatriation of NHRMC assets to the County in accordance with G.S. 131E-13. Accordingly, NHRMC will have the right to cause NHRMC to cease to be affiliated with Novant Health, to withdraw any NHRMC subsidiaries transferred to Novant Health pursuant to the proposed partnership and to establish NHRMC (or the NHRMC subsidiaries) either as independently governed entities or as an organized integrated health care delivery system which has no membership relationship or other affiliation with Novant Health.

Statutory Requirements
Novant Health will comply with the provisions of G.S. 131E-13(a) in relation to the Proposed Strategic Partnership. We are committed to improving the health of communities, one person at a time. Accordingly, Novant Health has and will continue to accept all patients, regardless of race, creed, color, sex, national origin or other dimension of diversity, including socio-economic status or enrollment in government reimbursement programs. To better serve the communities within the NHRMC service area, Novant Health will commit to maintaining the service lines currently available, and will work with NHRMC to expand them.

Novant Health is the parent hospital organization of an integrated group of hospitals, tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. In 2019, Novant Health provided $993 million in community benefit, including $152 million in financial assistance to members in the communities we serve. Novant Health has a generous charitable care policy which provides free emergency and medically necessary services to uninsured patients, who are ineligible for entitlement programs, who have an annual family income at or below 300% of the Federal Poverty Guidelines, and who do not have substantial liquid assets.

While Novant Health has been recognized for our significant charity care, we understand that one size does not fit all. Accordingly, we will work in conjunction with NHRMC to ensure that any changes to
NHRMC’s charity care policy will only elevate the policy should it be agreed that Novant Health’s policy is more generous.
EXHIBIT C

ADDRESS AND HEADQUARTERS:
Novant Health, Inc.
2085 Frontis Plaza Boulevard
Winston-Salem, NC 27103

DESIGNATED CONTACT:
Kevin Griffin
Senior Vice President, Financial Planning & Analysis
jkgriffin@novanthealth.org
704-384-4182

NOVANT HEALTH OVERVIEW
Novant Health, Inc. (Novant Health) is a private, not-for-profit system focused on delivering the most remarkable patient experience in every dimension, every time, to communities across our southeastern footprint. With $5.4 billion in revenue and a health system comprised of 15 medical centers, a medical group of over 1,700 physicians and over 600 clinic and ambulatory locations, Novant Health is one of the premier regional medical systems in the Southeast.

Novant Health was formed on July 1, 1997 by the merger of Carolina Medicorp of Winston-Salem, North Carolina, and Presbyterian Health Services of Charlotte, North Carolina. Novant Health has grown significantly since its founding through both organic means and strategic acquisitions which have increased the organization’s geographic reach and profile. Since 1997, Novant Health has merged or acquired six acute care hospitals and constructed an additional five. In addition, we have grown our medical group from less than 500 employed physicians in the early 2000s to one of the top medical groups in the country with over 1,700 employed physicians and over 1,100 advanced practice providers practicing in more than 55 specialties.

DISTINCT MISSION, VISION AND VALUES
Novant Health’s mission, vision and values provide the sound foundation upon which our success has been built over the past several decades. Our mission, vision and values centers everything around the patient, thereby creating a remarkable patient experience in every decision we make. Novant Health prioritizes partnering with organizations that exhibit similar mission, vision and values, and the drive to impart them throughout the organization.
Novant Health is communicating our vision to team members at every opportunity. Our success is a result of our efforts to create a remarkable patient experience, and that goal is something our team members identify with and have a passion to achieve. Our vision statement is a key component of all of our communications. Our mission statement can be recited by every Novant Health team member because it is simple, understandable and something everyone can support.
Novant Health offers a patient-centric, quality-focused offering of services primarily across a three-state footprint encompassing Virginia, North Carolina and South Carolina. The core of our system is 15 medical centers located in North Carolina and Virginia. The system also includes 15 outpatient surgery centers, 38 diagnostic imaging centers, over 600 physician clinics, medical plazas, rehabilitation programs and community health outreach programs.

Our served communities’ geographic footprint and other facilities can be divided into (i) Greater Winston-Salem; (ii) Greater Charlotte; (iii) Eastern Carolina; (iv) Northern Virginia; (v) MedQuest Diagnostic Imaging Centers; and (vi) Novant Health Medical Group.

Greater Winston-Salem
The Greater Winston-Salem region consists of Forsyth County, North Carolina and 6 contiguous counties. In this region, there are five medical centers, seven Novant Health-GoHealth urgent care locations, three ambulatory surgery centers, as well as 207 physician clinics. Facilities include:

- **Novant Health Forsyth Medical Center** — 859-bed facility that offers a full continuum of emergency, medical, surgical, rehabilitative and behavioral health services. Centers of excellence include the Rehabilitation Center, Maya Angelou Women’s Health & Wellness Center, Heart & Vascular Institute, Derrick L. Davis Cancer Center, Stroke & Neurosciences Center, Orthopedic Center and Behavioral Health
- **Novant Health Medical Park Hospital** — 22-bed facility that specializes in elective, outpatient and short-stay surgical procedures
- **Novant Health Thomasville Medical Center** — 146-bed facility that provides a full range of inpatient and outpatient services, birthing rooms and an emergency department. Novant Health Thomasville Medical Center specialty programs include Heartburn Treatment Center, Total Joint Center, Spine Center, Geriatric Behavioral Health, Chest Pain Center and Sleep Center
- **Novant Health Kernersville Medical Center** — 50-bed community facility that provides surgery, emergency care, diagnostic testing, inpatient care and other medical services

- **Novant Health Clemmons Medical Center** — 36-bed community facility that provides orthopedics, surgery, emergency care, infusion services, diagnostic imaging and lab services. Originally opened as an outpatient medical center in 2013, inpatient services were added in August 2017 with the opening of a new 110,000 square-foot inpatient tower that houses 36 medical surgical beds along with three operating rooms

- **Novant Health Rehabilitation Hospital** — 68-bed inpatient rehabilitation hospital operated in partnership with Encompass Health. Opened in October of 2018, the 68,000 square foot hospital is Joint Commission accredited and features the latest technology and equipment in all private rooms

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**Greater Charlotte**

The Greater Charlotte region consists of Mecklenburg County, North Carolina and eight contiguous counties. In this region, there are six medical centers, a children’s hospital, eight ambulatory surgical centers, nine Novant Health-GoHealth urgent care locations, 320 physician clinics and other outpatient facilities. Furthermore, a recently awarded Certificate of Need will allow us to build a new, state-of-the-art medical center in South Charlotte, near the Ballantyne Corporate Park. Facilities include:

- **Novant Health Presbyterian Medical Center** — 624-bed facility named as one of Becker’s top 100 hospitals in the U.S. Novant Health Presbyterian Medical Center (NHPMC) serves as a regional facility with the latest in diagnostic and treatment services. The facility is a leader in providing specialized care to patients with cancer and heart disease. NHPMC also provides maternity care and specialized neonatal intensive care to infants. In August 2016, the facility achieved designation as a Level III Trauma Center allowing it to provide around-the-clock assessment, resuscitation, stabilization and life-saving intervention to patients experiencing traumatic injury. In June 2017, NHPMC was named a comprehensive stroke center by The Joint Commission, the only hospital in Charlotte at the time to earn the designation. Centers of excellence include the Heart & Vascular Institute, Cancer Institute, Women’s & Children’s Institute, Neurosciences & Psychiatry Institute, Rehabilitation Center, and the Community Health & Wellness Institute
• **Novant Health Hemby Children’s Hospital** — Located in Novant Health Presbyterian Medical Center, Novant Health Hemby Children’s Hospital provides a wide range of inpatient and outpatient pediatric services, including an intensive care nursery that has had exceptional success in helping premature newborns survive and thrive

• **Novant Health Matthews Medical Center** — 157-bed facility offering emergency, surgery, maternity, cardiac and cancer services, as well as outpatient services and high-level diagnostic capabilities

• **Novant Health Charlotte Orthopedic Hospital** — Replacement facility opened in 2017 that includes 32 inpatient beds, 12 observation beds, seven inpatient operating suites, a rehab gym, and state-of-the-art facilities designed with the whole continuum of patient care in mind. Novant Health Charlotte Orthopedic Hospital has been recognized as one of the top ten hospitals in the nation for orthopedic care and the best in North Carolina

• **Novant Health Huntersville Medical Center** — 139-bed hospital providing maternity, emergency and outpatient services to the residents of north Mecklenburg County and surrounding communities

• **Novant Health Mint Hill Medical Center** — 36-bed acute care facility that opened in October 2018, with services including an emergency department, inpatient and outpatient surgery and diagnostic and imaging services

• **Novant Health Rowan Medical Center** — 268-bed facility that provides services such as emergency room, maternity center, surgery, diagnostics, rehabilitation and other specialty care, such as hospice and psychiatry

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**Eastern Carolina**

The Eastern Carolina region includes Brunswick County, North Carolina, and surrounding areas. Within Brunswick County, there is one medical center, one ambulatory surgery center, 26 physician clinics and other outpatient facilities.
- **Novant Health Brunswick Medical Center** — 74-bed hospital located in Bolivia, North Carolina, which opened in 2011. NHBMC provides maternity care, emergency services, surgery, outpatient diagnostic testing and other community healthcare programs.

**Northern Virginia**

The Northern Virginia region consists of 5 contiguous counties. Novant Health entered Northern Virginia in 2009 when Prince William Health System partnered with Novant Health. Subsequent to the partnership, Novant Health has invested over $230 million to expand its service offerings and geographic reach, including the completion of a 60-bed hospital and surgery center. In January 2016, Novant Health entered into a joint operating company with the University of Virginia Health System. This partnership combined all of Novant Health’s Northern Virginia operations with UVA Health System Culpeper Medical Center to form a new regional health system – Novant Health UVA Health System. In this region, there are 3 medical centers, 9 outpatient facilities including 3 ASCs and a cancer center, and 31 physician clinics. Facilities include:

- **Novant Health UVA Health System Prince William Medical Center** — 130-bed facility providing inpatient services in maternity, surgery, cancer, pediatrics, orthopedics and spine, behavioral health and other specialties. In addition to its emergency department, the hospital campus also features comprehensive outpatient services including surgery, diagnostics, physician offices and a fitness center

- **Novant Health UVA Health System Haymarket Medical Center** — 60-bed community hospital which opened in March 2014. NHHAMC provides residents in the Haymarket area with inpatient and outpatient services

- **Novant Health UVA Health System Cancer Center at Lake Manassas** — Cancer center providing outpatient cancer treatment services to residents of the Prince William and Fauquier counties in Virginia. The center offers several forms of radiation therapy as well as imaging and other related services

- **Novant Health UVA Health System Caton Merchant House** — Assisted living facility that offers the conveniences of home with a level of care and assistance that is suited to seniors’ needs.
Caton Merchant House is one of only a few assisted living facilities in the region accredited by The Joint Commission

- **Novant Health UVA Health System Culpeper Medical Center** – 70-bed community hospital with a comprehensive offering of services in emergency, surgery, imaging, women’s and children’s health, cancer care and rehabilitation

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**MedQuest Diagnostic Imaging Centers**

Novant Health acquired MedQuest in 2007, making Novant Health one of the largest operators of diagnostic imaging centers in the U.S. MedQuest operates as its own separate, taxable entity under the Novant Health parent entity. The company currently owns 12 imaging centers and manages the entire Novant Health imaging service line, including 24 freestanding centers and 16 mobile MRI units. Furthermore, MedQuest has joint ventures with several partners whereby MedQuest manages an additional three imaging centers for Bon Secours in the Greenville, SC area, two centers in Tupelo, MS, one center for the University of Maryland Charles Regional in La Plata, MD, one center in Palmetto, SC and one center in Myrtle Beach, SC. MedQuest also manages a Novant Health joint imaging venture in Southern Pines, NC.

**Novant Health Medical Group**

Novant Health Medical Group (NHMG) is comprised of over 1,700 physicians and over 1,100 nurse practitioners and physician assistants, providing patient care in over 600 clinic locations throughout North Carolina, South Carolina and Virginia. Our physician group is made up of over 40% primary care physicians with the remainder in various specialties including cardiology, orthopedic surgery, pulmonology, infectious disease, endocrinology, neurology, neurosurgery, OB/GYN, oncology, pediatric oncology and other specialties. The physician network serves patients through a wide variety of care delivery sites, including primary care clinics, a staff model medical clinic, occupational medicine facilities, hospitalist services and specialty clinics.
AMBULATORY FOCUS
To further enhance patient access, Novant Health has increased our focus and investment in our ambulatory facilities. These facilities, which include outpatient surgery centers, imaging centers, clinic sites, and urgent care facilities, offer patients care options that are quick, convenient, and cost-effective.

Surgery Centers
Novant Health currently has 15 outpatient surgery centers in our geographic footprint. The centers include hospital outpatient departments (HOPDs), wholly owned freestanding centers, and joint venture centers in partnership with local physicians. Our surgery centers offer patients lower cost options for outpatient procedures across a wide spectrum of surgical lines.

Novant Health has partnered with United Surgical Partners International (USPI) to develop, own and operate ambulatory surgery centers across our footprint. USPI is an ambulatory healthcare provider serving over 3.4 million patients a year across a combined network of 400 facilities including ambulatory surgery centers, surgical hospitals, imaging and urgent care centers. USPI has partnerships with over 4,000 physicians and over 50 health systems across the country.

USPI has partnered with Novant Health and area physicians in our two ambulatory surgery centers in Prince William County Virginia — Prince William Surgery Center and Haymarket Surgery Center, and has several other third party projects with Novant Health currently in process. Novant Health also has exclusivity with USPI in North Carolina for further development of ambulatory surgery centers across the state.

Urgent Care: Partnership with GoHealth Urgent Care
In October 2018, Novant Health announced a joint venture partnership with GoHealth Urgent Care (GoHealth). The Novant Health-GoHealth Urgent Care partnership is a key component to our goal of increasing access to care and providing affordable options to our patients.

GoHealth employs a unique operating model that partners with not-for-profit providers to become an integral part of each system’s continuum of care. The centers are staffed by Novant Health clinicians and utilize our Epic EHR platform to ensure clinical protocols are consistent. Sites are selected in convenient, high-traffic destinations and each center is designed to provide an attractive, upscale look and feel.

Novant Health-GoHealth Urgent Care centers provide convenient and cost-effective alternatives to emergency room visits and are available for most illnesses and non-life-threatening injuries. Currently, there are 16 Novant Health-GoHealth Urgent Care centers in North Carolina with nine in the Charlotte region and seven in the Winston-Salem region. There are plans to open additional centers over the next several years in targeted areas.

Imaging Services
For a patient who needs more comprehensive testing, we have complete lab and imaging centers available throughout our service areas. Our centers offer a full range of imaging services with board-certified physicians, certified technologists, service-oriented staff and state-of-the-art imaging technologies. Services include: bone density tests; CT scans; digital mammography; fluoroscopy; MRIs; nuclear medicine; PET scans; ultrasounds; and x-rays. Many of our centers are independent diagnostic testing facilities (IDTF) offering the ever more cost-conscious consumer a low price, high-quality imaging option.
COMMITMENT TO OUR PEOPLE

At Novant Health, people are our most important resource. We treat each other with respect and compassion. We embrace the differences in our strengths while fostering an environment of inclusion, empowerment, inspiration and courage. Inspired by our team members, we have expanded our mission, vision, values and promise to include an aspiration called Our People. Contained within this aspiration is the People Credo: “We are an inclusive team of purpose-driven people inspired and united by our passion to care for each other, our patients and our communities.” More than just a statement, the People Credo permeates all facets of our organization and serves as a guiding principle in everything we do.

As of December 2019, Novant Health had over 29,000 team members spread across multiple geographies and organizational functions. Figure B below details team members by functional area:

Novant Health Physician Network

The Novant Health Physician Network (NHPN) is the umbrella that brings together all of our partnerships between our employed and independent physicians in our communities. It has grown to more than 3,100 providers that together have established fee-for-service and value-based contracts with government and commercial payors.

Novant Health Medical Group Size and Scope

As of December 2019, Novant Health Medical Group (NHMG) employed 1,715 physicians and 1,137 nurse practitioners and physician assistants, providing patient care in 605 clinic locations throughout North Carolina, South Carolina and Virginia. Figure C details NHMG physicians by specialty.
Novant Health Medical Staff

Novant Health medical providers are essential to our business of delivering remarkable health care to all communities we serve. Our medical staffs systemwide consist of 3,974 physicians and 2,079 advanced practice providers (including active, courtesy, consulting, telemedicine, and affiliate staff). As a core value, we emphasize the importance of teamwork and care coordination. Physicians and advanced practice providers are the key drivers to improving access and achieving health equity across our health system footprint. We empower our providers to be successful by enabling them to practice at the top of their license and using innovative medical teams to support a patient-centered care model.

At Novant Health, our success with broadening our care continuum and increasing access is reflected in our robust physician specialty and sub-specialty roster. Of 94 specialties and sub-specialties, the top 10 by number of physicians represent our commitment to quality care in our ambulatory, acute and post-acute network of acute facilities and physician clinics. These include family medicine, hospitalist, pediatrics, emergency medicine, and obstetrics and gynecology. We have been successful in recruiting providers across our system in addition to adapting our care delivery models for the future challenges of health care delivery. Figure D details top ten specialties of Novant Health’s physician staff.

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Number of Physicians</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anesthesiology</td>
<td>1</td>
</tr>
<tr>
<td>Bariatric Surgery</td>
<td>7</td>
</tr>
<tr>
<td>Breast Surgery</td>
<td>2</td>
</tr>
<tr>
<td>Cardiothoracic Surgery</td>
<td>4</td>
</tr>
<tr>
<td>Cardiovascular Disease</td>
<td>61</td>
</tr>
<tr>
<td>Child and Adolescent Psychiatry</td>
<td>5</td>
</tr>
<tr>
<td>Clinical Cardiac Electrophysiology</td>
<td>10</td>
</tr>
<tr>
<td>Colon and Rectal Surgery</td>
<td>10</td>
</tr>
<tr>
<td>Critical Care Medicine</td>
<td>12</td>
</tr>
<tr>
<td>Dermatology</td>
<td>9</td>
</tr>
<tr>
<td>Developmental-Behavioral Pediatrics</td>
<td>12</td>
</tr>
<tr>
<td>Emergency Medicine</td>
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<tr>
<td>Endocrinology, Diabetes and Metabolism</td>
<td>309</td>
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<tr>
<td>Family Medicine</td>
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</tr>
<tr>
<td>Family Medicine Sports Medicine</td>
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</tr>
<tr>
<td>Forensic Psychiatry</td>
<td>8</td>
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<tr>
<td>Gastroenterology</td>
<td>12</td>
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<tr>
<td>General Surgery</td>
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<td>Geriatric Medicine</td>
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<td>Gynecologic Oncology</td>
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<tr>
<td>Gynecology</td>
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</tr>
<tr>
<td>Hand Surgery</td>
<td>3</td>
</tr>
<tr>
<td>Hematology</td>
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<tr>
<td>Hematology and Oncology</td>
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<tr>
<td>Hemostology</td>
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<tr>
<td>Hospitalist and Pancreas Surgery</td>
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</tr>
<tr>
<td>Hospice and Palliative Medicine</td>
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<tr>
<td>Hospitaller</td>
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<td>Infectious Diseases</td>
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<td>Integrative Medicine</td>
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<td>Internal Medicine</td>
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<tr>
<td>Interventional Cardiology</td>
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<tr>
<td>Maternal and Fetal Medicine</td>
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<tr>
<td>Medical Oncology</td>
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<tr>
<td>Neurology</td>
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<tr>
<td>Neurology</td>
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<tr>
<td>Obstetrics and Gynecology</td>
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<tr>
<td>Oral and Maxillofacial Surgery</td>
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<tr>
<td>Orthopedic Surgery</td>
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<td>Otolaryngology</td>
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<tr>
<td>Pain Medicine</td>
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<tr>
<td>Pediatric Cardiology</td>
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<td>Pediatric Critical Care</td>
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<tr>
<td>Pediatric Endocrinology</td>
<td>1</td>
</tr>
<tr>
<td>Pediatric Gastroenterology</td>
<td>1</td>
</tr>
<tr>
<td>Pediatric Hematology and Oncology</td>
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</tr>
<tr>
<td>Pediatric Infectious Diseases</td>
<td>1</td>
</tr>
<tr>
<td>Pediatric Infectious Diseases</td>
<td>1</td>
</tr>
<tr>
<td>Pediatric Medicine</td>
<td>1</td>
</tr>
<tr>
<td>Pediatric Neurology</td>
<td>1</td>
</tr>
<tr>
<td>Pediatric Neurology</td>
<td>1</td>
</tr>
<tr>
<td>Pediatric Pulmonology</td>
<td>1</td>
</tr>
<tr>
<td>Plastic Surgery</td>
<td>1</td>
</tr>
<tr>
<td>Plastic Surgery</td>
<td>1</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>1</td>
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<tr>
<td>Psychology</td>
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<td>Pulmonary Disease</td>
<td>1</td>
</tr>
<tr>
<td>Radiation Oncology</td>
<td>1</td>
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<tr>
<td>Rheumatology</td>
<td>1</td>
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<tr>
<td>Sleep Medicine</td>
<td>1</td>
</tr>
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<td>Surgical Oncology</td>
<td>1</td>
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<tr>
<td>Telemedicine</td>
<td>1</td>
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<tr>
<td>Thoracic Surgery</td>
<td>1</td>
</tr>
<tr>
<td>Urgent Care</td>
<td>1</td>
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<tr>
<td>Urology</td>
<td>1</td>
</tr>
<tr>
<td>Vascular Neurology</td>
<td>1</td>
</tr>
<tr>
<td>Vascular Surgery</td>
<td>1</td>
</tr>
<tr>
<td>Wound Care and Hyperbaric Medicine</td>
<td>1</td>
</tr>
</tbody>
</table>

1,715 physicians 
605 clinics 
2,852 overall providers 
1,137 advanced practice providers 

Figure C: Novant Health Medical Group Physicians by Specialty (as of December 2019)
Novant Health’s emphasis on provider/team member engagement and physician-aligned organization structure enhances this partnership as we shift to value-based care and prepare providers for the future of integrated care delivery. We employ active and affiliate providers in addition to partnering for consulting, courtesy, and telemedicine services across the system. This enables our system to create new models of care delivery that incorporate technology and innovation without sacrificing quality and safety.

**Accountable Care Organizations**

The NHPN currently manages, primarily through NHMG, a Medicare Shared Savings Program (MSSP) with more than 80,000 attributed lives that has achieved substantial savings for the Medicare program. The Novant Health MSSP ACO recently entered into its second contract period and will begin to taking downside risk in 2021.

**Novant Health Clinically Integrated Network**

The NHPN also consists of a Clinically Integrated Network (CIN) that represents a partnership between more than 640 independent community-based providers and NHMG providers. The goal of the CIN is to foster collaboration between providers with the goal of improving patient outcomes, enhancing the overall patient and provider experience and creating efficiencies in care. The CIN currently holds two payor contracts and is exploring adding a third payor product in 2021.

**GOVERNANCE**

Novant Health’s governance structure is based on boards of trustees at the regional level, supported by a system-level board that sets and provides oversight for the overall system strategy. Novant Health offers connectivity to the parent organization through a cascading governance structure in which subsidiary boards nominate their members. The Novant Health board ratifies the nominees for the local boards.
The Novant Health board is a self-perpetuating board. Below is a list of the current trustees:

- **Brandon T. Adcock** – President of Adaptive Health
- **Deborah M. Ally** – President and CEO of United Way Gaston County (Retired)
- **James F. Amos** – 35th Commandant, US Marine Corps (Retired)
- **Carl S. Armato** – President and CEO of Novant Health
- **Alvaro G. de Molina** – Chief Financial Officer of Bank of America (Retired)
- **Christine P. Katziff** – Corporate General Auditor for Bank of America
- **Viola A. Lyles** – Consultant, Vi Lyles Consulting and Mayor of Charlotte
- **Ian A. McDonald** – Executive, BAE Systems (Retired)
- **B. Dawn Moose, M.D.** – Radiation Oncologist, Piedmont Radiation Oncology, P.A.
- **Daniel W. Murphy, M.D.** – Gastroenterologist, Piedmont Gastroenterology Specialists
- **T. David Neill** – President of Bob Neill Inc., which consists of several automobile dealerships
- **G. Patrick Phillips (Chairman)** – President, Premier Banking and Investments Bank of America (Retired)
- **David R. Plyler** – Executive with Truth Broadcasting, Inc. and a member of the Forsyth County Board of Commissioners
- **Elwood L. Robinson, Ph.D.** – Chancellor at Winston-Salem State University
- **Laura A. Schulte** – Executive, Wells Fargo (Retired)
- **Larry D. Stone** – President and Chief Operating Officer for Lowe's (Retired)
- **Joni Y. Davis (Ex-Officio)** – Vice President and Chief Diversity and Inclusion officer for Duke Energy
- **Joia M. Johnson (Ex-Officio)** – General Counsel, Hanesbrands, Inc.

**ORGANIZATIONAL STRUCTURE**

Novant Health is an integrated, 501(c)(3), not-for-profit healthcare system focused on delivering an expansive array of healthcare services within our communities. Our organizational structure centers around two key attributes: (i) a unique partnership between administrators and physicians; and (ii) our status as a private, non-for-profit system. Novant Health’s structure, combined with self-perpetuating board governance, provides the system with a level of flexibility and nimbleness that allows us to be strategically opportunistic.

Our administrator/physician partnership model facilitates a collaborative approach to management, ensuring that multiple options are brought to the table during strategic and operational decisions. This unique partnership resides not only at the executive management level, but extends down to Novant Health's Institutes and Innovation Centers; each of the institutes is led by a physician paired with an administrative leader. This collaborative approach amongst the leadership teams emphasizes early and empowered involvement in strategic issues.
MANAGEMENT ORGANIZATION CHART

Figure E details Novant Health’s organizational chart.

Figure E: Novant Health Organizational Chart
MANAGEMENT BIOGRAPHIES

Carl S. Armato  
President and Chief Executive Officer

Carl S. Armato is President and Chief Executive Officer for Novant Health. He joined Novant Health in 1998 as Vice President of Finance and Operations for physician divisions in both Charlotte and Winston-Salem, North Carolina. Armato has also served as Senior Vice President of Materials Management and Logistics for Novant Health. In 2003, Presbyterian Healthcare appointed Armato as Chief Operating Officer and later promoted him to President and CEO in January 2004. He became President of Novant Health service areas in 2008 and as Chief Operating Officer in 2011. The board of trustees appointed him to his current position in January 2012.

Before joining Novant Health, Armato was Vice President of Operations for First Care Physicians and Director of Finance for the General Health System in Baton Rouge, Louisiana. He was also a senior tax/audit consultant for Ernst & Young in the Baton Rouge office. Armato holds a Bachelor of Business Administration in accounting from the University of Southwestern Louisiana and a Master of Business Administration from Norwich University of Vermont.

He is a certified public accountant licensed in Louisiana and North Carolina. He is a member of the American Institute of Certified Public Accountants, the North Carolina Society of Certified Public Accountants, the State Board of CPAs of Louisiana and the Healthcare Financial Management Association.

Armato serves on the Vizient Inc. board of directors and as a member of the American Hospital Association governing council. His past service includes work with the American Heart Association, North Carolina Chamber of Commerce, Knights of Columbus, Mecklenburg Citizens for Public Education and the Friends of Scouting.

In 2013, Armato was recognized by the Triad Business Journal as one of the Most Influential People in the Triad, and by the Public Relations Society of America, Charlotte Chapter, with the Pegasus Award. He is also a recipient of the 2015 Father of the Year Award by the American Diabetes Association, Charlotte Chapter. Additionally, Armato has been recognized by the Triad Business Journal and Charlotte Business Journal as a Most Admired CEO.

Tanya S. Blackmon  
Executive Vice President and Chief Diversity, Inclusion & Equity Officer

Tanya S. Blackmon is Executive Vice President and Chief Diversity, Inclusion and Equity officer (CDIEO) for Novant Health. In her role as the CDIEO, Tanya is responsible for embedding diversity and inclusion throughout the Novant Health system of 30,000 team members. Tanya’s passion is to cultivate an inclusive and welcoming environment for all stakeholders – patients and families, team members, suppliers and the community at large. As a committed problem solver, to meet the challenges of today’s rapidly changing health care environment, she believes innovation is a critical tool for success.

During her more than twenty-five year tenure with Novant Health, Tanya has served as president of two medical centers, managed hundreds of professionals and driven both growth and revenue upward for the organization. Her years of social work and community outreach, as well as extensive leadership experience within the organization, helped her develop a unique understanding of the needs of both patients and team members. Her expertise within healthcare, understanding of the business and passion for collaborative transformation combine to create a unique vision that is driving the organization toward its strategic imperatives.
In addition to her role within Novant Health, Tanya serves as a trustee of Charlotte Mecklenburg Community Foundation Board and a Board of Trustees member with Queens University. She is a former delegate for the American Hospital Association Regional Policy Board and has previously served as a member of the North Carolina Hospital Association Policy Development Committee and a board member of the Charlotte Mecklenburg Medic Board of Commissioners.

Ms. Blackmon holds a Master of Science Degree in Business Administration from Queens College, a Master of Social Work Degree from the University of South Carolina, and a Bachelor of Science Degree in Social Work from North Carolina A&T State University.

Jesse Cureton  
**Executive Vice President and Chief Consumer Officer**

Jesse Cureton is Executive Vice President and Chief Consumer Officer for Novant Health. In this executive role, he leads payor contracting, marketing, public relations, community engagement, the foundations/outreach, corporate health and other business functions. In 2013, his team led the unifying of Novant Health under a rebranding initiative that showcases Novant Health’s commitment to building a culture of wellness and consumer engagement.

Previously, Cureton had a long tenure with Bank of America. During his twenty-five year financial industry career, he successfully lead the local merger efforts in North Carolina for US Trust and Bank of America, developed training for 2,000+ wealth management advisors in Premier Banking and Investments, and implemented tactics that greatly improved staff satisfaction, retention and productivity.

He currently serves as a board member of Queens University of Charlotte, University of North Carolina Board of Visitors, Charlotte Center City Partners, Foundation for the Carolinas, Bechtler Museum, and is chairman of the Charlotte Regional Business Alliance. He also serves on the Charlotte Leading on Opportunity Council, an initiative bringing partners together to address some of our community’s most critical challenges: investing in neighborhoods in need, and removing barriers to education, employment and healthcare."

Cureton holds a Bachelor of Science from the University of North Carolina Chapel Hill, and a Master in Business Administration from Queens University of Charlotte. He has also completed post graduate executive programs from both Harvard and Wharton University business schools.

Frank E. Emory Jr.  
**Executive Vice President and Chief Administrative Officer**

Frank E. Emory Jr. is Executive Vice President and Chief Administrative Officer for Novant Health. In this executive role, he oversees the human resources; diversity, inclusion and health equity; legal; government relations; risk management; corporate audit and compliance functions. Emory joined Novant Health as EVP and Chief Legal Officer in January 2019.

Prior to joining Novant Health in 2019, Emory served as a partner with international law firm Hunton Andrews Kurth LLP, where he was co-head of the litigation and labor group and managing partner of the Charlotte office.

Emory currently serves as the chairman of the board of the Economic Development Partnership of North Carolina, an appointment by Gov. Roy Cooper. In the past he has served as president of the Mecklenburg County Bar; a member of the North Carolina Board of Transportation; a member of the Duke University board of trustees; and the first African American and youngest chairman of the
Charlotte-Mecklenburg Planning Commission. Emory is a permanent member of the Judicial Conference of the Fourth Circuit.

A native of Wilson, North Carolina, Emory graduated cum laude from Duke University as an Angier B. Duke Scholar, Duke University’s most prestigious academic scholarship. He received his law degree at the University of North Carolina at Chapel Hill School of Law on a Morehead Law Fellowship.

**Eric Eskioglu, MD**

**Executive Vice President and Chief Medical Officer**

Eric Eskioglu, MD, is Executive Vice President and Chief Medical Officer for Novant Health. He is responsible for systemwide clinical safety and quality. He also provides strategic clinical and cultural leadership to ensure the delivery of high-quality, cost-effective and patient-centered care across the Novant Health system. He is responsible for Novant Health clinical institutes including pharmacy. Eskioglu is a practicing vascular neurosurgeon and previously served as the Senior Vice President of Neurosciences for Novant Health.

Eskioglu has a unique aerospace engineering background combined with his clinical neurosurgical experience. Prior to his career in medicine, he was an aerospace engineer at AlliedSignal Aerospace Company and Boeing. Before joining Novant Health, Eskioglu worked at Physicians Regional Healthcare System in Naples, Florida, and served as a neurosurgeon physician executive at Health Management Associates. There he established the region’s first comprehensive stroke center. Eskioglu has also served as the medical director for endovascular/vascular neurosurgery at Lee Health in Fort Myers, Florida. He began his neurosurgical career at Vanderbilt University Medical School as an assistant professor of neurological surgery.

A native of Tucson, Arizona, Eskioglu earned a Bachelor of Science in mechanical and aerospace engineering from the University of Arizona. He received his medical degree, with Alpha Omega Alpha Medical Society honors, from the University of Kansas Medical School. Eskioglu was the first inaugural Fellow at the National Institutes of Health with Pfizer Clinical Research Scholars program in Bethesda, Maryland. He completed his neurosurgery residency at Vanderbilt University Medical Center and an additional endovascular/vascular neurosurgery fellowship at the University of Florida Health Shands Hospital. He is certified by the American Board of Neurological Surgery and a Fellow of the American Association of Neurological Surgeons.

**Fred Hargett**

**Executive Vice President and Chief Financial Officer**

Fred Hargett is Novant Health’s Executive Vice President and Chief Financial Officer. He joined the health system in 2003 and most recently served as Executive Vice President of Finance for Novant Health. Prior to that, Hargett held the position of Senior Vice President of Financial Planning for our health system.

Before joining Novant Health, Hargett served as manager of healthcare consulting at Ernst & Young in Charlotte. At Ernst & Young, he led engagements in strategic planning, business development and financial forecasting.

Hargett graduated with a Bachelor of Science degree in public health, a Bachelor of Science in business administration and a Master of Accounting from the University of North Carolina at Chapel Hill. He is a certified public accountant licensed in North Carolina. In addition, he is a member of the American Institute of Certified Public Accountants, the North Carolina Association of Certified Public Accountants and the Healthcare Financial Management Association.
Jeffery T. Lindsay  
**Executive Vice President and Chief Operating Officer**

Jeffery T. Lindsay is Novant Health’s Executive Vice President and Chief Operating Officer. In his role, he is responsible for operational performance and strategic growth of the health system. He has worked in healthcare for nearly twenty-five years and has been part of Novant Health since 1996.

Lindsay holds a Bachelor of Science in Business Administration and Political Science from Auburn University and a Master of Science in Health Administration from the University of Alabama at Birmingham. Prior to accepting his current role in 2014, Lindsay served as president of Novant Health Forsyth Medical Center and Chief Executive Officer of the Winston-Salem and eastern North Carolina regions.

He began his career at Novant Health as Vice President of Cardiovascular Services and has since served in numerous leadership positions, including president of Presbyterian Hospital Huntersville, President of Rowan Regional Medical Center and Chief Operating Officer of the Triad region.

Lindsay is currently serving as Chairman of the Board for the Winston-Salem Chamber of Commerce and serves as a board member in the Triad community for the Winston-Salem Alliance, Winston-Salem Business Inc. and the Winston-Salem Foundation. He also serves on the North Carolina Healthcare Association as past board chair.

Denise Mihal  
**Executive Vice President and Chief Nursing and Clinical Operations Officer**

Denise Mihal is Executive Vice President and Chief Nursing and Clinical Operations Officer for Novant Health. Mihal leads clinical operations for all Novant Health hospitals, working directly with our facility nursing officers, surgical services, and trauma and emergency services leaders. She also oversees clinical operations for our central staffing and scheduling office, as well as our case management team.

Mihal began her career in healthcare as a registered nurse in intensive care. She joined Novant Health in 2000 as the administrator of Presbyterian Orthopedic Hospital in Charlotte. She has served in a variety of roles since then, including Chief Operating Officer of our greater Winston-Salem and Eastern regions and for Novant Health Forsyth Medical Center, President of Novant Health Huntersville Medical Center and President of Novant Health Brunswick Medical Center.

She has a Bachelor of Science in Nursing from William Paterson University in Wayne, New Jersey, and a Master of Business Administration from Rutgers University in New Jersey.

Pam Oliver, MD  
**Executive Vice President and President of Novant Health Physician Network**

Pam Oliver, MD, is Executive Vice President and President of Novant Health Physician Network. She is responsible for medical group operations, Care Connections, and provider education, enrollment and engagement efforts.

Oliver is a board-certified ob-gyn and has been practicing at Novant Health WomanCare since 2005. She has served in various leadership roles, including as submarket leader for specialty practices in the greater Winston-Salem region, physician service line leader of women’s services for the greater Winston-Salem region and senior physician executive for Novant Health Physician Network, supporting clinical and business strategy across the system.
Oliver received her undergraduate degree in biology and her medical degree from the University of North Carolina at Chapel Hill, where she was a Morehead Scholar and Board of Governors' scholarship recipient. She also earned her master’s degree in public health (maternal and child health concentration) from the UNC School of Public Health while enrolled in medical school. Oliver currently serves as chair for the Forsyth County Infant Mortality Reduction Coalition. She is a member of the Board of Visitors for the University of North Carolina at Chapel Hill and also serves on the Morehead-Cain Scholarship Fund Board. In addition, she has served on the Summit School board of trustees since 2015.

Angela Yochem
Executive Vice President and Chief Digital and Technology Officer

Angela Yochem is Executive Vice President and Chief Digital and Technology Officer for Novant Health. Yochem develops the strategic vision for how Novant Health uses technology to engage patients, empower team members and improve the healthcare experience for the communities we serve. She leads the implementation of digital solutions across the system, including experimentation, design, development, operations, support, virtual health and partnerships.

Yochem previously served as chief information officer and executive vice president for a multibillion dollar retail organization with more than 4,000 locations, where she created new digital retail channels and transformed the tech capability. Yochem has also served as chief information officer, digital product line executive and executive team member of a multibillion dollar global logistics company spanning 140 countries, global chief technology officer for one of the world's largest pharmaceutical companies and a senior executive for one of the world's largest technology companies, where she built revenue-generating technology services.

Yochem received her master’s degree in computer science at the University of Tennessee, where she is an advisory board member. She has served on several company boards, from SEC-registrants to venture-backed start-ups, focusing on growth, enterprise risk, audit and governance. Yochem remains an entrepreneur in residence and a mentor/advisor for international and domestic venture firms, and serves as a board member for a Charlotte-based nonprofit focused on promoting literacy in the community. Yochem holds three U.S. patents and is a published author with Addison-Wesley and Prentice-Hall.

ROLE OF PHYSICIANS IN LEADERSHIP

Maintaining collaborative partnerships with physicians is a cornerstone of Novant Health’s culture and organizational structure and has been a key to our success. We engage our physicians in every level of organizational decision-making. Physicians serve as trustees on all of our governing bodies; several have chaired these boards including the Novant Health Board of Trustees. Two physicians participate on the Novant Health ten-person executive team and an ob-gyn leads Novant Health Medical Group (NHMG) as its president. Involving physicians as an integral part of the Novant Health leadership team has created a culture of transparency and physician engagement. The end result is mutual support for a system of care focused on delivering quality and satisfaction for our patients.

CORPORATE CITIZENSHIP AND COMMUNITY PARTNERSHIP

Charges for Services, Debt Collection and Charity Care Policies

We review our chargemaster annually with a focus on costs and the impact on patients, especially as high deductible health plans have risen in popularity. For example, we keep prices for mammograms as low as possible so price is not a barrier for a patient seeking care. Novant Health believes in equitable pricing, no matter the form of payment, and extend our insurance prices to self-pay patients as well.
It is the policy of Novant Health to provide medically emergent or medically urgent services, including without limitation services required under Novant Health’s EMTALA Policy, as applicable, to anyone regardless of that person’s ability to pay or eligibility for financial assistance under Novant Health’s Charity Policy. For those patients not covered by a third party payor, the facility and or clinic is committed to working with the patient to ensure that the patient is evaluated for eligibility by any federal, state, or local entities or whether the patient meets the criteria for Novant Health’s charity care or other financial assistance programs or any community/third party programs.

For those patients who are covered by third party insurance(s), the facility and or clinic will provide billing and collection efforts in a timely manner. Novant Health will file the patient’s insurance as long as Novant Health is contracted with the payor and if the proper information is provided at the time of service. The patient’s responsibility is to pay their portion owed to the facility at the time of service. In the event of non-payment, Novant Health may take the following actions: (i) refer the account to an outside agency for collection or (ii) report the delinquent account to a credit agency. No legal or judicial action shall be taken against a patient for non-payment, including without limitation placing a lien on property, foreclosing on property, seizing a bank account or other personal property, commencing a civil action, garnishing wages or causing an arrest or subjection to a writ of body attachment.

A robust charity care and financial assistance policy is a cornerstone of Novant Health’s culture and is an essential element in allowing us to provide remarkable healthcare to all members of our communities, regardless of their ability to pay. Below is an outline of our hospital financial assistance and charity care programs:

- Novant Health provides free care to uninsured patients with incomes of up to 300% of the Federal Poverty Level, with 100% write-off
- Uninsured patients with income over 300% of the Federal Poverty Level are eligible for a self-pay discount at managed care rates
- Any patient (even with health insurance) with a balance over $5,000 and income over 300% of the Federal Poverty Level is eligible for a catastrophic discount
- Any patient is eligible for an individualized no interest payment plan based on the amount due and the patient’s financial status, with terms extending up to five years

Under Novant Health policy, for instance, in 2020, an uninsured family of four with income up to or below $77,250 would qualify for free care and 100% write-off of all hospital services.

Figure F details the charity care benefit provided by Novant Health from 2012 through 2019:
Community Benefit Programs

In addition to charity care, our total commitment to community benefit also includes the cost of hundreds of programs that serve our patients, neighbors and some of our communities' most vulnerable citizens. In fiscal year 2019, Novant Health provided $993 million in total community benefit, which includes charity care, unpaid costs of Medicaid and Medicare, and community benefit programs. Figure G details the components of total community benefit for fiscal years 2012 through 2019:

Note: FY 2019 charity care benefit is unaudited

Note: FY 2019 total community benefit is unaudited
Engagement with Partners in the Community

Novant Health’s community engagement strategy is centered in collaborative partnerships with a host of community partners to align collective commitment, passion and resources to develop health and economic vitality in the communities we serve. We partner with not-for-profit organizations, foundations and local governments to improve the health and wellbeing of the community in general, but especially for our communities’ most vulnerable and marginalized citizens.

One salient example of community partnerships with local not-for-profits and governments is One Charlotte Health Alliance, which is a joint venture between Atrium Health and Novant Health, in partnership with the Mecklenburg County Health Department. The mission of One Charlotte Health Alliance is “Supporting and maximizing health and quality of life through sustainable, collaborative process by aligning resources and improving access in excluded communities.” From September 2019 to December 2019, One Charlotte Health Alliance provided health screenings to several hundred members of our Charlotte community.

Team Member Retention and Turnover

Team member vacancy and turnover rates for Novant Health, Novant Health Forsyth Medical Center and Novant Health Presbyterian Medical Center are presented in the tables below:

<table>
<thead>
<tr>
<th>Turnover Rate</th>
<th>December</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
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<tbody>
<tr>
<td>Novant Health</td>
<td>15.0%</td>
<td>15.0%</td>
<td>18.2%</td>
<td></td>
</tr>
<tr>
<td>Novant Health Forsyth Medical Center</td>
<td>18.0%</td>
<td>18.7%</td>
<td>19.3%</td>
<td></td>
</tr>
<tr>
<td>Novant Health Presbyterian Medical Center</td>
<td>17.7%</td>
<td>17.2%</td>
<td>20.3%</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Vacancy Rate</th>
<th>December</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novant Health</td>
<td>8.1%</td>
<td>7.7%</td>
<td>6.6%</td>
<td></td>
</tr>
<tr>
<td>Novant Health Forsyth Medical Center</td>
<td>9.9%</td>
<td>9.5%</td>
<td>8.1%</td>
<td></td>
</tr>
<tr>
<td>Novant Health Presbyterian Medical Center</td>
<td>8.5%</td>
<td>9.8%</td>
<td>9.4%</td>
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</tr>
</tbody>
</table>
Team Member Engagement

Novant Health has significantly increased engagement by investing in our team members. Strategic prioritization of our team members and organizational culture has led to engagement well above national average. Figure H, Figure I and Figure J detail Novant Health’s overall Press Ganey Team Member Engagement survey results as well as those from NHFMC and NHPMC from 2018—2019. Our 2019 high-performing themes included: total compensation (pay & benefits), career development opportunities, resilience (decompression), and effective communication between physicians, nurses, & staff.

Figure H: Novant Health 2018—2019 Team Member Engagement

Results at a Glance – Novant Health

<table>
<thead>
<tr>
<th>Year</th>
<th>Engagement Indicator</th>
<th>Natl HC Avg Percentile</th>
<th>AHA-3 Emp Avg Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 (n=21,417, 81%)</td>
<td>4.29</td>
<td>85th</td>
<td>81st</td>
</tr>
<tr>
<td>2018 (n=22,408, 89%)</td>
<td>4.32</td>
<td>87th</td>
<td>91st</td>
</tr>
</tbody>
</table>

Novant Health 2019 Engagement Scores, Overall National Healthcare Performance: 85th percentile

- 55% of work groups (teams) are Team Index 1
  - The Team Approach helps organizations determine support/focus needed at the unit level. Team Index 1 indicates teams performance experiences fewest obstacles and less need for formal improvement planning
- 79% of managers have a high or moderately high Leader Index scores
  - Leader Index (LI) helps organizations determine support/focus needed in the manager-employee relationship. High or moderately high readiness LI score indicates group is ready to have discussions for improvement with manager
**Results at a Glance – Forsyth Medical Center**

*Survey Admin: September 2019*

<table>
<thead>
<tr>
<th>Year</th>
<th>Engagement Indicator</th>
<th>Natl HC Avg Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>4.23</td>
<td>74&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>(n=3,243, 76%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>4.25</td>
<td>75&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>(n=3,591, 85%)</td>
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<td></td>
</tr>
</tbody>
</table>

**Team Index**

<table>
<thead>
<tr>
<th>Team Index 1</th>
<th>Team Index 2</th>
<th>Team Index 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>47%</td>
<td>36%</td>
<td>16%</td>
</tr>
<tr>
<td>47%</td>
<td>31%</td>
<td>22%</td>
</tr>
</tbody>
</table>

**Leader Index**

- High: 49% 52%
- Moderately High: 30% 25%
- Moderate: 13% 13%
- Moderately Low: 6% 6%
- Low: 2% 4%

LI Score:
- 2018: 68
- 2019: 87
Internal and external surveys such as these provide valuable insight of the organization’s strengths and weaknesses as perceived by our team members. These results are then leveraged to develop strategies and objectives that directly impact key drivers of engagement. We diligently focus on leadership development that will drive change across the organization. One of our strategic imperatives directly addresses this goal of creating a high-performing, change-ready and resilient team: Our culture will be known for resilience and innovation. Our leaders, team members and clinicians will have the mindset, tools and skills to anticipate and manage rapid change, ensuring that we continue to grow and thrive as a system.

Novant Health is committed to sustaining and building on these achievements for future success. We deploy innovative recruitment strategies while simultaneously developing and retaining talent. National healthcare workforce trends and policy uncertainty challenge our leaders to be innovative, nimble and resilient.

For example, our Chief Nursing Officer and senior nursing leadership focus on RN workforce planning. They support numerous programs including Novant Health’s year-long, rotational residency program for new graduate nurses. This program is accredited by the American Nurses Credentialing Center and offers nurses the opportunity to gain additional experience through four clinical rotations. Programs such as this support our recruitment and retention efforts by empowering new RNs to explore their own interests, further develop skills, and gain confidence before committing to one unit or specialty. Our program was awarded with distinction in early 2020 by the American Nurses Credentialing Center, the highest recognition awarded. With this recognition, Novant Health’s nurse residency program becomes the 133rd system in the world to receive this honor and the second in North Carolina. To date, the nurse residency program has supported 1,158 nurses as they transition into professional practice. Each year, the program receives over 1,400 applications. Accreditation with distinction
enables us to continue to attract and retain talented nurse graduates, develop and enhance our evidence-based program, and move Novant Health forward in delivering safe, quality care to the patients we serve.

Operating Statistics

Figure K below provides various operating statistics for Novant Health systemwide, Novant Health Presbyterian Medical Center and Novant Health Forsyth Medical Center. As demonstrated by the trend in the statistics, Novant Health has experienced strong year-over-year growth especially in outpatient visits as technological advances in care have enabled a shift from inpatient care to outpatient care.

Figure K: Operating Statistics FY 2015 — FY 2019, Novant Health, NHFMC and NHPMC

<table>
<thead>
<tr>
<th>Facility</th>
<th>Measure</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novant Health</td>
<td>Inpatient discharges</td>
<td>119,512</td>
<td>122,662</td>
<td>126,326</td>
<td>130,474</td>
<td>134,844</td>
</tr>
<tr>
<td></td>
<td>Outpatient visits</td>
<td>940,272</td>
<td>1,010,506</td>
<td>1,104,981</td>
<td>1,141,293</td>
<td>1,236,889</td>
</tr>
<tr>
<td></td>
<td>ED visits</td>
<td>315,659</td>
<td>339,085</td>
<td>538,911</td>
<td>544,825</td>
<td>579,279</td>
</tr>
<tr>
<td></td>
<td>Physician group encounters</td>
<td>4,144,859</td>
<td>4,425,333</td>
<td>4,739,636</td>
<td>5,062,818</td>
<td>5,538,001</td>
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<tr>
<td></td>
<td>Average length of stay</td>
<td>4.9</td>
<td>4.9</td>
<td>4.8</td>
<td>4.8</td>
<td>4.8</td>
</tr>
<tr>
<td></td>
<td>Average daily census</td>
<td>1,613</td>
<td>1,632</td>
<td>1,662</td>
<td>1,710</td>
<td>1,776</td>
</tr>
<tr>
<td></td>
<td>Licensed beds</td>
<td>2,585</td>
<td>2,655</td>
<td>2,677</td>
<td>2,635</td>
<td>2,719</td>
</tr>
<tr>
<td></td>
<td>Staffed beds</td>
<td>1,749</td>
<td>1,848</td>
<td>1,884</td>
<td>1,974</td>
<td>2,046</td>
</tr>
<tr>
<td></td>
<td>Occupancy of staffed beds</td>
<td>87%</td>
<td>84%</td>
<td>88%</td>
<td>87%</td>
<td>87%</td>
</tr>
<tr>
<td></td>
<td>CMI</td>
<td>1.48</td>
<td>1.51</td>
<td>1.54</td>
<td>1.57</td>
<td>1.59</td>
</tr>
<tr>
<td>Novant Health</td>
<td>Inpatient discharges</td>
<td>40,147</td>
<td>40,701</td>
<td>40,913</td>
<td>39,834</td>
<td>38,474</td>
</tr>
<tr>
<td>Forsyth Medical</td>
<td>Outpatient visits</td>
<td>134,715</td>
<td>136,218</td>
<td>150,602</td>
<td>148,590</td>
<td>159,235</td>
</tr>
<tr>
<td>Center</td>
<td>ED visits</td>
<td>89,771</td>
<td>87,800</td>
<td>85,225</td>
<td>84,972</td>
<td>90,165</td>
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<tr>
<td></td>
<td>Average length of stay</td>
<td>5.7</td>
<td>5.7</td>
<td>5.7</td>
<td>5.9</td>
<td>5.9</td>
</tr>
<tr>
<td></td>
<td>Average daily census</td>
<td>630</td>
<td>633</td>
<td>640</td>
<td>646</td>
<td>624</td>
</tr>
<tr>
<td></td>
<td>Licensed beds</td>
<td>921</td>
<td>921</td>
<td>885</td>
<td>859</td>
<td>859</td>
</tr>
<tr>
<td></td>
<td>Staffed beds</td>
<td>679</td>
<td>711</td>
<td>719</td>
<td>734</td>
<td>700</td>
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<td>Occupancy of staffed beds</td>
<td>93%</td>
<td>89%</td>
<td>89%</td>
<td>88%</td>
<td>87%</td>
</tr>
<tr>
<td></td>
<td>CMI</td>
<td>1.61</td>
<td>1.64</td>
<td>1.68</td>
<td>1.71</td>
<td>1.74</td>
</tr>
<tr>
<td>Novant Health</td>
<td>Inpatient discharges</td>
<td>27,017</td>
<td>26,933</td>
<td>27,316</td>
<td>28,697</td>
<td>30,812</td>
</tr>
<tr>
<td>Presbyterian</td>
<td>Outpatient visits</td>
<td>187,492</td>
<td>190,643</td>
<td>195,221</td>
<td>205,013</td>
<td>217,253</td>
</tr>
<tr>
<td>Medical Center</td>
<td>ED visits</td>
<td>90,020</td>
<td>92,014</td>
<td>90,968</td>
<td>90,636</td>
<td>91,280</td>
</tr>
<tr>
<td></td>
<td>Average length of stay</td>
<td>5.2</td>
<td>5.3</td>
<td>5.2</td>
<td>5.4</td>
<td>5.5</td>
</tr>
<tr>
<td></td>
<td>Average daily census</td>
<td>386</td>
<td>386</td>
<td>398</td>
<td>422</td>
<td>468</td>
</tr>
<tr>
<td></td>
<td>Licensed beds</td>
<td>597</td>
<td>597</td>
<td>608</td>
<td>572</td>
<td>624</td>
</tr>
<tr>
<td></td>
<td>Staffed beds</td>
<td>419</td>
<td>440</td>
<td>453</td>
<td>480</td>
<td>525</td>
</tr>
<tr>
<td></td>
<td>Occupancy of staffed beds</td>
<td>92%</td>
<td>88%</td>
<td>88%</td>
<td>88%</td>
<td>86%</td>
</tr>
<tr>
<td></td>
<td>CMI</td>
<td>1.50</td>
<td>1.52</td>
<td>1.57</td>
<td>1.60</td>
<td>1.61</td>
</tr>
</tbody>
</table>

Note: FY 2019 operating statistics are unaudited

Note: For operating statistics and other information on affiliated hospitals and health systems, please see “Business Combination Experience” later in this document.
Operating Cost per Case

Operating cost per case data can be found in Confidential Addendum 1 for Novant Health systemwide, Novant Health Forsyth Medical Center and Novant Health Presbyterian Medical Center for the fiscal year-ended December 31, 2019 for NHRMC’s top five APR DRGs.

Confidential Addendum 1 has been marked confidential due to it containing confidential and proprietary information that not publicly available.

PATIENT EXPERIENCE

Novant Health’s efforts around patient experience and satisfaction involve two dedicated teams that work collaboratively together: our Voice of the Customer team and our Patient Experience Advisory team.

The Voice of the Customer (VOC) team provides the requisite IT platform, tools and expertise that enable decision making and action planning to enhance all aspects of the patient experience at Novant Health. The Patient Experience Advisory (PEA) team is responsible for program creation to enhance the patient experience. The team is invested in applying programs that have proven successful, investigating national trends in customer experience and seeking out industry leaders for collaboration. By focusing on key drivers and high-impact units, the PEA promotes a positive patient experience at all levels of the organization.

Our efforts and investment in patient experience have resulted in improvements in the Hospital Consumer Assessment of Healthcare (HCAHPS) Overall rating over the past five years. Figure L shows HCAHPS Overall Rating from quarter 1, 2015 to quarter 1, 2020 for Novant Health Forsyth Medical Center, Novant Health Presbyterian Medical Center and Novant Health overall.
QUALITY IMPROVEMENT INFRASTRUCTURE

Patient safety and quality are cornerstones of Novant Health’s vision of providing a remarkable patient experience in every dimension, every time. Our approach to enhancing quality of care and clinical outcomes is transformative and pervades all we do at Novant Health. Patients receive integrated healthcare services which deliver superior outcomes as measured against national, state and regional benchmarks, peer databases, internal standards, and the patient and family experience.

Novant Health’s approach is flexible and adaptable to change, but focuses heavily on precision, physician involvement and best practices. Our quality reporting organizational structure allows for and encourages the sharing of best practices. Additionally, our Chief Medical Officer has a team of senior quality leaders who specialize in various facets of quality including operation performance improvement, safety and transformation, infection control, regulatory affairs, nursing and research.

Innovations in Patient Care and Operational Efficiencies

Patient populations are increasingly demanding higher quality, more affordable care that is easier to access and navigate. Novant Health is rising to the challenge and changing the way we work to be more effective, efficient and affordable in every aspect of the organization. We are devoting considerable resources to changing many of our practices and systems to transform the patient experience from good to excellent to remarkable. From improving accessibility to billing processes, health literacy to simply
getting to know our patients on a much more personal level, Novant Health is committed to delivering patients a remarkable patient experience regardless of where they go for care.

Bringing this vision to life is a commitment by every employee of Novant Health. We are becoming more nimble, innovative and precise. Large scale changes have been put in place at Novant Health through clinical transformation to develop new levels of sustainable performance. Through these clinical transformation initiatives, Novant Health has realized significant monetary savings but more importantly, this transformation improved clinical care, increased nursing time at the patient’s bedside, and improved patient satisfaction within our facilities.

**Established Track Record of Quality Care**

A strong cultural emphasis on hand hygiene efforts has dramatically reduced MRSA infection rates at Novant Health facilities. The results of the program have been dramatic; Novant Health’s Nosocomial MRSA infection rates are among the lowest reported by any healthcare system. These efforts resulted in the receipt of the prestigious Ernest A. Codman Award from The Joint Commission in 2008. Since receiving this honor, our sustained focus on quality and safety has resulted in a continued decline in rates of MRSA infections. Novant Health was also recognized with a Codman award in 2004 for improving care for patients taking blood thinning medications; we are one of only two health systems nationally to have earned this honor more than once. Figure M details Novant Health’s Nosocomial MRSA infection rates for 2002 through 2019:

*Figure M: Nosocomial MRSA Infection Rate — per 1,000 patient days*

![Figure M: Nosocomial MRSA Infection Rate](image)

**Ongoing Commitment to Patient Safety**

Novant Health is continuously evaluating and improving our programs aimed at delivering the safest care possible to our patients. At its core, our quality and safety platform is a multi-pronged approach that focuses on key areas such as: (i) hospital acquired infections; (ii) patient safety indicators; (iii) 30-day readmissions; and (iv) inpatient mortality. Our willingness to evolve so we can deliver higher
quality, safer care is reflected in the significant improvement in our Leapfrog scores at hospitals across the system.

**First, Do No Harm**

Our intense focus on safety is best illustrated through our “First, Do No Harm” program, initially implemented in 2009. The crux has been and remains delivering a culture of safety—not just additional procedures. As such, all Novant Health employees, including physicians and non-clinical staff, participate in “First, Do No Harm” training, which helps to instill the principle that patient safety is a responsibility of all Novant Health employees. As a result of this campaign, we have been able to reduce our serious safety event rate by approximately 84% from an original baseline.

We adamantly support the need to improve quality, safety, and transparency of healthcare. Our alignment with independent organizations such as the Leapfrog Group bolster these efforts and drive our unwavering commitment as a system to reduce our hospital-associated infection rates to providing safe, quality care to all patients. Most recently, Novant Health’s surveyed acute care facilities received eight A’s and four B’s in Hospital Safety Grades published in November 2019 by the Leapfrog Group. Figure N below provides a breakdown of our surveyed hospitals’ LeapFrog Hospital Safety Grades.

**Figure N: Novant Health LeapFrog Hospital Safety Grades, Fall 2019:**

<table>
<thead>
<tr>
<th>Hospital</th>
<th>LeapFrog Hospital Safety Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novant Health Forsyth Medical Center</td>
<td>A</td>
</tr>
<tr>
<td>Novant Health Presbyterian Medical Center</td>
<td>B</td>
</tr>
<tr>
<td>Novant Health Brunswick Medical Center</td>
<td>A</td>
</tr>
<tr>
<td>Novant Health Huntersville Medical Center</td>
<td>B</td>
</tr>
<tr>
<td>Novant Health Kernersville Medical Center</td>
<td>B</td>
</tr>
<tr>
<td>Novant Health Matthews Medical Center</td>
<td>A</td>
</tr>
<tr>
<td>Novant Health Medical Park Hospital</td>
<td>A</td>
</tr>
<tr>
<td>Novant Health Rowan Medical Center</td>
<td>A</td>
</tr>
<tr>
<td>Novant Health Thomasville Medical Center</td>
<td>A</td>
</tr>
<tr>
<td>Novant Health UVA Health System Culpeper Medical Center</td>
<td>B</td>
</tr>
<tr>
<td>Novant Health UVA Health System Haymarket Medical Center</td>
<td>A</td>
</tr>
<tr>
<td>Novant Health UVA Health System Prince William Medical Center</td>
<td>A</td>
</tr>
</tbody>
</table>

Our strong performance across the system emphasizes the impact of teamwork on care delivery. Our “First, Do No Harm” program was rebooted in early 2020 to keep patient safety and quality at the center of healthcare. Team members are challenged to focus beyond just knowing our 5 Safety Behaviors, to using them. Figure O details Novant Health “Use 5 Save Lives” safety behaviors:
Figure O: Novant Health 5 Safety Behaviors

1. **Practice with a questioning attitude**  
   Stop, reflect & resolve in the face of uncertainty

2. **Communicate clearly**  
   Use SBAR-Q to share information  
   Communicate using three-way repeat backs & read backs  
   Use phonetic and numeric clarifications

3. **Know & comply with Red Rules**  
   Practice 100 percent compliance with red rules  
   Expect red rule compliance from all team members  
   If compliance with a red rule is not possible, stop action until any uncertainty can be resolved

4. **Self-Check: Focus on task**  
   Use the STAR technique

5. **Support each other**  
   Cross-check and assist  
   Use 5:1 Feedback to encourage safe behavior  
   Speak up using ARCC – “I have a concern”

Campaigns such as “Use 5 Save Lives” strengthen our culture of teamwork and collaboration at Novant Health, positively impacting patient safety and quality of care. This is critical as we continue evolving as an organization to thrive under value-based care models. Our clinical leaders are driving change throughout our organization, enabling team members to understand the impact of value-based care for our patients and communities. Implementation of innovative models for care delivery enhances our care continuum, supports population health and health equity, and impacts care beyond the walls of our acute facilities. Figures P, Q, R, S and T highlight CMS quality and safety performance measurements for our two flagship hospitals.

Figure P: Novant Health CMS 2016-2020 STAR Rating – NHFMC & NHPMC

<table>
<thead>
<tr>
<th>Facility</th>
<th>CMS STAR Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>NHFMC</td>
<td>3</td>
</tr>
<tr>
<td>NHPMC</td>
<td>3</td>
</tr>
</tbody>
</table>
### FY 2020 Hospital Readmissions Reduction Program
30-Day All-Cause Unplanned Risk-Standardized Readmission Results for AMI, COPD, HF, PN, CABG and THA/TKA

**Note:** Based on discharges from July 2015 through June 2018

<table>
<thead>
<tr>
<th>FACILITY</th>
<th>Measure</th>
<th>Actual Readmission Rate</th>
<th>Expected Readmission Rate</th>
<th>FY 19 Excess Readmission Ratio</th>
<th>National Observed Readmission Rate</th>
<th>FY 2019 Peer Group EER</th>
</tr>
</thead>
<tbody>
<tr>
<td>NH FORSYTH MEDICAL CENTER</td>
<td>AMI 30-Day Readmission</td>
<td>13.8%</td>
<td>13.5%</td>
<td>1.0196</td>
<td>15.3%</td>
<td>0.9957</td>
</tr>
<tr>
<td></td>
<td>COPD 30-day Readmission</td>
<td>20.4%</td>
<td>19.7%</td>
<td>1.0386</td>
<td>19.5%</td>
<td>0.9940</td>
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<tr>
<td></td>
<td>HF 30-Day Readmission</td>
<td>19.1%</td>
<td>21.9%</td>
<td>0.8726</td>
<td>21.4%</td>
<td>0.9862</td>
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<tr>
<td></td>
<td>PN 30-Day Readmission</td>
<td>15.5%</td>
<td>16.2%</td>
<td>0.9549</td>
<td>16.6%</td>
<td>0.9844</td>
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<tr>
<td></td>
<td>CABG 30-Day Readmission</td>
<td>11.3%</td>
<td>12.0%</td>
<td>0.9447</td>
<td>12.6%</td>
<td>0.9961</td>
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<tr>
<td></td>
<td>THA/TKA 30-day Readmission</td>
<td>3.7%</td>
<td>4.3%</td>
<td>0.8491</td>
<td>4.0%</td>
<td>0.9969</td>
</tr>
<tr>
<td>NH PRESBYTERIAN MEDICAL CENTER</td>
<td>AMI 30-Day Readmission</td>
<td>15.6%</td>
<td>14.6%</td>
<td>1.0656</td>
<td>15.3%</td>
<td>0.9963</td>
</tr>
<tr>
<td></td>
<td>COPD 30-day Readmission</td>
<td>21.0%</td>
<td>20.0%</td>
<td>1.0467</td>
<td>19.5%</td>
<td>0.9956</td>
</tr>
<tr>
<td></td>
<td>HF 30-Day Readmission</td>
<td>21.8%</td>
<td>21.3%</td>
<td>1.0204</td>
<td>21.4%</td>
<td>0.9893</td>
</tr>
<tr>
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<td>PN 30-Day Readmission</td>
<td>18.6%</td>
<td>17.0%</td>
<td>1.0939</td>
<td>16.6%</td>
<td>0.9865</td>
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<tr>
<td></td>
<td>CABG 30-Day Readmission</td>
<td>10.9%</td>
<td>11.6%</td>
<td>0.9413</td>
<td>12.6%</td>
<td>0.9978</td>
</tr>
<tr>
<td></td>
<td>THA/TKA 30-day Readmission</td>
<td>3.3%</td>
<td>4.2%</td>
<td>0.8007</td>
<td>4.0%</td>
<td>0.9901</td>
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</table>
Figure R: Novant Health CMS 2018-2020 HAC – NHFMC & NHPMC

<table>
<thead>
<tr>
<th>CMS HAC Reduction Program</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Novant Health Facility</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Financial Impact</td>
<td>*0.3712</td>
<td>*0.3429</td>
<td>*0.3306</td>
</tr>
<tr>
<td>NH Forsyth Medical Center</td>
<td>0.4066</td>
<td>0.5830</td>
<td>0.3503</td>
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<td>Estimated Financial Impact</td>
<td>($904,474)</td>
<td>($930,549)</td>
<td>($982,832)</td>
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<tr>
<td>NH Presbyterian Medical Center</td>
<td>0.6406</td>
<td>0.8254</td>
<td>-0.0017</td>
</tr>
<tr>
<td>Estimated Financial Impact</td>
<td>($673,182)</td>
<td>($203,042)</td>
<td>$0</td>
</tr>
</tbody>
</table>

Figure S: Novant Health CMS 2018-2020 Value-Based Payment – NHFMC & NHPMC

<table>
<thead>
<tr>
<th>Facility</th>
<th>2018 Value-Based Incentive Payment Percentage</th>
<th>2019 Value-Based Incentive Payment Percentage</th>
<th>2020 Value-Based Incentive Payment Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHFMC</td>
<td>1.4%</td>
<td>1.5%</td>
<td>1.6%</td>
</tr>
<tr>
<td>NHPMC</td>
<td>1.7%</td>
<td>1.6%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

Figure T: Novant Health 2018-2020 Mortality – NHFMC & NHPMC

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI 30-Day Mortality</td>
<td>12.70%</td>
<td>14.30%</td>
<td>14.20%</td>
<td>12.60%</td>
<td>12.60%</td>
<td>12.60%</td>
</tr>
<tr>
<td>COPD 30-Day Mortality</td>
<td>7.60%</td>
<td>10.30%</td>
<td>9.40%</td>
<td>8.00%</td>
<td>8.50%</td>
<td>9.90%</td>
</tr>
<tr>
<td>HF 30-Day Mortality</td>
<td>12.00%</td>
<td>11.50%</td>
<td>13.00%</td>
<td>12.90%</td>
<td>13.00%</td>
<td>11.30%</td>
</tr>
<tr>
<td>Pneumonia 30-Day Mortality</td>
<td>16.80%</td>
<td>15.40%</td>
<td>15.90%</td>
<td>16.60%</td>
<td>17.10%</td>
<td>15.90%</td>
</tr>
<tr>
<td>Stroke 30-Day Mortality</td>
<td>18.10%</td>
<td>16.30%</td>
<td>15.90%</td>
<td>15.40%</td>
<td>17.40%</td>
<td>16.00%</td>
</tr>
</tbody>
</table>

Novant Health’s unwavering commitment to patient safety and quality of care was further solidified through creation of our Institute of Safety & Quality. The Novant Health Institute of Safety & Quality covers all parts of the organization and includes: Clinical Data and Analytics, Clinical Excellence, Clinical Documentation Excellence, Safety (First, Do No Harm), Regulatory & Accreditation, and
Infection Prevention. Leadership and team members provide system oversight with support embedded at the local area/facility level (acute care facilities, ambulatory surgical centers, medical group practices, and imaging centers). We partner with leaders to provide a transparent, collaborative approach to improve safety, health outcomes, and prevent medical errors. Our partnership provides rigorous clinical data and analytics to support our facility and Institute leaders to understand their performance in real-time and leverage this information to improve safety and quality.

**Note:** For safety and quality scores and other information on affiliated hospitals and health systems, please see “Business Combination Experience” below.

**BUSINESS COMBINATION EXPERIENCE**

Novant Health has executed multiple successful partnerships to grow strategically and expand the communities we serve. Beginning in 1997 with the merger of Carolina MediCorp and Presbyterian Healthcare to form Novant Health, we have executed six system mergers throughout the Southeast, along with numerous other transactions involving outpatient facilities, imaging centers and physician practices. This track-record of success, along with robust organic growth and prudent capital investment, has been a primary driver of our advancements both clinically and financially. Figure U below provides a history of our system partnerships:

**Figure U: Business Combination History**

Novant Health seeks to partner with hospitals and health systems that share similar missions, visions and values as ours. We have taken a measured approach to growth through acquisition that focuses on finding the right partner, instead of growing for the sake of growth.

In addition to mergers with hospitals and health systems, Novant Health has strengthened its capabilities outside of general acute care by working with strategic partners across the healthcare continuum as the ongoing shift to value-based medicine will require health systems of the near future to demonstrate capabilities and/or coordination of care across a wide spectrum of healthcare services.

**Hospitals and Health Systems — Select Mergers and Acquisitions**

**Novant Health Brunswick Medical Center**

Novant Health assumed the lease and management of Brunswick Medical Center (formerly Brunswick Community Hospital) on March 1, 2006, previously leased by HCA, a for-profit entity. Brunswick Medical Center celebrated many successes in the first twelve months post-closing including improved physician and employee morale, improved quality, an increase in staffing ratios, and higher patient volumes.
Focused Integration

During these first several months after close, Novant Health sent multiple teams to the community of Supply, North Carolina, located in Brunswick County, to assist the local leadership team in assessing all areas of the hospital and begin planning and implementing new processes and services. Throughout the integration, teams from all areas of Novant Health continued to travel to assist local leadership on a regular basis. This dedication and focused integration led to a number of accomplishments during this period including:

- Recognition from the North Carolina Center for Hospital Quality (NC Quality Center) as Most Improved for Pneumonia Care and Surgical Infection Prevention Care in 2008 and as a Most Reliable Hospital in Surgical Infection Prevention in 2009
- 2009 Excellence in MRSA Reduction Award from VHA for reducing hospital-acquired MRSA infections by more than 50 percent per 1,000 patient days in 2009 as compared to 2008
- 150 new employees hired
- Significant improvement of key volume and financial indicators
- Improved employee satisfaction
- PRC 4-star Award for top 25% – “As a Place to Work”, and “Executive Leadership”
- Successfully surveyed by JCAHO and the Department of Health
- $5 million spent recruiting and integrating physicians

Capital Improvement

After assessing the infrastructure, Novant Health obtained state approval to build a replacement hospital that was over three times larger than the existing hospital. The new $100 million hospital opened in July 2011 and includes 78 beds (74 acute care and 4 observation beds) and 5 total operating rooms. Services include a 24-hour emergency department, maternity center, intensive and progressive care units, surgical services, and imaging and laboratory services, as well as physical therapy, speech therapy, cardiac rehabilitation and pulmonary rehabilitation. Pictures below show Brunswick Community Hospital and the replacement facility (Novant Health Brunswick Medical Center) which opened in 2011.

Prince William Health System

Novant Health partnered with PWHS in 2009 to establish a presence in the state of Virginia. Prior to adding PWHS, our presence was limited to a handful of MedQuest imaging centers located primarily in the Richmond area. Novant Health and PWHS executed a merger agreement and we committed to investing over $200 million, over 10 years, to establish PWHS as its own service area within Novant Health and act as our Virginia hub. Since completing the transaction, PWHS has seen marked improvements in quality, safety, patient and employee satisfaction, and financial performance, as well as significant capital investments.
Quality and Safety

Novant Health focused intently on swiftly elevating the quality and safety profile of PWHS post-transaction. We implemented our First Do No Harm program, invested in full-time VPMA to champion quality and assist in physician education, and added clinical analysts dedicated to quality. The results were significant:

- Decreased and sustained serious safety rate to zero by July 2011
- Zero central-line-associated blood stream infections by April 2011
- Increased safety reporting by 52% from 2010 to 2011; to 71% from 2011 to mid-2012
- 70% increase in “Near Miss” reporting rate, improving transparency and communication
- Zero ICU ventilator-associated pneumonia since 2010

Satisfaction

The substantial increase in efficiency, quality and safety at PWHS manifested itself noticeably in both patient and employee satisfaction. Most notable was inpatient satisfaction where Novant Health was able to drive an 11% increase in HCAHPS “Overall Rating Likely to Recommend” scores. Furthermore, we introduced our physician partnership model, resulting in improved physician partnership and alignment. Finally, by focusing not only on patient satisfaction, but also on efficiency and employees, Novant Health elevated its “overall as a place to work” rating by nine percentage points.

Financial Performance

By partnering with Novant Health, PWHS was able to realize multiple, significant financial benefits. Post-transaction, Moody’s raised its rating of the system from A3 to A2. Revenue enhancements and improvements in supply chain drove a 5 – 8% increase in operating cash flow. In addition, by partnering with existing MedQuest facilities in the region, PWHS saw a 15% increase in imaging volume at locations in Haymarket, Virginia. In 2013, Novant Health refinanced PWHS's debt under Novant Health, raising PWHS’s credit rating and lowering borrowing costs substantially.

Investment

As part of the merger agreement, Novant Health committed to investing over $200 million in capital over a ten-year period. Since 2009, Novant Health has invested $230 million in the region. Through the support of Novant Health, PWHS has been able to make critical investments to expand services including:

- Opening of the new $110 million community hospital in Haymarket
- $18 million investment in the Lake Manassas Cancer Center
- Opening a $2.8 million cardiac catheterization lab
- $2.3 million renovation of inpatient orthopedic and oncology wings
- Created dedicated outpatient infusion care center
- Developed Sports Medicine and Concussion Management programs
- Launched $1.0 million Robotic Makoplasty Surgical Program
- Implemented Neuro-Telemedicine to manage stroke care
Hospitals and Health Systems — Affiliations, Joint Ventures and Other Relationships

Novant Health UVA Health System

Novant Health and UVA Health System formed Novant Health UVA Health System in 2016, a joint operating company (JOC) which combined Novant Health’s facilities and operations (including the medical group and other ambulatory assets) in Northern Virginia with UVA Health System’s Culpeper Medical Center. The JOC effectively combines UVA Health System’s research capabilities as a large academic medical center with Novant Heath’s expertise in operating community hospitals and maintaining a large employed physician group.

Since the inception of the JOC in 2016, Novant Health UVA Health System facilities have seen marked improvement in key performance indicators, especially in outpatient services and physician group encounters. Figure V below details operating statistics for Novant Health UVA Health System from FY 2016 — FY 2019.

Figure V: Operating Statistics FY 2016 — FY 2019, Novant Health UVA Health System

<table>
<thead>
<tr>
<th>Facility</th>
<th>Measure</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novant Health UVA Health System JOC</td>
<td>Inpatient discharges</td>
<td>13,252</td>
<td>13,203</td>
<td>13,049</td>
<td>13,844</td>
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<tr>
<td></td>
<td>Outpatient visits</td>
<td>195,941</td>
<td>248,749</td>
<td>250,782</td>
<td>261,304</td>
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<tr>
<td></td>
<td>ED visits</td>
<td>107,750</td>
<td>106,020</td>
<td>103,371</td>
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<td></td>
<td>Physician group encounters</td>
<td>193,149</td>
<td>215,838</td>
<td>206,575</td>
<td>233,056</td>
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<tr>
<td></td>
<td>Average length of stay</td>
<td>3.8</td>
<td>3.8</td>
<td>3.7</td>
<td>3.7</td>
</tr>
<tr>
<td></td>
<td>Average daily census</td>
<td>137</td>
<td>138</td>
<td>131</td>
<td>141</td>
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<tr>
<td></td>
<td>Licensed beds</td>
<td>260</td>
<td>260</td>
<td>260</td>
<td>260</td>
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<tr>
<td></td>
<td>Staffed beds</td>
<td>137</td>
<td>138</td>
<td>132</td>
<td>142</td>
</tr>
<tr>
<td></td>
<td>Occupancy of staffed beds</td>
<td>100%</td>
<td>100%</td>
<td>99%</td>
<td>99%</td>
</tr>
</tbody>
</table>

Note: FY 2019 operating statistics are unaudited

Other Affiliations, Joint Ventures and Relationships

Novant Health Rehabilitation Hospital, an Affiliate of Encompass Health

Novant Health Rehabilitation Hospital (NHRH) is a joint venture between Novant Health and Encompass Health that owns and operates a 68-bed inpatient rehabilitation hospital in Winston-Salem, North Carolina. Opened in October of 2018, NHRH is a 68,000-square-foot hospital that is The Joint Commission accredited and features the latest technology and equipment and all private rooms. NHRH replaced the rehabilitation unit formerly on the campus of Novant Health Forsyth Medical Center (NHFMC). The new hospital, located approximately three miles from NHFMC, consolidated inpatient rehab operations into a single-story, state-of-the-art facility which increased efficiency and ease of use for patients and clinicians. The new hospital also increased the capacity of private rooms from 39 in the previous facility to 68 in the new hospital.
GoHealth Urgent Care

In October 2018, Novant Health announced a joint venture partnership with GoHealth Urgent Care (GoHealth). The Novant Health-GoHealth Urgent Care partnership is a key component to our goal of increasing access to care and providing affordable options to our patients.

GoHealth employs a unique operating model that partners with not-for-profit providers to become an integral part of the systems’ continuum of care. The centers are staffed by Novant Health clinicians and utilize our Epic EHR platform to ensure clinical protocols are consistent. Sites are selected in convenient, high-traffic destinations and each center is designed to provide an attractive, upscale look and feel.

Novant Health-GoHealth Urgent Care centers provide convenient and cost-effective alternatives to emergency room visits and are available for most illnesses and non-life-threatening injuries. Currently, there are 16 Novant Health-GoHealth Urgent Care centers in North Carolina with nine in the Charlotte region and seven in the Winston-Salem region. There are plans to continue to open additional centers over the next several years in targeted areas.

USPI

Novant Health has partnered with United Surgical Partners International (USPI) to develop, own and operate ambulatory surgery centers across our footprint. USPI is an ambulatory healthcare provider serving over 3.4 million patients a year across a combined network of 400 facilities including ambulatory surgery centers, surgical hospitals, imaging and urgent care centers. USPI has partnerships with over 4,000 physicians and over 50 health systems across the country.

USPI has partnered with Novant Health and area physicians in our two ambulatory surgery centers in Prince William County Virginia — Prince William Surgery Center and Haymarket Surgery Center, and has several other third party projects with Novant Health currently in process. Novant Health also has exclusivity with USPI in North Carolina for further development of ambulatory surgery centers across the state.

Walgreens

In 2019, Novant Health and Walgreens announced a retail health clinical collaboration and services agreement, as well as a retail-pharmacy-focused transaction. As part of the partnership, Walgreens will acquire and operate nine of Novant Health’s retail pharmacies, while Novant Health will open new retail health care clinics inside Walgreens stores in the Winston-Salem, Charlotte and Brunswick County, North Carolina.

With the new partnership, Novant Health patients will be able to receive their prescriptions at the acquired Walgreens pharmacy locations or any neighborhood Walgreens stores. The retail clinics, which will be branded “Novant Health Express at Walgreens” and staffed with Novant Health advanced practice providers (physician assistants and nurse practitioners), will provide patients in North Carolina with access to convenient and affordable health care for treating common illnesses and injuries, as well as services for chronic care follow-ups, with no appointment necessary.

The first locations are expected to open in the second half of 2020, with continued expansion in North Carolina over the next two years.
Affiliation with St. Jude’s Children’s Research Hospital

Novant Health Hemby Children’s Hospital’s pediatric cancer clinic is the only St. Jude Children’s Research Hospital affiliate in the Carolinas. It is one of just three nationwide to take part in clinical trials with both St. Jude and the Children’s Oncology Group. That means world-class care is available closer to home. The St. Jude Affiliate Clinic at Novant Health Hemby Children’s Hospital in Charlotte gives children access to more life-saving treatments and clinical trials than at any other cancer treatment facility in the region. In April 2017, the clinic was recognized by the Centers for Disease Control and Prevention as a Center of Excellence providing comprehensive hemophilia care for children. As a pediatric hemophilia treatment center, the clinic is able to provide access to physicians, nurses, physical therapists and social workers with extensive training in taking care of children with complex blood disorders. We provide high-quality care that meets national standards while offering innovative therapies and a broad network of consultants across the country.

The Joint Commission Accredited Hospitals

All Novant Health hospitals are accredited by The Joint Commission (TJC). Novant Health’s major facilities’ most recent effective dates for TJC hospital accreditation were February 9, 2019 for NHFMC and August 12, 2017 for NHPMC. NHFMC is also TJC accredited for behavioral health. NHPMC is also TJC accredited for behavioral health and home care. Please see Appendix A for the most recent hospital, behavioral health and home care accreditation letters for NHFMC and NHPMC, as applicable, as well as the most recent NHFMC and NHPMC TJC Quality Reports.

Magnet Recognition from the American Nurses Credentialing Center (ANCC)

Our focus on nursing programs and nursing excellence has been recognized nationally. Eight of Novant Health’s acute care facilities are designated as nursing Magnet facilities. In 2019, both of our tertiary care facilities, Novant Health Forsyth Medical Center and Novant Health Presbyterian Medical Center, were redesignated for the fourth and third times, respectively.

CORPORATE SERVICES

Electronic Medical Record (EMR)

Novant Health’s Epic EHR platform links the entire system from physician practices to acute care facilities, offering real-time patient information. Our Epic platform spans all clinical and ancillary departments including radiology, cardiology, pharmacy, lab and nursing providing an integrated solution for patient care. The Epic platform has replaced inefficiency and complexity in favor of integration and automated flows of information, improving care delivery for patients.

Figure W on the following page provides an overview of efficiencies gained through Epic:
Business Applications
Novant Health offers state-of-the-art information systems that are scalable and consistent across the system. Our IT platform offers us:

- Secure primary data center with 72,000 square feet on ten acres, with a secondary center located on a separate campus complete with alternate utility providers and power grids
- Corporate application standards for support systems (Lawson, PeopleSoft)
- IT Applications teams organized around business, clinical and ancillary functions
- State-of-the-art dictation and voice recognition systems to reduce turnaround time and transcription error rates
- Strategic focus on clinical automation to support quality initiatives and medical device integration
- Robust security and privacy infrastructure, including organization-wide HIPAA and PCI compliance programs as well as a dedicated cybersecurity fusion center.

CONSUMER ENGAGEMENT THROUGH DIGITAL PRODUCTS

- Rapidly changing technology offers new opportunities for leveraging innovation to enhance our core mission. Novant Health has committed to a renewed focus on the use of technology to elevate patient experience and outcomes. This digital engine is enabling rapid evolutions in access to and the quality of care we provide. There are three areas of focus for our Digital Products and Services (DPS) team:
  i) A comprehensive, omni-channel approach to a seamless patient experience;
  ii) Making healthcare extremely personal; and
  iii) Improving quality and speed through advanced technologies.

Channel Experiences
Technological advances have expanded our ability to care for our patients where, when and how it is most convenient. Our physical channels are enhanced through the use of way-finding, auto check-ins, digital bedside assistants, long distance specialty consults, and patient access to care team and records anytime, anywhere.
Traditional means of care delivery can also be augmented with a cohesive, digital, direct-to-patient channel. These capabilities include device-enhanced virtual visits, on-demand video visits, on-demand medicine delivery and mobile and digital assistants, all which promote robust care engagement for improved patient outcomes.

**Extreme Personalization**

Utilizing predictive analytics and artificial intelligence, Novant Health is improving patient engagement and clinical outcomes. This data-driven approach expands outside of the clinic to impact our patients’ lifestyle and behavior. Predictive analytics assist clinicians in care decisions and can be used with suicide prevention, heart and stroke treatments, and even connecting with patients before they realize they need care.

**Emerging and Advanced Technologies**

In the newly created Institute of Innovation and Artificial Intelligence, Novant Health is working to improve quality and speed through advanced technologies. This aim is focused in two areas: (i) improving clinical outcomes and access to care; and (ii) improving system operations. These aims are manifested in various areas including:

- Interactive wellness
- Image analysis assistance
- Early diagnosis
- Readmission reduction
- Cost optimization of care
- Staffing optimization
- AI-driven inpatient flow automation

**Scalable Foundations to Support Sophisticated Solutions**

The Novant Health DPS team has also sought to reimagine our digital platform, starting from the ground up. This scalable foundation will enable rapid evolution in patient and provider services. All systems and data sources will be integrated to create a single, cloud-based electronic health record, accessible via the Epic platform, mobile and voice while also incorporating specialized ancillary systems as needed.

Additionally, agile technology teams will be able to respond to changing patient and provider expectations. The DPS team is fully aligned with business capabilities on an interoperable, highly available infrastructure. This vision gives Novant Health’s digital services a best-in-class electronic and information resource capability.

Information technology has shifted from being a back-office support function to being an integral component of operations and strategy. Novant Health has embraced the future opportunities technology affords us and is transitioning the focus of our DPS team to be a true business partner within our organization. Our goal is to build a flexible architecture that can support the care delivery of today while also having the capabilities to support the care pathways of the future.

**Improved Patient Access and Understanding**

One of the most important attributes associated with the Epic implementation has been the introduction of the MyChart patient portal. MyChart is a patient-facing technology, providing patients access to numerous aspects of their current and previous medical history including (i) lab results; (ii) appointment information; (iii) current medication; and (iv) immunization records. By providing
patients the ability to schedule and access appointment information, we have moved scheduling from Novant Health time to patient time, enabling more open access. In addition, the portal provides patients with the functionality to:

- Schedule appointment times
- Email or send pictures to their care team directly
- Participate in video visits and e-visits
- Request prescription renewals
- View lab test results
- Receive reminders for important health checkups
- Access a library of personalized medical education

Patient adoption and usage has been significant since the rollout, with over 1,000,000 patients signed up, illustrating the portal’s functionality and user-friendly interface.

**Cybersecurity Fusion Center**

Healthcare infrastructure represents a vital component of the United States’ critical systems, and Novant Health is taking proactive steps to keep our physical and virtual systems and assets safe and secure. The Novant Health Cybersecurity Program has been developed and implemented to meet and exceed national standards for cybersecurity. At the core of this program is a set of cybersecurity activities, outcomes, and informative references that provide detailed guidance for developing, implementing and maintaining cybersecurity.

Through use of this guidance, the Novant Health Cybersecurity Framework helps Cybersecurity Products & Services align cybersecurity activities with business requirements, risk tolerances, regulatory requirements, and compliance requirements. The framework is broken down into five core functions that the enterprise must address to comprehensively deal with cybersecurity: Identify, Protect, Detect, Respond, and Recover.

- **Identify:** Cultivate a broad understanding of the business context, resources, and cybersecurity risks
- **Protect:** Perpetually expand the appropriate safeguards that are prioritized by risk
- **Detect:** Establish the appropriate activities to discover the occurrence of a cybersecurity event
- **Respond:** Develop and execute the appropriate activities, prioritized by risk, to take action regarding a cybersecurity event
- **Recover:** Improve and implement appropriate activities, prioritized by risk, to restore the services that were impaired by a cybersecurity event

Novant Health’s Cybersecurity Fusion Center is located in Indian Land, South Carolina and serves to centralize our specialized cybersecurity professionals. This enables rapid information sharing and collaboration across cybersecurity functions, and allows the team to be dynamic, multi-functional and change-ready resilient.
CORPORATE RESOURCES

Purchasing / Supply Chain

Novant Health's supply chain is a trusted partner and advisor to its physicians, clinicians and business leaders in delivering world-class care, exceptional outcomes and a remarkable patient experience by delivering the right resource to the right place, at the right time, for the right cost.

Supply chain proactively evaluates the changing healthcare landscape to develop capabilities and execute strategies to support the organization in achieving its goals on the corporate level as well as the local level.

Supply chain’s strategic plan uses the structured framework of three key objectives on which improvement is focused: (i) investing in relationships, (ii) making value-based decisions and (iii) providing true operational value through detailed analytics. In order to achieve success in all three areas, we will work closely with our customers, system leaders, as well as internal and external business partners, to ensure strategic alignment of our initiatives with those of the organization.

The Novant Health supply chain team is comprised of five distinct areas of responsibility that work in coordination to deliver on value to Novant Health:

- Supply chain operations and logistics team is accountable for the process of requisitions to distribution across the Novant Health enterprise. Novant Health utilizes its own 100,000-square-foot logistic center located outside of Charlotte. The service center distributes over 4,500 unique items to the end users’ specifications across the network.

- The strategic sourcing team develops and facilitates detailed sourcing strategies that reduce the total cost of ownership for contracted products and services throughout the system. Each team member owns their specific category portfolio. They are involved in all phases of the category management process. To achieve success, strategic sourcing works with diverse project teams that include physician partners, business owners, supply chain team members and strategic vendors when negotiating, executing and managing contracts on behalf of Novant Health.

- Supply chain diversity and inclusion oversees our diversity tier 1 and tier 2 spend opportunities. This group also has oversight of our diversity and inclusion education and awareness program.

- Supply chain clinical engagement works in partnership with our clinical leaders and team members. The clinical variation and reduction process is led by our senior clinical institute and innovation leaders. The supply chain clinical engagement team serves as facilitators and project leads.

- Supply chain finance works with our sourcing team to identify saving opportunities via multiple resources. The finance team tracks and validates cost-reduction projects. They have enhanced supply chain’s ability to partner with clinical leadership by developing the use of visualization tools such as Microsoft Power BI. The team’s efforts have propelled Novant Health’s pricing to top five, best in class, for all of our group-purchasing-organization peers.

Revenue Cycle Management

With decreasing reimbursement and revenue realization becoming more challenging, Novant Health understands the importance of an industry-leading, innovative and patient-focused revenue cycle team. We are continually looking for ways to create higher value at lower cost in this volatile environment.

Novant Health’s revenue cycle team combines outstanding financial performance with the positive patient experience in order to deliver on the remarkable patient promise. Our leaders are known throughout the industry for innovative tactics that produce results. We consistently rank within the top quartile when utilizing industry benchmark data to compare our performance to other organizations of similar size and complexity, while continuing to maintain low costs.
The revenue cycle team currently supports annual net revenues of over $5 Billion comprised of:

- Hospitals
- Hospice agencies
- OP rehab centers
- Provider based practices
- Ambulatory surgery centers
- Physician clinics
- Skilled nursing facilities
- Behavioral health units
- Critical care transport
- Clinical trials

Key Award Recognition:

- Top decile performance on POS collections as a percentage of net revenue in most recent fiscal year: 1.22%
- Top decile performance on percentage of uninsured self-pay A/R aged over 90 days in most recent fiscal year: 27.96%
- Top decile year-over-year improvement on gross days A/R discharged-not-final-billed: 62.62% decrease
- Top decile year-over-year improvement on cash collections as a percentage of net revenue: 5.05% increase

In 2015, we were recipients of the HBI Revenue Cycle Academy Award for outstanding performance metrics. In the following year, Revenue Cycle Services received the 2016 HFMA Patient Financial Communication Adopter Recognition Award. This award is to recognize bringing best practices in communication through consistency, timeliness and clarity. In addition, we were awarded the HFMA MAP Recognition of Revenue Cycle Achievement Award.

In 2017, the RCS team received the president’s award from the Healthcare Business Management Association (HBMA). The award is one of the association’s highest honors and given to recognize Novant Health for its commitment to support professional development of team members, leading to better patient experience and financial stability for our healthcare system.

Most recently, Novant Health RCS was the recipient of the HBI 2019 Revenue Cycle Award which recognizes healthcare organizations for achieving outstanding performance on revenue cycle KPIs, implementing innovative strategies to meet evolving challenges, and demonstrating dramatic year-over-year improvement.

Key Metrics Acute Ambulatory

<table>
<thead>
<tr>
<th>Metric</th>
<th>Acute</th>
<th>Ambulatory</th>
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</thead>
<tbody>
<tr>
<td>Net AR Days</td>
<td>48</td>
<td>32</td>
</tr>
<tr>
<td>Aging 90+ %</td>
<td>23%</td>
<td>21%</td>
</tr>
<tr>
<td>Denial % of Gross Revenue</td>
<td>8.7%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Denial WO % of Net Revenue</td>
<td>1.4%</td>
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</tr>
<tr>
<td>Cost to Collect</td>
<td>2.7%</td>
<td>4.0%</td>
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</tbody>
</table>

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- Top decile year-over-year improvement on cash collections as a percentage of net revenue: 5.05% increase
Strategic Planning
Novant Health has invested significant resources into strategic planning capabilities. Novant Health’s senior vice president of integration and operational excellence reports directly to the chief operating officer and has the responsibility of operational planning (i.e., strategic planning), program management, operational design and improvement, and enterprise business services. These teams, support organizational strategic governance efforts, aligning organizational priorities and consumer/community need. Specifically, strategic planning works collaboratively across the organization to provide new business assessments, provider supply/demand projections, service line forecasting, competitive intelligence, certificate of need planning and more to support leadership in decision making and program evaluation.

Business Development
Through its business development and sales department, Novant Health maintains a comprehensive portfolio of managed care and value-based care agreements for facilities and physicians across all regions. Novant Health contracts with multiple channels, including commercial, Health Exchange, Medicare Advantage, Medicaid, workers compensation and behavioral health on a systemwide basis. Contract terms are aligned across the health system, to the degree different regional practices permit. The majority of Novant Health’s contracts are multi-year agreements that are renegotiated on a schedule designed to minimize financial disruption.

The managed care portfolio is overseen by a team of relationship directors, pricing strategists and financial analysts. All of the relationship directors and several of the financial analysts have payer industry experience. Novant Health combines a retail charge strategy, managed by the pricing strategy team, in combination with wholesale contracted rates to remain sensitive to regional conditions and contracting trends. Novant Health utilizes a comprehensive contracting strategy, updated annually, which specifies financial targets. The business development and sales department has developed a variety of tools, in conjunction with regional finance and revenue recovery teams, to monitor revenue yield, identify discrepancies and take corrective actions under our contracts.

Corporate Finance
Novant Health’s corporate finance department encompasses a wide range of functions and services including:

- Payroll
- Accounts payable
- Treasury: including cash management, bank account set-up and maintenance, credit card set-up and maintenance, and investments (Novant Health Asset Management Company)
- Tax: including sales tax, property tax, and 990 return preparation
- Debt financing
- Accounting: including journal entries, account reconciliations, chart of account maintenance
- Internal and external reporting
- Annual financial and benefit plan audits
- Financial analysis
- Lease administration

Novant Health also has resources for insurance, both commercial and self-insurance programs and government reimbursement (cost report preparation).
Legal

The Novant Health legal department is responsible for providing legal support and counsel on all facets of Novant Health’s business across multiple service areas. Specifically, the legal department handles a wide array of legal issues, including hospital operations, patient care and safety, regulatory and compliance, physician contracting, corporate/transactional, finance, real estate, mergers and acquisitions, joint ventures, telehealth, privacy/HIPAA, cyber security, employment, tax and many other areas. The legal department is comprised of a multi-disciplinary team of attorneys, paralegals and other legal support staff all working to support the delivery of remarkable patient care. When the engagement of outside counsel is necessary, the legal department also retains highly qualified representation from a panel of pre-approved firms and manages the work of outside counsel for quality and cost-effectiveness.

Further, the Novant Health legal department is uniquely positioned under the direction of the Novant Health chief administrative officer—alongside the compliance, external affairs, audit, risk and human resources departments—which enables the legal department to be integral partners in all aspects of the organization’s risk management. The legal department is a trusted, strategic partner to the entire Novant Health system and helps ensure operations and business activities are carried out in accordance with applicable laws and regulations and consistent with the mission, vision and values of the organization.

Employee Benefit Administration & Programs

Novant Health offers team members a broad and comprehensive benefits package synonymous with a large healthcare system, so it includes health insurance and retirement benefits. However, Novant Health feels that its benefits package should reflect who we are, which is a health care organization committed to improving the health of the communities we serve, therefore, we have designed our benefits program to provide team members with the tools and support they need to improve their own health – whether that be physical, emotional or financial.

Our benefit program offers comprehensive medical, dental and vision plans to help team members manage their health, and disability and life insurance to help team members protect themselves from financial loss that results from illness or accidents. We also offer a retirement plan that includes a generous employer matching contribution to help team members reach their financial goals.

Compliance

Novant Health is committed to the highest levels of ethics across all segments of its business operations and to an effective compliance program that helps maintain a culture promoting the prevention, detection and resolution of potential violations of law or Novant Health policies. Novant Health’s compliance program recognizes that compliance is the responsibility of all employees, governing board members, administrators, physicians, students, volunteers and vendors.

Novant Health provides varied healthcare services pursuant to applicable federal, state, and local laws. The corporate compliance plan is designed to establish general standards of conduct that promote compliance with applicable law. These standards of conduct are complemented by extensive policies and procedures that promote conformance with the standards.

There is a range of expertise within Novant Health, including counsel and numerous other experts who may be consulted for advice. It is anticipated that this plan will be amended from time to time as necessary to articulate standards of conduct that are necessary to promote regulatory compliance.

Internal Audit

Novant Health internal audit is responsible to the Novant Health, Inc. Board of Trustees and leadership of Novant Health as an independent, objective assurance and consulting activity. The department is
comprised of 12 team members which includes the chief audit executive, two senior directors, one manager, three lead auditors, four auditors, and one executive assistant. Three team members are focused on IT audit, and we have a co-source relationship with a firm to support IT audit services. The balance of the other team members focuses on financial and operational audits. The internal audit department functionally reports to the Audit and Compliance Committee, and administratively reports to the chief administrative officer of Novant Health.

The Novant Health internal audit department develops a risk-informed audit plan annually and leaves a small portion of annual resources for unplanned work. Audit results, with management responses and mitigation plans, are issued to management as the work is completed. Results of audit work and issue tracking is reported to the Audit and Compliance Committee quarterly, along with any necessary changes to the audit plan. The internal audit department works closely with the compliance department, and coordinates any related work as necessary.

**Risk Management**

The risk and claims management program is focused on those risks associated with the delivery of care to patients, residents, and healthcare customers across Novant Health. The program seeks to identify and minimize adverse events, mitigate losses and identify trends related to the care delivery system. The risk and Claims Management Program is a part of an organizational approach to identification and management of various organizational risks such as, but not limited to, compliance, privacy, regulatory, public safety, legal, finance, insurance operations, and other Novant Health team members as indicated.

**CONSISTENT FINANCIAL PERFORMANCE**

Novant Health has an established track record of delivering robust financial performance through varying industry conditions. Over the past eight fiscal years (2012 through 2019—unaudited), Novant Health has averaged operating cash flow and operating income margins of 12.0% and 4.7%, respectively. These results demonstrate our efforts to control costs and achieve efficiencies while continuing to deliver high quality care, resulting in a healthy and viable financial and operational position, especially when compared to health systems of similar size and geography.

For fiscal year 2019 (unaudited), Novant Health had operating revenue of $5.4 billion and continued strong operating cash flow of $501 million. Figure X provides an overview of Novant Health’s financial performance for fiscal years 2012 through 2019:
Our strong financial position has enabled us to make key investments in digital platforms, employees, existing facilities and new construction that will position us to effectively deliver a remarkable patient experience to new and existing patient bases for many years to come. Novant Health’s current capital plan calls for approximately $2 billion in capital expenditures over the next five years focused on IT and quality initiatives, improvements to existing facilities, new construction, and other strategic capital.

Novant Health’s financial viability and balance sheet strength is demonstrated by our current bond ratings of “AA-” by Fitch, “AA-” by Standard & Poor’s (S&P), and “Aa3” by Moody’s. The outlook is stable from all three agencies after upgrades by Moody’s and S&P in 2019. In announcing the upgrade, an analyst from S&P remarked that the “AA-” rating, “...reflects Novant Health’s sustained and favorable financial profile trends, namely consistent healthy operating performance and a falling debt load.”

**LEADING FINANCIAL METRICS**

Novant Health is focused on maintaining a strong financial profile, including our current ratings with the agencies. Sustaining a strong profile allows us to continue to make significant investments in our communities and service lines, further enhancing patient safety, quality, access and affordability.

As of December 31, 2019 (unaudited), Novant Health’s had total assets of $7.6 billion, total liabilities of $3.0 billion, total net assets of $4.6 billion and unrestricted cash and investments of $3.1 billion. Figures Y—AB illustrate Novant Health’s historically strong financial metrics:
Significant liquidity, modest debt-to-capitalization and robust operating performance are some of the hallmarks of Novant Health’s financial profile. Please see: Appendix B for audited financial statements for the prior three fiscal years and unaudited financial statements for fiscal year 2019; Appendix C, Appendix D and Appendix E for the most recent report from Standard & Poor’s, Fitch Ratings and Moody’s Investors Services, respectively; and Appendix F for the Series 2019A Offering Statement Containing Appendix A bond document.