FMOLHS Profile
The System’s service area is diverse and encompasses over 2.4 million people, over 50% of the State’s population.

Subsidiaries and Affiliate Organizations
- St. Francis Ambulatory Services, Inc.
- Monroe MRI Center
- P&S Surgery Center
- Northeast Louisiana Cancer Institute
- Northeast Louisiana Physician Hospital Organization
- Louisiana Homecare of Monroe, LLC
- St. Francis Medical Center Foundation

Subsidiaries and Affiliate Organizations
- Assisi Village
- Calais House
- Villa St. Francis
- Chateau Louise
- Burden Manor
- OLOL College
- Lake Foundation
- OLOL Assumption
- OLOL Physician Group

Subsidiaries and Affiliate Organizations
- Hospital Assistance Services
- Heart Hospital of Lafayette
- Park Place Surgery Center
- Lourdes Imaging Center
- Louisiana Home Care Group
- Lourdes After Hours Clinic
- Lourdes Foundation

Subsidiaries and Affiliate Organizations
- St. Elizabeth Physicians

New Orleans East
- New Orleans East Hospital management contract with City and Daughters of Charity operates primary care clinic
- FMOLHS will provide management services through activation
FMOLHS Profile

- **8 Hospitals in Louisiana**
  - >1700 acute care beds:
  - >67,000 annual admissions
  - >573,000 outpatient visits
  - >11,000 team members
  - >2000 medical staff members
  - >200 employed physicians
- **>20 Physician Joint Ventures**
- **Senior Services Division**
- **Population Health Management Company**
- **College**
- **>1.6 Billion Annual Net Revenue**
- **GME Relationship with LSU**
  - 160 GME caps/year
Mission, Vision, Values
Vision Statement
To make a significant difference in our communities through Catholic health services.

Mission Statement
Inspired by the vision of St. Francis and in the tradition of the Roman Catholic Church, we extend the healing ministry of Jesus Christ to God's people, especially those most in need.

We call forth all who serve in this healthcare ministry to share their gifts and talents to create a spirit of healing - with reverence and love for all of life, with joyfulness of spirit, and with humility and justice for all those entrusted to our care.

We are, with God's help, a healing and spiritual presence for each other and for the communities we are privileged to serve.

Core Values
Service
Reverence and love for all of life
Joyfulness of Spirit
Humility
Justice
Strategies
OUR ASPIRING VISION

By 2016, Franciscan Missionaries of Our Lady Health System, a Catholic Healthcare Ministry, will provide clinically integrated, market-based care through its sponsored organizations to effectively and efficiently manage the health of specific populations, especially those most in need.

Through its Team Members and culture of excellence the Health System will provide distinctive value for all constituents.

Sustainable financial performance ensures the long-term viability of our sponsored organizations and the System as a whole.
PREPARING FOR 2016 AND BEYOND: FOUR STRATEGIES

1. Lead and grow care for the elderly by testing and developing new, innovative geriatric models and processes across a broad spectrum of services

2. Transform current healthcare delivery into more innovative and integrated systems of care

3. Distinguish ourselves through superior performance. We seek excellence in our care of those most in need, clinical quality, physician satisfaction, patient satisfaction, and team member engagement

4. Manage and sustain a healthy financial profile

Adopted May, 2011
Senior Care Strategy

• Program for All Inclusive Care for the Elderly (PACE)
  – Offers adult day health care services, primary care, supportive services for the elderly and currently consists of 130 enrollees

• Senior Companion Program
  – 50 low income volunteers assisting others in their homes and FMOL Health System facilities

• Services for Seniors
  – Expansion of Program for All Inclusive Care for the Elderly (PACE) across our markets
  – Growing primary care geriatric providers
  – Establishment of Palliative Care Services at each of our markets

• Nursing Homes

• HUD Housing for elderly
Redesign
HEALTH CARE BUSINESS MODEL

Population

Insurers

Providers/Physicians

Institution
Ambulatory
Home
Population Health Management Experience

• Healthy Lives™
  – Implemented in November 2010 for FMOLHS employees and insured members in the 2011 benefits year
    • 80% participation rate
    • $21 million in savings over two years with quality measures that exceed national benchmarks
    • 1 in 30 companies in the US recognized as Best Employers for Healthy Lifestyles from the National Business Group on Health in 2012 and 2013
    • Fourth consecutive year with no premium increase for members (2014)
  – Population management consulting services in partnership with 38 clients in 9 states
    • Approximately 100,000 lives
    • Consulting, implementation and program infrastructure
    • Clinical integration and patient-centered medical home programs

• Program for All Inclusive Care for the Elderly (PACE)
Franciscan Clinical Network

- Includes all provider types (MDs, Institutional, Ambulatory, Home Care)
- Through various relationships (affiliated, employed, joint ventures, contracted, owned)
- To assure predictable quality and cost at levels which demonstrate the network as “best performer”
- A centralized resource to support and coordinate local networks,
- Using services of Franciscan Health and Wellness Services to manage population health and data
- When operational –
  - establish criteria for participation,
  - identify necessary services to be included,
  - determine terms of relationship,
  - establish performance expectations and incentives,
  - monitor results.
Unified Medical Group

- Provide physician leadership of clinical performance standards within Clinical Network,
- Design physician incentives to reward clinical improvement,
- Standardize practice administrative functions,
- Identify opportunities to share administrative systems with independent MDs,
- Lead growth strategy into new markets.
Performance
FMOLHS Metrics

Appropriate Care Measures

Team Member Commitment

Inpatient Satisfaction

Risk Adjusted Complication Index

Risk Adjusted Mortality Index

Risk Adjusted Readmission Index
FMOLHS Performance

WE STRIVE TO DO WELL BECAUSE OF WHO WE ARE, AND RECOGNITIONS ARE CONFIRMATION – to mention a few:

• US News and World Report
• Blue Cross Blue Shield Centers of Distinction
• Louisiana Quality Foundation Performance Excellence
• Magnet designation
• Nurses Improving Care for Health System Elders (NICHE)
• The Joint Commission
• Press Ganey
• Morehead Associates
• Modern Healthcare
Organizational Review/Healthy 2016

Steering committee identified 52 opportunities with projected impact of >$165M\(^1\) in today’s dollars

- **Materials Management**
  - 10 opportunities
  - $31M

- **Shared Services**
  - 12 opportunities
  - $17M

- **Clinical Cost Variation**
  - 3 opportunities
  - $19M

- **Strategic Growth**
  - 15 opportunities
  - $10M

- **Revenue Cycle**
  - 6 opportunities
  - $37M

- **Labor Productivity/Operations**
  - 6 opportunities
  - $53M

---

1 Does not include potential impact in areas we did not assess or additional potential upside from growth opportunities.
<table>
<thead>
<tr>
<th>FMOLHS Strategy</th>
<th>Healthy 2016</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Senior Services</td>
<td>• Clinical Variation</td>
<td>• Population Health</td>
</tr>
<tr>
<td></td>
<td>• Growth</td>
<td>• Clinical Network</td>
</tr>
<tr>
<td>2. Redesign</td>
<td>• Clinical Variation</td>
<td>• Population Health</td>
</tr>
<tr>
<td></td>
<td>• Growth</td>
<td>• Clinical Network</td>
</tr>
<tr>
<td>3. Superior Performance</td>
<td>• Supply Chain</td>
<td>• Clinical Network</td>
</tr>
<tr>
<td></td>
<td>• Clinical Variation</td>
<td>• Unified Medical Group</td>
</tr>
<tr>
<td>4. Financial Viability</td>
<td>• Supply Chain</td>
<td>• Clinical Network</td>
</tr>
<tr>
<td></td>
<td>• Labor/Productivity</td>
<td>• Unified Medical Group</td>
</tr>
<tr>
<td></td>
<td>• Clinical Variation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Growth</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Revenue Cycle</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Shared Services</td>
<td></td>
</tr>
</tbody>
</table>
Information Technology Strategy

- System-wide Electronic Health Record (EHR)
  - Cerner Inpatient Integrated Health Record
  - Epic Ambulatory Health Record - Formed a shared services organization with three physician groups and implemented Epic ambulatory software suite of products (300 physicians)
- FMOLHS eHealth Strategy – under development
  - Caring for patients through virtual visits focusing initially on TelePsych, TeleStroke, and Mobile Virtual Critical Care programs
  - Engaging consumers through Patient Health Portals to improve overall health and the patient experience
  - Connecting electronically through HIE’s to coordinate care
- Meaningful Use Status and Plan
  - Successful submission for Stage 1 in 3 consecutive years
  - Planned submission for Stage 2 in October 2014
Financial Performance
Consolidated: Payor Mix

### Payer Mix (Net Revenue – June 30, 2013)
- Medicare: 32.1%
- Medicaid: 7.2%
- Commercial: 19.1%
- BlueCross/BlueShield: 25.2%
- Self Pay: 12.2%

48.5% Managed Care and Commercial Payers

### Payer Mix (Gross Revenue – June 30, 2013)
- Medicare: 44.3%
- Medicaid: 14.3%
- Self Pay: 7.5%
- BlueCross/BlueShield: 16.4%
- Commercial: 2.1%

33.9% Managed Care and Commercial Payers

Consolidated Payer Mix:
- 39.3% Government Payers
- 58.6% Managed Care and Commercial Payers
# FMOLHS Financial Profile

<table>
<thead>
<tr>
<th>($000s)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Budget 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days Cash on Hand</td>
<td>214.1</td>
<td>233.8</td>
<td>288.8</td>
<td>260.7</td>
<td>235.5</td>
<td>220.0</td>
</tr>
<tr>
<td>Operating Income Margin</td>
<td>0.0%</td>
<td>2.9%</td>
<td>1.4%</td>
<td>3.0%</td>
<td>1.6%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Operating EBIDA Margin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.4%</td>
</tr>
<tr>
<td>MADS Coverage</td>
<td>2.5x</td>
<td>2.8x</td>
<td>2.1x</td>
<td>2.7x</td>
<td>2.6x</td>
<td>3.1x</td>
</tr>
<tr>
<td>Debt to Capitalization</td>
<td>38.2%</td>
<td>39.7%</td>
<td>32.3%</td>
<td>33.8%</td>
<td>34.2%</td>
<td>33.5%</td>
</tr>
<tr>
<td>Cash-to-Debt</td>
<td>125.9%</td>
<td>125.2%</td>
<td>160.7%</td>
<td>154.7%</td>
<td>133.1%</td>
<td>143.2%</td>
</tr>
<tr>
<td>Capital Expenditure Ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>202.7%</td>
</tr>
</tbody>
</table>

**Notes:**
1. Fiscal Year End June 30
2. FY 2011 does not include payment from Department of Health & Hospitals of $129 million
## FMOLHS Financial Profile

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<thead>
<tr>
<th>($000s)</th>
<th>2009</th>
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<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Budget 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$1,130,527</td>
<td>$1,205,214</td>
<td>$1,228,441</td>
<td>$1,300,924</td>
<td>$1,415,654</td>
<td>$1,587,200</td>
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<tr>
<td>Operating Cash Flow</td>
<td>$88,798</td>
<td>$132,394</td>
<td>$107,725</td>
<td>$144,109</td>
<td>$131,879</td>
<td>$145,065</td>
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<tr>
<td>Operating Income</td>
<td>$68</td>
<td>$35,200</td>
<td>$17,305</td>
<td>$38,419</td>
<td>$21,960</td>
<td>$27,763</td>
</tr>
<tr>
<td>Excess Margin</td>
<td>(19.2%)</td>
<td>8.3%</td>
<td>9.6%</td>
<td>2.0%</td>
<td>5.4%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Cash &amp; Unrestricted Investments</td>
<td>$620,975</td>
<td>$700,453</td>
<td>$904,096</td>
<td>$842,770</td>
<td>$844,814</td>
<td>$886,517</td>
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<tr>
<td>Debt</td>
<td>$493,044</td>
<td>$559,359</td>
<td>$562,436</td>
<td>$544,690</td>
<td>$634,940</td>
<td>$618,911</td>
</tr>
<tr>
<td>Debt –to-Operating Cash Flow</td>
<td>5.6x</td>
<td>4.2x</td>
<td>5.2x</td>
<td>3.8x</td>
<td>4.8x</td>
<td>4.3x</td>
</tr>
</tbody>
</table>

### Notes:
1. Fiscal Year End June 30
2. FY 2011 does not include payment from Department of Health & Hospitals of $129 million
FMOLHS Financial and Capital Projections (in Millions)

<table>
<thead>
<tr>
<th></th>
<th>Budget FY14</th>
<th>Projected FY 15</th>
<th>Projected FY 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Patient Service Revenue</td>
<td>$1,471.8</td>
<td>$1,504.6</td>
<td>$1,579.8</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$32.6</td>
<td>$69.9</td>
<td>$57.8</td>
</tr>
<tr>
<td>Operating EBIDA</td>
<td>$149.9</td>
<td>$180.7</td>
<td>$191.1</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>$181.9</td>
<td>$192.7</td>
<td>$200.6</td>
</tr>
<tr>
<td>Unrestricted Cash</td>
<td>$840.0</td>
<td>$866.3</td>
<td>$962.4</td>
</tr>
<tr>
<td>Total Debt</td>
<td>$618.9</td>
<td>$600.1</td>
<td>$707.6</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>$177.5</td>
<td>$171.7</td>
<td>$219.1</td>
</tr>
</tbody>
</table>
Joint Venture/Partnership Financial Results

<table>
<thead>
<tr>
<th>Joint Venture Financial Summary</th>
<th>Revenues</th>
<th>Expenses</th>
<th>Net Income</th>
<th>FMOLHS Share of Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year 2013</td>
<td>$ 205,815,823.00</td>
<td>$ 178,381,866.00</td>
<td>$ 27,433,957.00</td>
<td>$ 12,449,487.80</td>
</tr>
<tr>
<td>Fiscal Year 2014 (through 12/31/13)</td>
<td>$ 114,932,307.00</td>
<td>$ 95,220,388.00</td>
<td>$ 19,711,919.00</td>
<td>$ 9,004,753.96</td>
</tr>
</tbody>
</table>

FMOLHS Debt Profile

<table>
<thead>
<tr>
<th>Outstanding Debt Total</th>
<th>Average Life</th>
<th>Average Coupon</th>
<th>Fixed</th>
<th>Variable</th>
<th>Synthetic Fixed</th>
</tr>
</thead>
<tbody>
<tr>
<td>$597,081,000</td>
<td>17.1</td>
<td>4.92%</td>
<td>$428,281,000</td>
<td>$49,700,000</td>
<td>$119,100,000</td>
</tr>
</tbody>
</table>
Questions/Comments?