Positioning Marshfield Clinic for Our Next 100 Years

HFMA Capital Conference
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Dr. Narayana Murali
Executive Director, Marshfield Clinic

Gordon T. Edwards
Chief Financial Officer

Disclosure

Forward-Looking Statements
The following material and presentation contain information which is forward-looking within the meaning of federal securities law. These forward-looking statements are based on current plans and expectations of Marshfield Clinic Health System (MCHS). The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. MCHS does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or fail to occur. This presentation should be reviewed in conjunction with MCHS’ September 30, 2015 and December 31, 2015 continuing disclosure report.

Non-GAAP Financial Information
This presentation may include certain financial measures that are not calculated in accordance with generally accepted accounting principles (GAAP). These alternative measures are provided only as a supplement to aid in analysis of MCHS.
Our Mission drives our Vision and is grounded through our Core Values

Our Mission: We enrich lives through accessible, affordable compassionate healthcare.

Our Vision: We will continue to innovate, and define the future of healthcare for generations. We will be the consumer’s first choice for healthcare.

Our Core Values:

Patient-Centered
We listen, serve and put the needs of the patient first

Trust
We earn trust through honesty, integrity, respect and compassion

Teamwork
We work together, respecting each other and our professional roles

Excellence
Through research, education and best practice, we deliver exceptional quality

Affordability
We are accountable as we manage resources and deliver value-based care
MCHS is an integrated regional health care provider

Integrated Healthcare Provider

- Regional, not-for-profit health care provider serving nearly the entire state of Wisconsin since 1916
- One of the largest private medical practices in the United States, over 1,200 providers in 86 specialties
- Sixth largest health plan in Wisconsin
- Expansive ambulatory services, with strategic affiliations with hospital providers
- Serves as an academic campus for the University of Wisconsin School of Medicine and Public Health providing residency and fellowship training programs

Overview of MCHS' facilities

MCHS Operations

- 3.5 Million patient encounters representing approximately 350,000 unique patients in fiscal year 2015
- 49 clinical locations in 34 communities in the State of Wisconsin

Operates:
- 4 ambulatory surgery centers with 40 operating and procedure rooms
- 7 urgent care centers
- 33 clinical laboratory locations
- 17 pharmacies
- 10 dental clinics
- 2 hospital facilities with approximately 65 total beds
  - One CAH is a joint venture with Ministry Health (Ascension)
- 3 skilled nursing facilities
- Food safety and veterinary laboratory services
Our primary service area

Marshfield Clinic provides comprehensive medical care primarily to central, northern and western Wisconsin and a portion of the Upper Peninsula of Michigan.

Primary service area has a population of nearly one million (5.7 million in WI).

<table>
<thead>
<tr>
<th>Population by age</th>
<th>Wisconsin</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14</td>
<td>177,000</td>
<td>18%</td>
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<tr>
<td>15-44</td>
<td>347,000</td>
<td>35%</td>
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<tr>
<td>45-64</td>
<td>290,000</td>
<td>29%</td>
</tr>
<tr>
<td>65+</td>
<td>186,000</td>
<td>19%</td>
</tr>
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Unemployment (December 2015 not seasonally adjusted)
Service Area Average 5.5%
Wisconsin 4.2%
US 4.8%

Source: US Census Bureau
Wisconsin Department of Administration

Large market presence

Market Reach – percent of population seen at MCHS

345,000 from Wisconsin
4,000 from Michigan
6,000 from elsewhere
355,000 Total Patients

Marshfield Clinic treated 35% of the entire population within its service area.
Security Health Plan service area and provider network

Enrollment increased 12% since 2012; to more than 220,000 members
Covers 41 counties in Wisconsin
Among top 10% of the nation’s highest-rated health insurance plans (NCQA, 2015-2016)
Offer a complete suite of health insurance plans for employer groups, government programs, and individuals of all ages and families of various income levels
Broad provider network of doctors and other healthcare professionals, hospitals and pharmacies

Vertical Integration, “Sweet Spot”

Aligned financial incentives for effective management of the “sweet spot” members
Increased 8% of the SHP members whom are managed by MC since 2013

Sweet Spot: Marshfield Clinic manages total cost of care and quality for patients that are insured by SHP, as of September 2015
Patient centered Medical Home

Manage Cost of Care

NCQA Recognition

Level 3 (highest level)
- All 30 primary care sites
- Focus on high quality, patient-centered care at reduced cost

Effective management of total cost of care

<table>
<thead>
<tr>
<th>ACO A1473, Marshfield Clinic</th>
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<tr>
<td>Report Period: Year 2014</td>
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<td></td>
<td></td>
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<tr>
<td>Number of ACOs</td>
<td>1</td>
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</tbody>
</table>
| Person Years per Assigned Beneficiary Medicare Enrollment Type
  Total                      | 31,013 |
  End Stage Renal Disease     | 242    |
  Disabled                    | 5,828  |
  Aged/Dual                   | 1,889  |
  Aged/Non-Dual               | 23,054 |
| Total Expenditures per Assigned Beneficiary Medicare Enrollment Type
  Total                      | 32,123,758 |
  End Stage Renal Disease     | 328,021 |
  Disabled                    | 5,547,301 |
  Aged/Dual                   | 2,171,699 |
  Aged/Non-Dual               | 24,075,738 |
| MC annual spend on 13% lower than all MSSP ACOs |

- ACO-specific
- All MSSP ACOs
- National FFS
MCHS has improved dental care in its service area

124,155 Patients Treated by Family Health Center Dental Initiative
November 2002 - September 30, 2015

Importance of Dental Care

- Early Periodic Screening Diagnosis and Treatment reports Wisconsin was one of the worst states in dental care for children from poor families
- Oral cancer, diagnosed early, increases survival rates 80% to 90%
- Periodontal disease linked to diabetes, cardiovascular disease, kidney disease, complications with pregnancy, and many others
- Rising dental-related emergency room visits (in 2009, 32,000 visits in WI at a cost of $7M for dental ailments)
- Family Health Center began in 2002 to lead the effort to improve oral health in Wisconsin
- Total patients served exceeded 124,000 in 2015, from every county in the state
- Institute for Oral and Systemic Health, as part of Marshfield Clinic Research Foundation

Top quartile in patient experience

Clinic Star Ratings

- 87% of providers 4.5 stars or higher
- 12% of providers 4.0 to 4.5 stars
- 1% of provider are 3.5 to 4.0 stars
- No providers under 3.5 stars

Source: Press Ganey Medical Practice Survey
Early adopter and innovator of technology

- 1960's: Diagnostic database dates to this time
- 1980's: Laboratory Data
- 2007: Paperless

CattailsMD (MCIS Clinicals)
- Internally developed meaningful use certified medical group EMR
- Sold to third-parties
- 25% patient using electronic portal
- 19 years of providing telemedicine

Growth in Revenue through strong market presence

- $1.87B in 2012
- $1.89B in 2013
- $1.96B in 2014
- $2.06B in 2015

Based upon Consolidated Financial Statements
MCHS has improved operating performance

Based upon Consolidated Financial Statements

Liquidity is growing and leverage is low

Based upon Consolidated Financial Statements

Capital Investment

MCHS has used cash from operations to fund capital investment which has led to low leverage

Routine capital spend of $35M to $45M annually

Based upon Consolidated Financial Statements
Our strategic plan focuses on our core values and collaboration to achieve our Vision

**Patient-Centered**

**Trust**

**Teamwork**

**Excellence**

**Affordability**

Physician and clinician collaboration

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### Our strategic initiatives

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<tr>
<th>Patient-Centered</th>
<th>Outpatient and Ambulatory Services</th>
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<tr>
<td></td>
<td>Enhance outpatient surgical procedures and ambulatory services</td>
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<td></td>
<td>Expanded or developing ASCs in key markets, Marshfield, Wausau, Eau Claire, Minocqua</td>
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<td>Increase the types of surgical procedures outside of the hospital (CAReS platform)</td>
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<td>Lowers the cost and enhances the patient experience</td>
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<thead>
<tr>
<th>Trust</th>
<th>Security Health Plan</th>
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<td>SHP expansion to new markets</td>
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<tr>
<td></td>
<td>Repositioning TPA product line within SHP</td>
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<td>SHP partnering with other health systems to expand lives (gain scale)</td>
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<th>Teamwork</th>
<th>Information Technology</th>
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<td></td>
<td>Continued investment in technology and analytics to enhance utilization management</td>
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<td>New platforms for EMR, radiology, practice management/revenue cycle, and laboratory</td>
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<tr>
<th>Excellence</th>
<th>Hospital Services Expansion</th>
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<tr>
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<td>Develop expanded acute care services</td>
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<tr>
<td></td>
<td>Partnership, acquisition, or build our own</td>
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<td></td>
<td>Acute care hospitals in key markets</td>
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<td>Micro-hospitals to support acute care hospitals</td>
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<td>Hospital at home</td>
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Why enhance hospital services?

<table>
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<tr>
<th>Patient-Centered</th>
<th>Allows MCHS to become a fully vertical integrated health network</th>
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<tbody>
<tr>
<td>Trust</td>
<td>Misalignment with our historical hospital partners on cost, quality, and patient experience</td>
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<tr>
<td>Teamwork</td>
<td>Most expensive hospitals in state of Wisconsin</td>
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<td>Highly profitable hospitals</td>
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<td>Excellence</td>
<td>Earnings are not reinvested in the communities, rather support other corporate needs</td>
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<td>Affordability</td>
<td>Marshfield Clinic represents a substantial portion, if not the entire medical staff</td>
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<td></td>
<td>No reinvestment in facilities, negatively impacting quality and patient experience</td>
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<td>Divergent strategies for tertiary services in our markets</td>
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Staying focused on implementing our strategic plan will transform our operations for our next 100 years

| Integrated provider with strong multi-specialty physician practice, health plan, outpatient and ambulatory services |
| Exceptional patient experience and quality outcomes |
| Strong, experienced leadership team |
| Significant experience with managing total cost of care |
| Rated A- by Standard & Poor’s |
| Improved financial performance |
| Significant growth opportunity exists in acute care services and health plan expansion |

Marshfield Clinic Health System
Questions