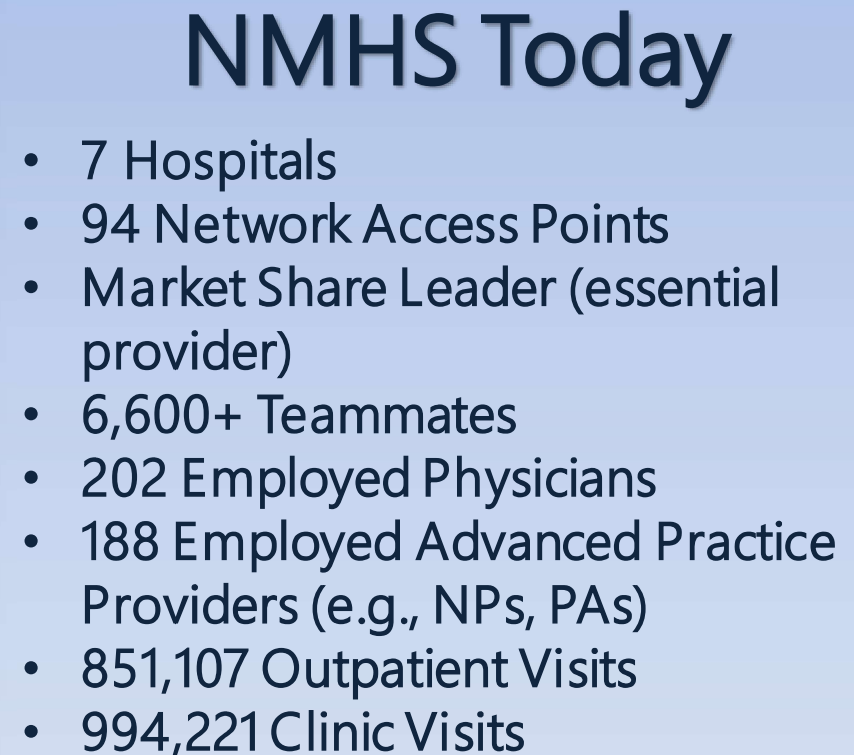


Financial Hot Topics January 2023

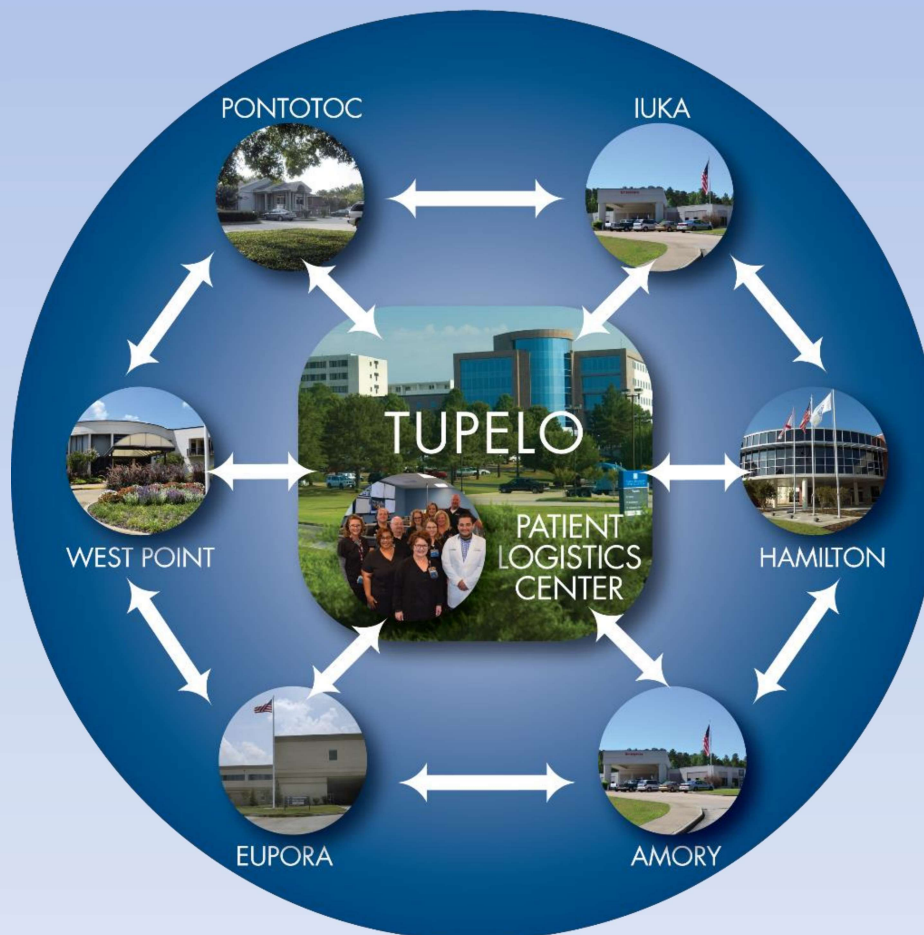
Sharon Nobles, CFO



What connected feels like™

NMHS Hub & Spoke Model

"Systemness"



What connected feels like™

HRO Journey Results

Leapfrog Hospital
Safety Score



Current Landscape

Recovering from COVID disruption

Tight labor market

Inflation

End of federal monetary support

Volatile investment markets

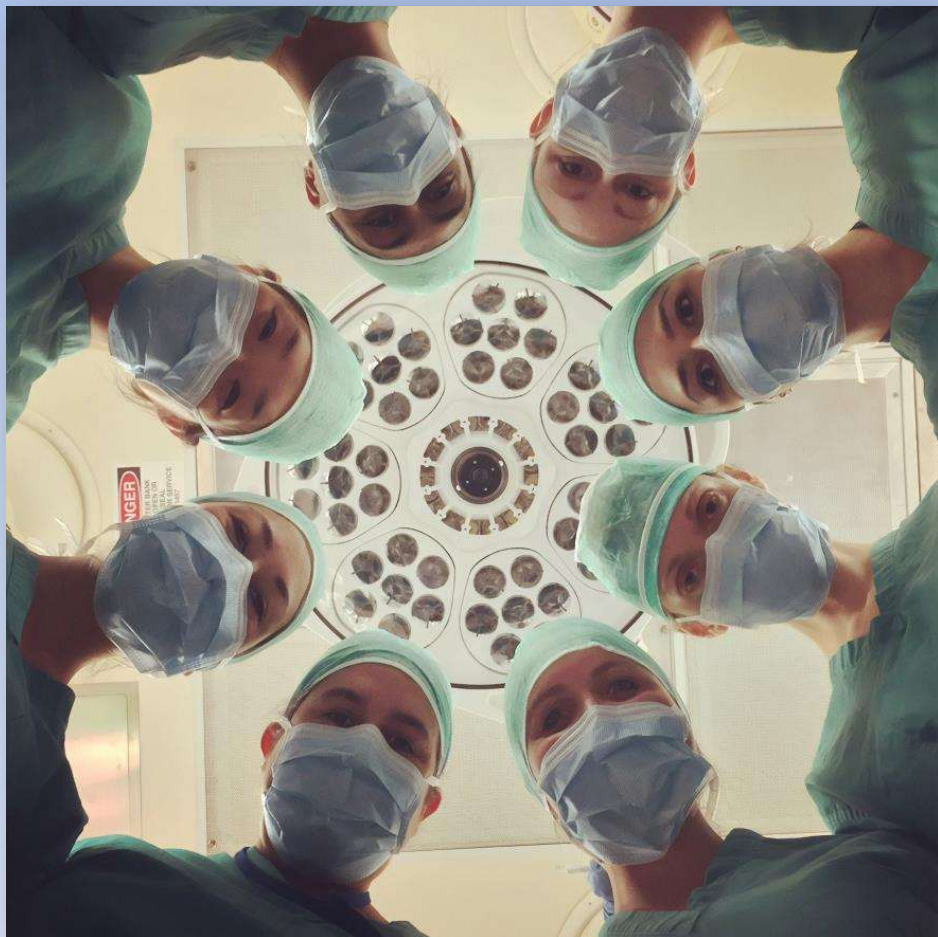
Rising interest rates

Supply chain disruptions

Diminishing Operating Margins

No or low reimbursement increases

HEALTHCARE



Hiring & Retaining Talent

Short term solutions

- Education assistance
- Nursing Care model redesign
- Automation
- Agency or International nurses
- Academic partnerships
- Internal agency or staffing pool

Long term solutions

- Grow our own
- Health system as educators
- Encourage healthcare as a career

Retention

Ensuring Resiliency

- Balance Sheet Strength
- Investment returns & asset allocation
- EBITDA focus



What connected feels like™

Alignment of Physicians

- Collaborate or Compete?
- Independent or employed?
 - Tightness of integration
 - Shared goals and vision
- Private Equity



Lower Cost

"You have a math problem. Your costs are outpacing your revenue growth and you need to do something about it"

Jamie Dimon, CEO J.P. Morgan Chase



Tactics

- Productivity and reduction of premium labor
- Benefit design and cost
- Automation - remove manual processes
- Physician preference items
- Purchased Services
- ESG – waste, recycling and utility expense
- Admin and General – controlling the controllable
- Bending the fixed cost curve
- Strategic partnerships to reduce costs
- Eye on the future
 - Artificial Intelligence and Predictive Analytics

Transition to Value

- Clinical excellence
 - Timing of contracts
- Customer Experience
- Data, data, data
- Negotiation of contracts
 - Upside only, or full risk
 - Ramifications of downside risk
 - Stop Loss for downside risk
 - Understanding the MLR
 - Eligibility for bonus dollars



Harness Smart Growth

- Primary market or new market areas
- Partnership or other alliance opportunities
- IP to OP shift – impact on strategy
- Demographics – current state and projections
- Payor mix
- Understanding your cost
 - Direct and indirect
- Service Line Growth – maximizing investments already made
 - Access, provider availability and scheduling
- Stop leakage
- Disciplined decision making

Create Alternative Sources of Revenue

- 340b Pharmacy Expansion
- Excess capacity in support services
- Grants
- Direct to employer
- Value based contract – PMPM revenue
- Others?

Allocation of Capital

- EBITDA focused
- Rationalization of 3rd Party Software
- Evaluation of real estate portfolio
- Discipline
 - PV of Cashflows, IRR, ROI



Reimbursement

Payor mix

Ability to negotiate better rates with commercial payors and MA plans

Impact of regulations and transparency

Contract language

Revenue Cycle performance measures

Service line focus and managed care strategy

• Economics

- Threat of recession
- Further supply chain disruption
- Worsening inflation
- Further rise in interest rates
- Impacts of prolonged war in Ukraine

• Execution

A great strategy or plan coupled with poor execution amounts to nothing



Summary

- H – Hiring and Retaining Talent
- E – Ensuring Resiliency
- A – Alignment of Physicians
- L – Lower Cost
- T – Transition to Value
- H – Harness Smart Growth
- C – Create alternative revenue streams
- A – Allocation of Capital
- R – Reimbursement
- E – Economics, Execution and Excitement

Thank you.

Questions?