Partnership Discussions

Update for the GraniteOne Health Board of Trustees

October 4, 2018

Privileged and Confidential

prepared at the request of counsel

THE CHARTIS GROUP

On the vanguard of thought. The future of healthcare requires nothing less.

Agenda

1. Context of partnership discussions
2. Introduction to Dartmouth-Hitchcock Health
3. Healthcare dynamics in the region
4. Update on discussions to date:
   - Organizational design principles
   - Shared vision/goals
   - Potential value proposition
   - Key elements of the partnership discussions
5. Next steps

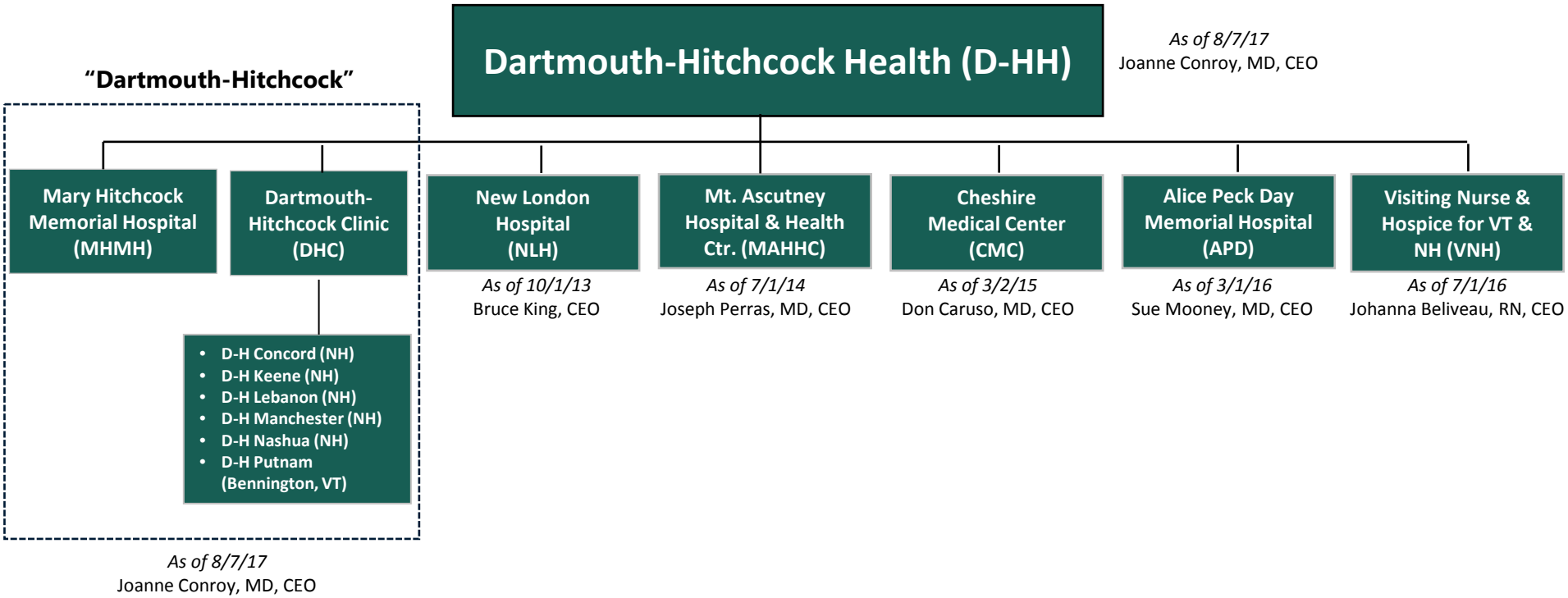
Context of Partnership Discussions

Context

- Each of the members of GraniteOne Health ("GOH") (Catholic Medical Center ("CMC"), Monandnock Community Hospital ("MCH") and Huggins Hospital ("Huggins")) and Dartmouth-Hitchcock Health and its affiliates ("D-HH") each seek to serve the healthcare needs of communities in New Hampshire, Vermont, and beyond
- The organizations have been direct and indirect collaborators for many years through shared specialty care programs, clinical affiliations, and through these relationships have discussed more significant integration on various occasions
- The health care delivery landscape in the region is evolving with the creation of SolutioNHealth and the rapid expansion of Partners Healthcare in New Hampshire
- Confidential discussions with small management groups have been occurring to explore what a shared vision, compelling goals and strategies, and an appropriate economic model and governance structure might look like to improve healthcare

Introduction to Dartmouth-Hitchcock Health

DH-H System: Parent & Members

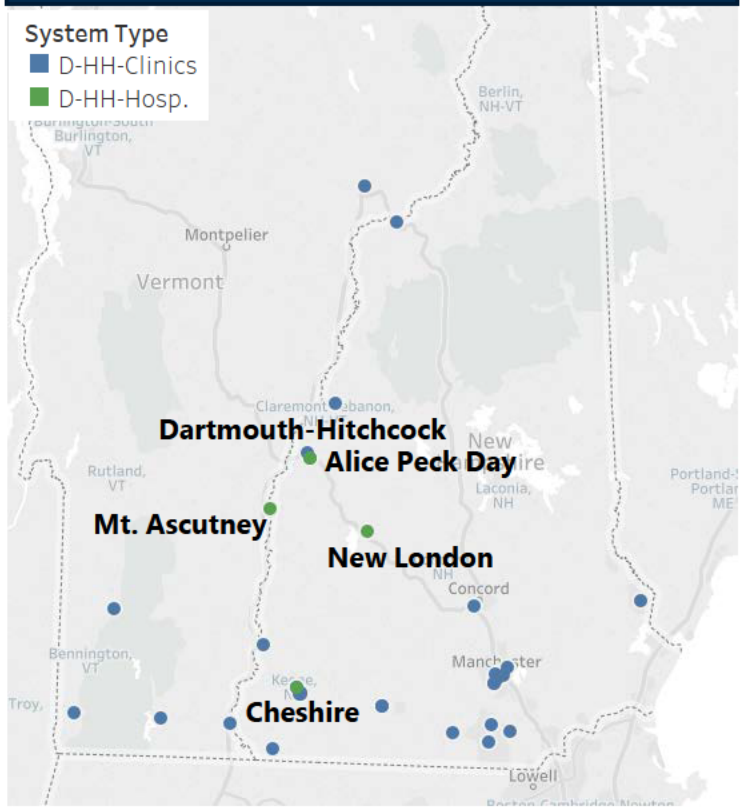


Note: D-HH and D-HC have mirror boards. D-HH has reserved powers over all members.

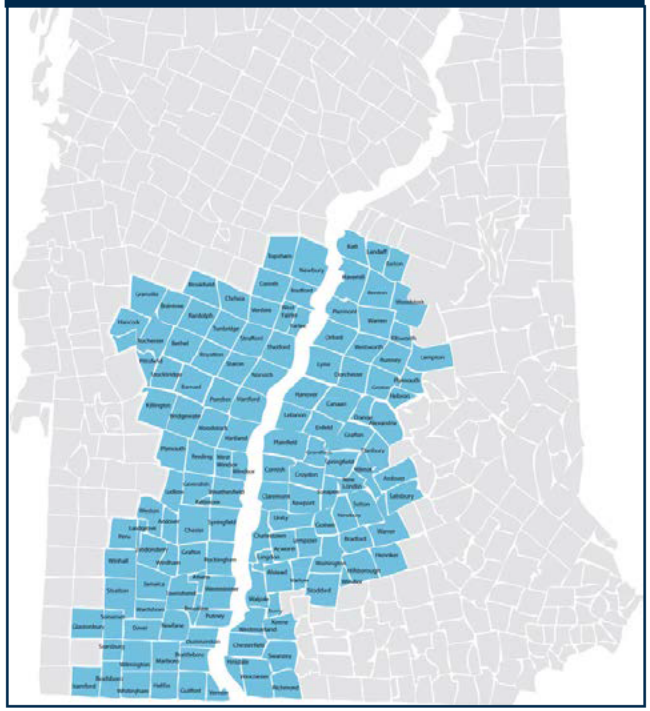
DH-H: Locations

D-HH has its academic medical center in Lebanon, NH and four other member hospitals in NH and VT. It also has clinics throughout NH and VT, including adjacent to these member hospitals. The Visiting Nurse and Hospice for VT and NH (VNH) is also a D-HH affiliate with a service area bridging the NH and VT border region.

D-HH Locations



VNH Service Area

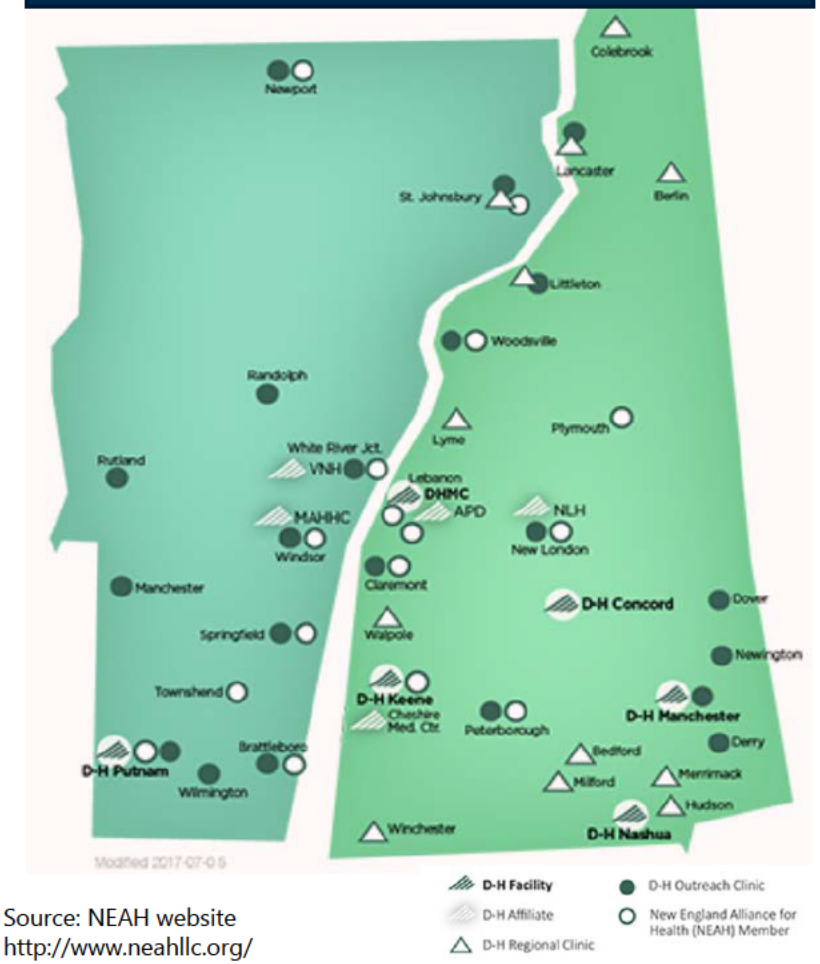


Source: D-H website, VNH website

DH-H:
New England Alliance for Health

NEW ENGLAND Alliance for Health

NEAH Locations



Source: NEAH website
http://www.neahllc.org/

New England Alliance for Health

- NEAH was created by D-HH as a network of community hospitals (e.g., MCH), behavioral health centers, and home healthcare agencies throughout New Hampshire and Vermont
- Core Services available through NEAH
  - Quality Improvement/Loss Prevention
    - Develops affinity groups and provides access to resources to improve patient care and better serve communities
  - Financial Planning and Benchmarking
    - Supports affinity groups associated with developing financial best practices by providing opportunities for knowledge sharing and learning
  - Materials Management and Pharmacy Services
    - Addresses cost concerns by engaging in group purchasing strategies for members
  - Professional Staff Education and Development
    - Goal to increase retention of nurses and other professional staff
    - Provides access to CE and other leadership development programs
  - Program Administration

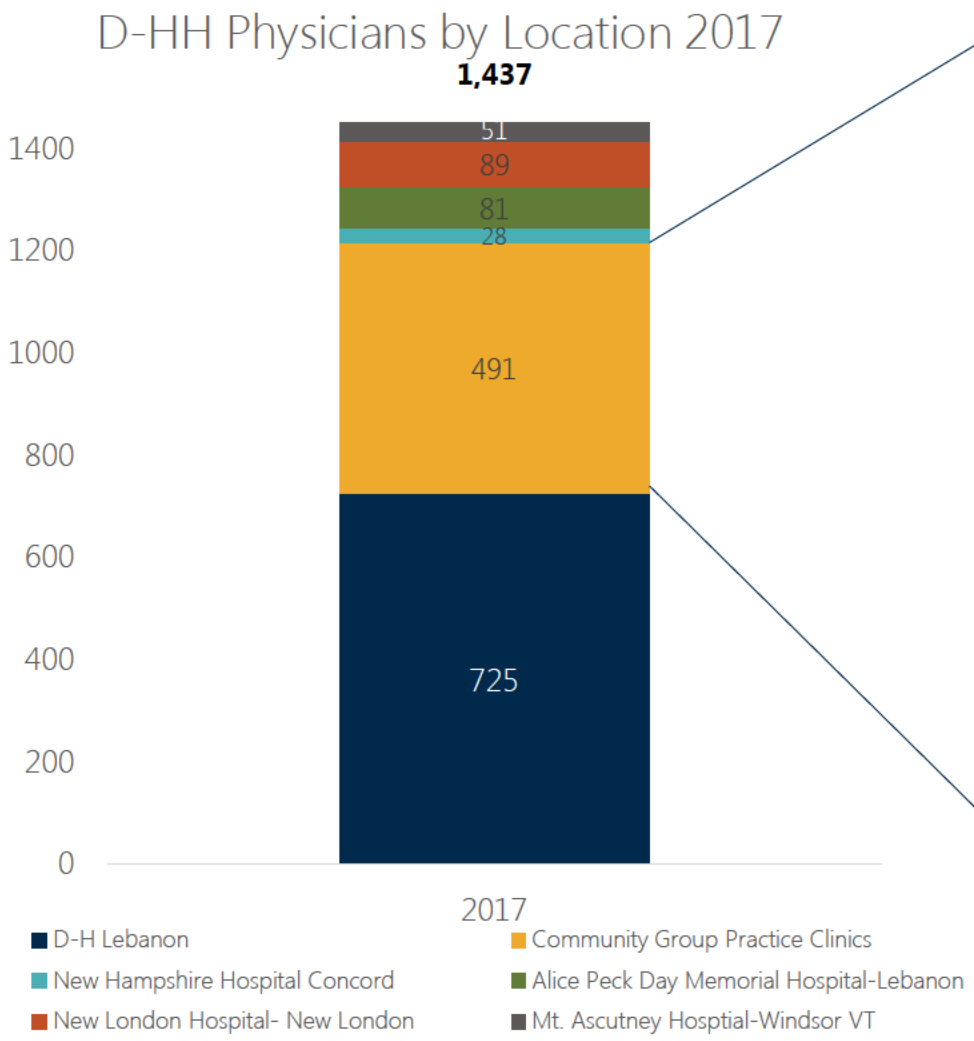
DH-H:
Operational Statistics by Hospital

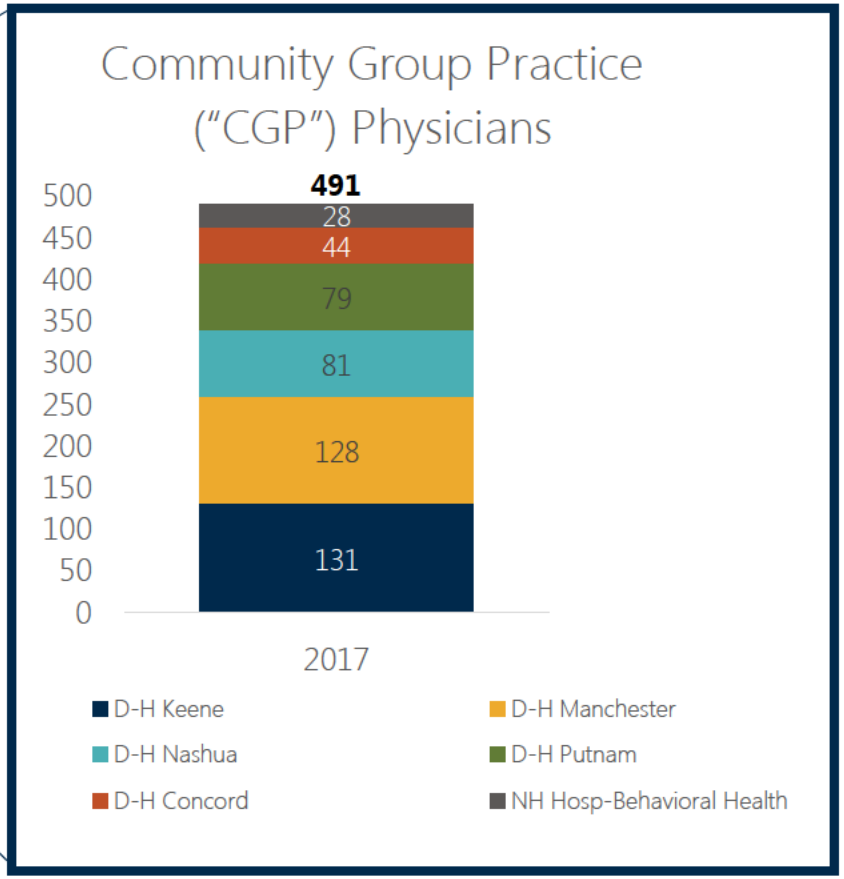
	D-H	Alice Peck Day	Cheshire	Mt. Ascutney	New London	Total D-HH
Discharges (2018)	27,525	1,421	4,559	1,094	1,168	**35,737**
Days (2018)	128,060	5,729	21,637	10,168	5,969	**164,327**
Licensed Beds	396	25	169	35	25	**650**
Staffed Beds	381	24	113	35	19	**581**
Occupancy	96%	63%	*52%**	79%	78%	**78.2%**
Average Length of Stay (2018)	4.65	4.0	4.7	9.29	3.16	**4.7**
Case Mix Index (2018)	2.204	*1.8*	*Unavailable*	1.038	1.17	
Case Mix Index (Medicare, 2017)	2.2	1.8759	1.3637	0.9852	1.1072	
Outpatient Visits (2018)	1,113,788	61,623	228,688	50,747	70,178	**1,525,024**
ER Visits (2018)	53,471	6,015	22,519	4,744	7,127	
Net Patient Service Revenue	$1,400,647	$66,299	$200,769	$49,942	$56,882	**$1,797,438****
Operating Margin (2018)	$59,511	$2,271	$(7,661)	$1,676	$(1,998)	$47,316
Physicians: Employed	1,085***	81	120	51	62	**1,399**
Percent Board Certified	*Only Total System Available*					**97%**
Full Time Equivalent Employees	*7,557.5*	356.7	*1,055*	*308.51*	442.05	**9,720**
-RN	*2,112.8*	64.6	*241*	*56.14*	51	**2,469**
-Other Patient Care	*3,451.6*	55.2	*354*	*89.30*	162.47	**4,023**
- Other Staff	*1,993,1*	236.9	*460*	*152.22*	228.5	**925**

* Occupancy estimated based on days and beds; ** Columns do not sum to total because the total includes VNH's NPSR which is not broken out; ** Cheshire physicians include D-H Keene and D-H data includes CGP practices excluding D-H Keene

Sources: D-HH Data from Appendix A: Certain Information Regarding Dartmouth-Hitchcock Health and Subsidiaries and from D-HH System Financial Report for the Fiscal Year Ended June 30, 2018, internal reports from member hospitals; operational data

DH-H:
Employed Physicians by Location





D-HH Data from Appendix A: Certain Information Regarding Dartmouth-Hitchcock Health and Subsidiaries Dartmouth-Hitchcock Health Management's Discussion and Analysis For the Twelve months ended June 30, 2018

DH-H:
Employed Physicians by Specialty

Dartmouth-Hitchcock Health

Service Line	Physicians	Board Certified	% Board Certified
Medical Specialties	344	332	97%
Primary Care	280	270	96%
Surgery	156	149	96%
Perioperative Services	121	120	99%
Radiology	77	77	100%
Pediatrics	75	71	95%
Psychiatry	72	67	93%
Obstetrics & Gynecology	69	65	94%
Heart & Vascular Center	60	58	97%
Orthopaedics	59	58	98%
Oncology	48	48	100%
Pathology	40	40	100%
Neurology	36	35	97%
Total	1,437	1,390	97%

Source: D-HH Data from Appendix A: Certain Information Regarding DH-H and Subsidiaries DH-H Management's Discussion and Analysis For the Twelve months ended June 30, 2018

Quality Indicators and Recognition: D-H and CMC

D-H and CMC have both been recognized for quality and perform well on Medicare indicators.

Award	CMC	D-H
US News and World Report		
Best New Hampshire Hospitals	2nd	1st
High Performing Hospitals	3 Procedures	7 Procedures and Specialties *Ranked 47th nationally in Gynecology*
Medicare (Hospital Compare)	★★★★★	★★★★
Overall Quality		
% of Patients who recommend the Hospital	82%	78%
Quality Rankings *(death rate for heart failure patients, rate of complications for hip/knee replacements, and infection rates)*	At or Above National Averages	At or Above National Averages
Nationally Designated Programs		
Cancer Care		*Norris Cotton Cancer Center:* NCI designated comprehensive cancer center (1 of 49 in the country)

Source: US News and World Report. Medicare Quality Measures Hospital Compare Website

Quality Indicators and Recognition: Other Member Hospitals

Other hospitals in GOH and D-HH also perform well on Medicare quality and experience indicators.

	Huggins	Monadnock	Alice Peck Day	Cheshire	Mt. Ascutney	New London
Medicare (Hospital Compare)						
Overall Quality	★★★★	★★★★	*Unavailable*	★★★★	*Unavailable*	★★★
% of Patients who recommend the Hospital**	76%	74%	82%	68%	74%	82%
Patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest)	79%	76%	81%	68%	76%	79%
Quality Rankings *(death rate for heart failure patients, rate of complications for hip/knee replacements, and infection rates)*	At or Above National Averages*	At or Above National Averages*	At or Above National Averages*	At or Above National Averages	At or Above National Averages*	At or Above National Averages*

*Infection Rates only available for Cheshire. Death rate for Heart attack patients too small to compare for Huggins, APD, & Mt. Ascutney
** Colors indicate comparison to the NH benchmark of 74%, Green means above, yellow means comparable, black is below the average
Note: None of the partner hospitals were recognized by US News and World Report or have nationally designated centers.

Source: US News and World Report. Medicare Quality Measures Hospital Compare Website

D-HH: Income Statements

Income Statement Projections (000s)	D-HH 2015	2016	2017	2018
Revenue				
Patient revenue (net of contractuals)	$ 1,398,121	$ 1,689,275	$ 1,859,192	$ 1,899,276
Provision for bad debt	(17,562)	(55,121)	(63,645)	(47,367)
Net patient service revenue less bad debt	1,380,559	1,634,154	1,795,547	1,851,909
Change in NPSR		18.4%	9.9%	3.1%
Other operating revenue	$ 179,465	$ 157,553	$ 173,970	$ 217,010
Total operating revenue	1,560,024	1,791,707	1,969,517	2,068,919
Operating expenses				
Salaries and wages	778,387	872,465	966,352	987,117
Benefits	214,627	234,407	244,855	229,739
Supplies	219,967	309,814	306,080	340,112
Purchased services	218,704	255,141	289,805	293,343
Interest	18,442	19,301	19,838	18,930
Depreciation	67,213	80,994	84,562	84,670
Other operating expenses	51,996	58,565	65,069	67,692
Total operating expenses	1,569,336	1,830,687	1,976,561	2,021,603
Operating margin	**(9,312)**	**(38,980)**	**(7,044)**	**47,316**
Operating Margin %	-0.6%	-2.2%	-0.4%	2.3%
Operating cash flow margin (Op. EBIDA)	**76,343**	**61,315**	**97,356**	**150,916**
Operating cash flow margin %	4.9%	3.4%	4.9%	7.3%
Non-operating income				
Growth in investments	(11,015)	(20,103)	51,056	36,132
Other non-operating items	91,258	14,238	16,062	(30,002)
Total non-operating income	80,243	(5,865)	67,118	6,130
Excess margin	**70,931**	**(44,845)**	**60,074**	**53,446**
Excess margin %	4.3%	-2.5%	2.9%	2.6%
EBIDA margin	**$ 156,586**	**$ 55,450**	**$ 164,474**	**$ 157,046**
Excess margin %	9.5%	3.1%	8.1%	7.6%

Metric	Compound Annual Growth Rate (CAGR) (2015-2018)
Net Patient Service Revenue	7.6%
Operating Expense	6.5%

Source: Audited Financials *FY Ending 6/30*

D-HH: Balance Sheets

Balance Sheet (000s)	D-HH 2015	2016	2017	2018
Assets				
Current assets				
Cash and equivalents	$ 35,887	$ 929	$ 64,413	$ 206,750
Accounts receivable	204,272	260,988	237,260	218,996
Current assets limited as to use, internally designated	-	-	-	-
Current assets limited as to use, externally restricted	3,022	39,663	4,085	-
Other current assets	100,586	95,820	89,203	97,499
Total current assets	**343,767**	**397,400**	**394,961**	**523,245**
Non-current assets				
Gross Property, Plant, and Equipment	1,420,171	1,659,181	1,711,033	607,321
Accumulated Depreciation	818,816	1,046,617	1,101,058	-
P, P, and E, net	**601,355**	**612,564**	**609,975**	**607,321**
Assets limited as to use				
Unrestricted Investments	-	-	-	-
Internally restricted (included in cash)	533,479	513,525	591,177	631,604
Externally restricted (excluded from cash)	218,962	220,979	195,675	200,640
Total assets limited as to use	752,441	734,504	786,852	832,244
Other non-current assets	88,450	87,266	97,120	105,908
Total assets	**$ 1,786,013**	**$ 1,831,734**	**$ 1,888,908**	**$ 2,068,718**
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	$ 251,684	$ 230,748	$ 231,504	$ 263,534
Current portion of long-term debt	17,179	18,307	18,357	3,434
Other current liabilities	4,449	39,726	3,220	3,220
Total liabilities	**273,312**	**288,781**	**253,081**	**270,188**
Non-current liabilities				
Long-term debt	575,484	625,341	616,403	743,063
Capital lease obligation	-	-	-	-
Other long-term liabilities	333,485	428,108	445,395	403,659
Total liabilities	**1,182,281**	**1,342,230**	**1,314,879**	**1,416,910**
Net assets				
Unrestricted	474,194	360,183	424,947	513,942
Temporary and permanently restricted	129,538	129,321	149,082	137,866
Total net assets	603,732	489,504	574,029	651,808
Total liabilities and net assets	**$ 1,786,013**	**$ 1,831,734**	**$ 1,888,908**	**$ 2,068,718**

Source: Audited Financials *FY Ending 6/30*

D-HH: Financial Statistics & Ratios

Key Statistics and Ratios

Operating Statistics	Goal	D-HH 2015	2016	2017	2018
Total Operating Revenues	↑	$ 1,560,024	$ 1,791,707	$ 1,969,517	$ 2,068,919
Net Patient Service Revenues	↑	1,380,559	1,634,154	1,795,547	1,851,909
Total Debt	↓	592,663	643,648	634,760	746,497
Unrestricted Cash and Investments	↑	569,366	514,454	655,590	838,354
Days in Accounts Receivable (days)	↑	54.0 days	58.3 days	48.2 days	43.2 days
Capital Spending Ratio (%)	↑	1.3x	0.9x	0.9x	*Unavailable*
Profitability					
Operating Margin (%)	↑	-0.6%	-2.2%	-0.4%	2.3%
Excess Margin (%)	↑	4.3%	-2.5%	2.9%	2.6%
Operating Cash Flow Margin (%)	↑	4.9%	3.4%	4.9%	7.3%
EBIDA Margin (%)	↑	9.5%	3.1%	8.1%	7.6%
Liquidity					
Cash to Debt (%)	↑	96%	80%	103%	112%
Days Cash on Hand (days)	↑	138 days	107 days	126 days	158 days
Cushion Ratio (x)	↑	6.5x	4.2x	9.6x	19.1x
Leverage					
Max Ann Debt Svc Cov (x)	↑	1.8x	0.4x	2.4x	3.6x
Debt to Capitalization (%)	↓	55.6%	64.1%	59.9%	59.2%
Debt to Cash Flow (x)	↓	3.8x	11.6x	3.9x	4.8x

Source: Audited Financials *FY Ending 6/30*

Health Care Dynamics in the Region

Health Care Dynamics in the Region

The region, particularly southern NH, presents a number of factors that challenge the ability of health care systems to adequately address community needs on their own.

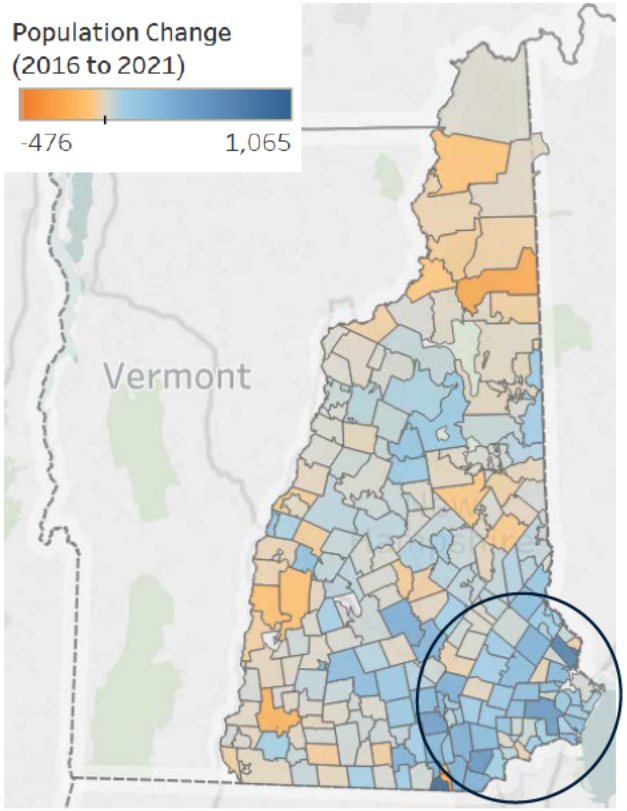
Growing Population

System Growth & Outmigration

Challenging Economic Environment

Demographics

The population of New Hampshire is growing primarily due to trends in southern NH. The 65+ segment of the population is projected to increase dramatically, which suggests health care utilization that will strain area providers in the near term.



	Pop 2016	Pop 2021	Proj. Inc. ('16 to '21)
Southern NH	986,466	1,001,926	+1.6%
Other NH	345,022	345,388	+0.1%
Total	**1.33M**	**1.35M**	**+1.2%**

Age	2016	2021	% Δ Pop
	New Hampshire		
<18	262,944	250,057	-5%
18-64	847,243	837,547	-1%
65+	221,301	259,710	17%
All	1,331,488	1,347,314	1%

Note: Southern New Hampshire includes Concord, Manchester, Nashua, and the Seacoast area

Source: Nielsen (2016)

Provider Dynamics

In the past two years, the region has seen significant changes among local providers and acquisition of NH-based providers by Boston's Partners Healthcare.

2017-2018 Market Developments

SOLUTIONHEALTH

- Elliot Health and Southern NH Health formed an alliance to establish a regional healthcare system in 2017

PARTNERS HEALTHCARE

- Acquired Wentworth-Douglass Hospital in 2017
- In discussions to acquire Exeter Hospital, LOI signed in May 2018
- Building a new ambulatory facility in Portsmouth
- Proposed development of medical office building in Salem
- In discussions with Harvard Pilgrim Health Plan for a possible merger

Independent Hospitals

- Only five independent hospitals are left in NH: Concord, Cottage, Frisbie, Speare, and Valley Regional
- Frisbie is currently seeking a partner, RFP process is underway
- LRGHealthcare, a small 2-hospital system, has also released an RFP seeking a larger system partner

Challenging Economic Environment

National margin compression trends, compounded by the unique challenges of NH Medicaid, mean that providers need to operate more efficiently to remain sustainable.

Medicaid Reimbursement

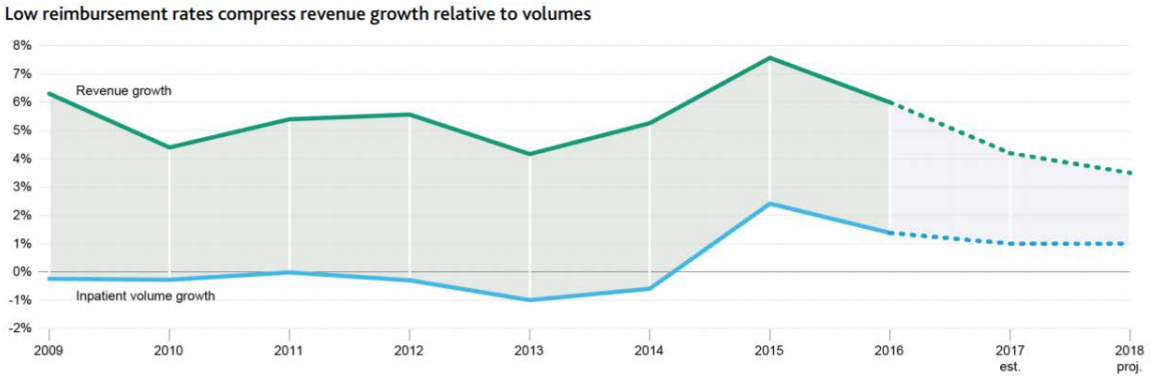
(as % of Medicare)

New Hampshire	58%
National Avg.	72%

Not-for-profit and public healthcare - US

2018 outlook changed to negative due to reimbursement and expense pressures

MOODY'S INVESTORS SERVICE



Source: KFF Medicaid-Medicare Fee Index (2016, compares Medicaid to Medicare physician fees for all services, FFS only), Moody's 2018 financial outlook (Dec 2017)

Evolution of the Southern NH Region

In the face of these dynamics, D-HH and GOH needs a long-term strategy with aligned partners to sustain its important role in caring for the community.

D-HH Site

Concord Hospital

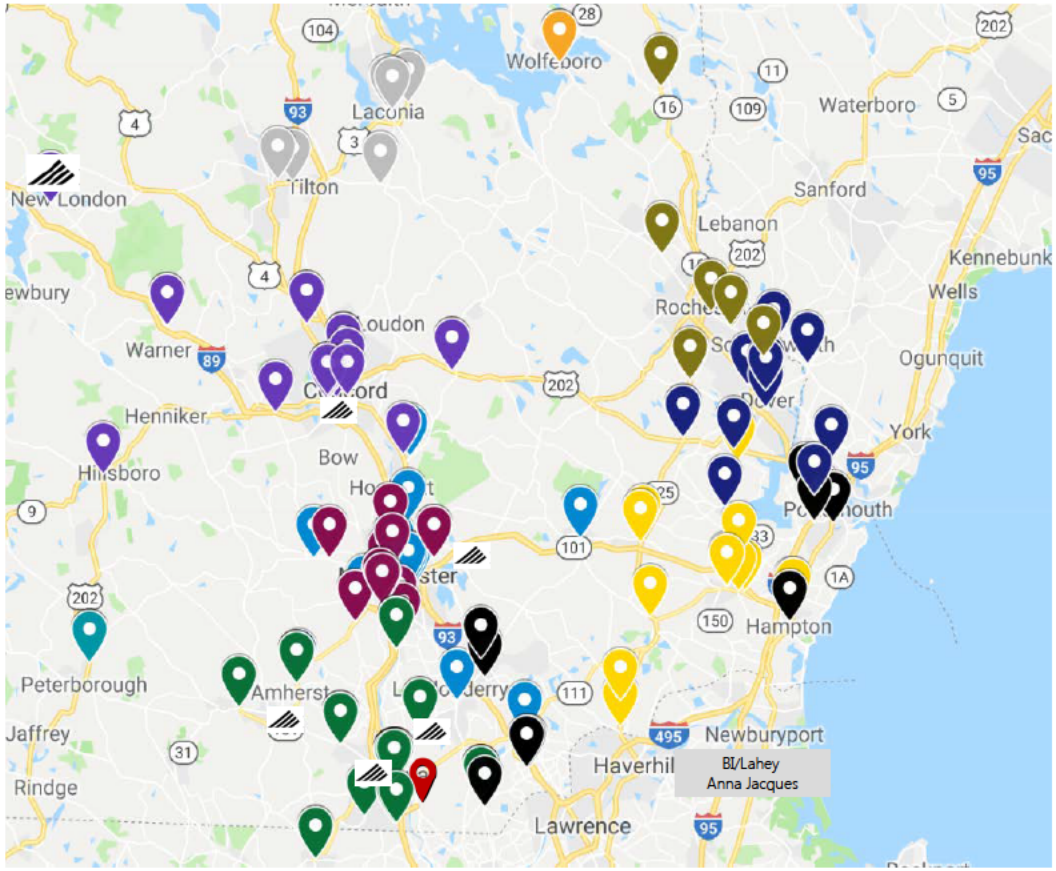
CMC (GOH)

Elliot (Solut onHealth)

Southern NH Hosp. (Solut onHealth)

Monadnock (GOH)

St. Joseph (Covenant)



Huggins (GOH)

Frisbie

LRG Healthcare

Wentworth Douglass (MGH/Partners)

HCA

Exeter (MGH/Partners)

Other Notable Hospitals Farther South:

- Partners: N. Shore Medical Center (Salem, MA)
- BI/Lahey: Lahey Medical Center (Peabody, MA)

Updates on Discussion to Date

Organizational Design Principles

- Drive value with consistently excellent quality, safety, access, and patient experience at lower costs
- Support provider recruitment, alignment, and engagement
- Enable investment in a unified system strategy to better meet capacity needs and distribute clinical services to address patient care demands throughout the system, particularly in Southern NH
- Achieve financial integration to optimize system financial performance (e.g., cost savings)
- Minimize layers of bureaucracy and system office costs
- Remain nimble and agile in an ever changing environment
- Have a right-sized, effective system board
- Ensure CMC's adherence to the Catholic ERDs and maintain its Catholic identity
- Retain and enhance equity of existing brands
  - Dartmouth-Hitchcock
  - GOH
  - CMC
  - Local community hospitals
- Minimize number / duration of transition phases to final desired form

Shared Vision / Goals

- Consistently excellent quality, safety, and patient experience at lower costs
- Greater access to high quality care (e.g., collaboration with VA; greater acute care access at CMC, more tertiary care remaining in NH)
- Proactively address and improve effectiveness of community health needs (e.g., behavioral health)
- Coordinated support for care delivery network in rural communities
- Expanded impact of research and teaching missions of NH's only AMC
- Potential administrative cost savings
- Improved financial performance of each party

Anticipated Value Proposition (to be tested with data)

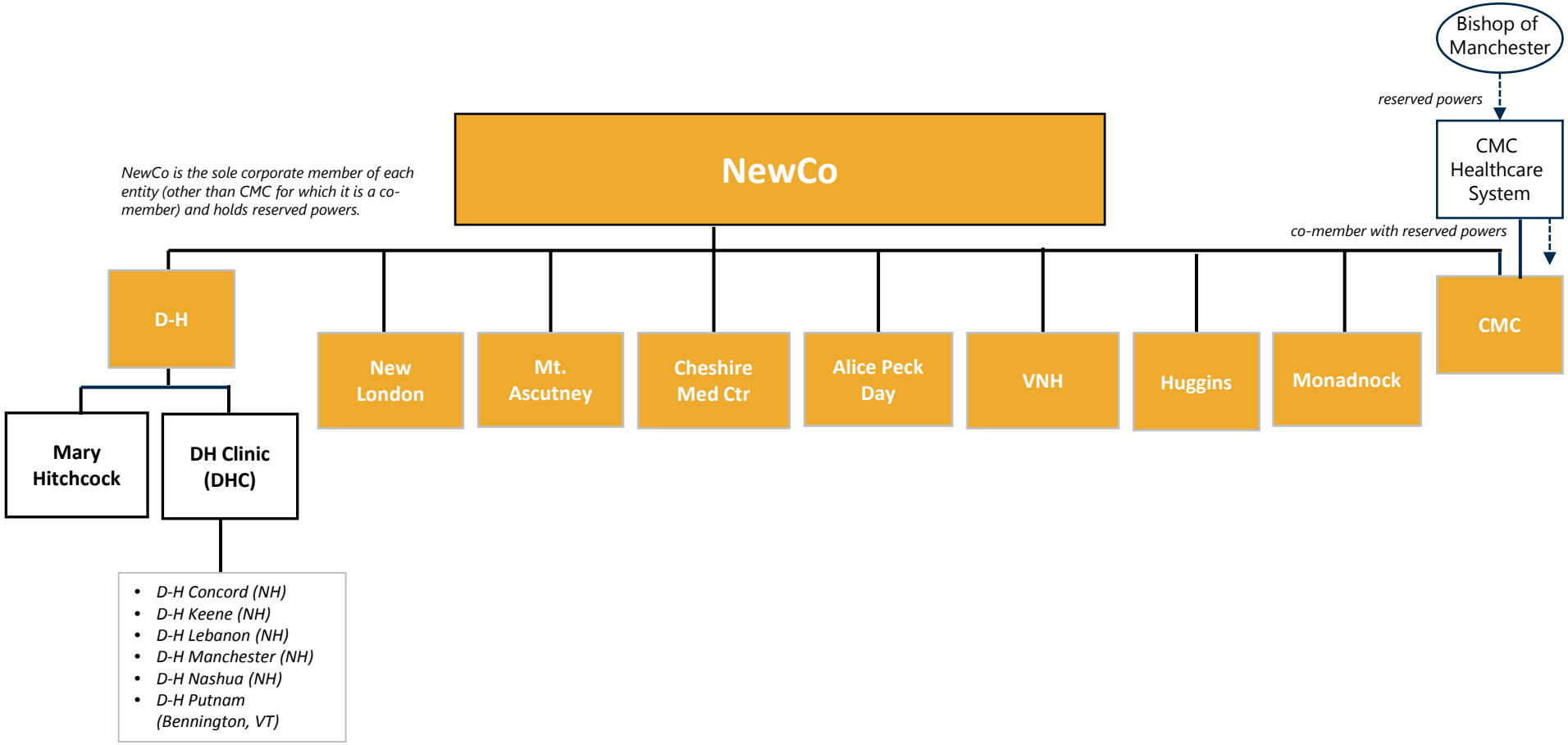
Creating a combined system will allow D-HH and GOH to further their commitment to their communities by delivering high quality, affordable care throughout northern New England.

- Improve access to high quality care
- Proactively address community health needs
- Support the rural healthcare delivery network
- Improve overall health and lower healthcare costs through value-based care
- Expand and/or develop new partnerships with payors
- Expand research and teaching opportunities
- Reduce costs through potential administrative savings
- Improve the financial health of D-HH and GOH

Summary Overview – *for further discussion*

- Corporate structure: Form NewCo system as sole corporate member of all provider entities (except CMC which will have co-members to preserve Catholic identity and ensuring compliance and applicability of the ERDs to CMC)
- Governance structure: Establish NewCo system board, retain CMCHS and CMC boards, retain D-H board, retain other local community boards, and create a new affinity group (or committee) for Cheshire, VNH, and critical access hospitals to coordinate interactions between NewCo system board and local community boards
- NewCo System Board representation
  - Initially, NewCo will have a 15 member board.
    - CMC/GOH would prefer six (6) appointed by GOH and nine (9) appointed by D-HH
    - D-HH would prefer five (5) appointed by GOH, eight (8) appointed by D-HH, and two (2) jointly-appointed members not previously on existing boards
  - Ex-officio voting members should include three (3) positions (initially held by two (2) individuals with one (1) vote each) - NewCo system CEO, EVP SNH Region/CMC CEO, and EVP NWNH/VT Region/D-H CEO
  - NewCo Board Chair – TBD
  - Ultimately, board should be right-sized and self-perpetuating within certain parameters (TBD), for example: include overlapping members with D-H , CMC and GOH Boards, ensure geographic representation (e.g., rural markets, Vermont, etc.), include physicians, etc.
- Management / leadership
  - Joanne Conroy to be President & CEO of NewCo system and President & CEO of D-H (to be reviewed by Board of NewCo and Board of DHMC)
  - Joe Pepe to be Executive Vice President of SNH Region of NewCo system and President & CEO of CMC (to be reviewed by CEO of NewCo and Board of CMC)
- Naming / Branding
  - Dartmouth-Hitchcock GraniteOne or Dartmouth-Hitchcock GraniteOne Health
  - Local organizations would maintain their name with endorser brand – "a member of Dartmouth-Hitchcock GraniteOne"
- Catholic Identity and ERDs: Must preserve Catholic identity and applicability of ERDs to CMC.

Corporate Structure – *for further discussion*



EVP of SNH Region/CMC CEO – *for further discussion*

- The EVP of the Southern New Hampshire Region would also be the President & CEO of Catholic Medical Center
- This position leads the development of the new delivery system in southern NH which would include CMC, MCH, HH and the D-H Community Practices in Concord, Manchester and Nashua and any existing and future practices on the Seacoast. This region will likely have the greatest growth opportunity and improvement in total value through strategies such as:
  - Improving access for the community and meeting the growing needs of the population
  - Coordinating with system leadership to develop integrated clinical programs focusing on strengths like cardiac and building out programs including neurosciences, musculoskeletal, cancer, primary care and behavioral health to name a few
  - Developing a comprehensive geographic plan for where clinical programs should be provided over the next 5+ years
  - Overseeing new facilities development and on-going operations in Southern New Hampshire
  - Developing the workforce plan to achieve the impact that we are trying to achieve
  - Developing a pluralistic physician model (DH Community Practice, CMC employed, non-employed MDs, etc.)

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- This position leads the development of the new delivery system in southern NH which would include CMC, MCH, HH and the D-H Community Practices in Concord, Manchester and Nashua and any existing and future practices on the Seacoast. This region will likely have the greatest growth opportunity and improvement in total value through strategies such as:
  - Improving access for the community and meeting the growing needs of the population
  - Coordinating with system leadership to develop integrated clinical programs focusing on strengths like cardiac and building out programs including neurosciences, musculoskeletal, cancer, primary care and behavioral health to name a few
  - Developing a comprehensive geographic plan for where clinical programs should be provided over the next 5+ years
  - Overseeing new facilities development and on-going operations in Southern New Hampshire
  - Developing the workforce plan to achieve the impact that we are trying to achieve
  - Developing a pluralistic physician model (DH Community Practice, CMC employed, non-employed MDs, etc.)

Next Steps

Next Steps

- Based on the needs of the parties and the progress in current dialogue, management believes that continued focused discussions should continue towards a non-binding letter of intent
- Key issues to further refine in establishing a non-binding letter of intent
  - Structure
  - Board composition
  - Management roles
  - Catholicity and ERDs
  - Physician organization
  - Service line development
  - Capital investment priorities
- A non-binding letter of intent will allow the parties to engage in due diligence and share certain information that will allow us to more specifically build the value proposition for moving forward together.

Appendix – Comparative Financials and Statistics

GOH & DH-H
Baseline Financial Information: Sources & Notes

Sources of Financial Statements

	GOH	D-HH
2015	Audited Financials *FY Ending 6/30 (CMCHS), 9/30 (HH and MCH)*	Audited Financials *FY Ending 6/30*
2016	Audited Financials *FY Ending 6/30 (CMCHS), 9/30 (HH and MCH)*	Audited Financials *FY Ending 6/30*
2017	Unaudited Financials *12 mo. ending 6/30 (CMCHS), FY Ending 9/30 (HH and MCH)*	Audited Financials *FY Ending 6/30*
2018	Unaudited Financials *12 mo. Ending 6/30 (CMCHS), 9 mo. Ending 6/30 (HH and MCH)*	Unaudited Financials *FY Ending 6/30*

- Figures rounded for presentation purposes.
- All indicators and ratios have been calculated by Chartis and, given the information provided, and in some cases, the ratios calculated here may differ from those reported in CMCHS or D-HH statements
- GOH financials have different FY (6/30 for CMCHS, 9/30 for HH and MCH)

GraniteOne Health & Dartmouth-Hitchcock Health
Baseline Financial Information: Balance Sheets

	GraniteOne Health				D-HH			
	2015	2016	2017	2018A	2015	2016	2017	2018
Balance Sheet (000s)								
Assets								
Current assets								
Cash and equivalents	$ 91,185	$ 91,450	$ 123,903	$ 117,234	$ 35,887	$ 929	$ 64,413	$ 206,750
Accounts receivable	51,501	62,919	59,909	68,864	204,272	260,988	237,260	218,996
Current assets limited as to use, internally designated	10	11	12	-	-	-	-	-
Current assets limited as to use, externally restricted	964	982	-	-	3,022	39,663	4,085	-
Other current assets	12,445	14,731	18,428	23,992	100,586	95,820	89,203	97,499
Total current assets	**156,105**	**170,093**	**202,252**	**210,090**	**343,767**	**397,400**	**394,961**	**523,245**
Non-current assets								
Gross Property, Plant, and Equipment	422,834	430,217	456,979	505,231	1,420,171	1,659,181	1,711,033	607,321
Accumulated Depreciation	237,790	246,182	267,912	290,084	818,816	1,046,617	1,101,058	-
P, P, and E, net	**185,044**	**184,035**	**189,067**	**215,147**	**601,355**	**612,564**	**609,975**	**607,321**
Assets limited as to use								
Unrestricted Investments	18,367	19,050	20,553	21,078	-	-	-	-
Internally restricted (included in cash)	137,410	151,556	173,041	189,049	533,479	513,525	591,177	631,604
Externally restricted (excluded from cash)	44,904	45,081	50,928	99,379	218,962	220,979	195,675	200,640
Total assets limited as to use	200,681	215,687	244,522	309,506	752,441	734,504	786,852	832,244
Other non-current assets	18,172	18,782	18,988	19,580	88,450	87,266	97,120	105,908
Total assets	**$ 560,002**	**$ 588,597**	**$ 654,829**	**$ 754,323**	**$ 1,786,013**	**$ 1,831,734**	**$ 1,888,908**	**$ 2,068,718**
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	$ 85,674	$ 94,680	$ 114,765	$ 126,278	$ 251,684	$ 230,748	$ 231,504	$ 263,534
Current portion of long-term debt	5,262	5,545	5,412	4,990	17,179	18,307	18,357	3,434
Other current liabilities	-	-	(266)	(278)	4,449	39,726	3,220	3,220
Total liabilities	**90,936**	**100,225**	**119,911**	**130,990**	**273,312**	**288,781**	**253,081**	**270,188**
Non-current liabilities								
Long-term debt	121,671	119,269	111,669	171,203	575,484	625,341	616,403	743,063
Capital lease obligation	-	-	-	-	-	-	-	-
Other long-term liabilities	111,355	163,058	147,201	151,146	333,485	428,108	445,395	403,659
Total liabilities	**323,962**	**382,552**	**378,781**	**453,339**	**1,182,281**	**1,342,230**	**1,314,879**	**1,416,910**
Net assets								
Unrestricted	199,246	168,745	236,267	259,206	474,194	360,183	424,947	513,942
Temporary and permanently restricted	36,796	37,300	39,781	41,778	129,538	129,321	149,082	137,866
Total net assets	236,042	206,045	276,048	300,984	603,732	489,504	574,029	651,808
Total liabilities and net assets	**$ 560,004**	**$ 588,597**	**$ 654,829**	**$ 754,323**	**$ 1,786,013**	**$ 1,831,734**	**$ 1,888,908**	**$ 2,068,718**

Note: GOH 2015 BS does not balance per source

Metric	GOH CAGR (2015-2018)	D-HH CAGR (2015-2018)
Net Patient Service Revenue	6.0%	7.6%
Operating Expense	6.1%	6.5%

GraniteOne Health & Dartmouth-Hitchcock Health
Baseline Financial Information: Income Statements

	GraniteOne Health				D-HH			
	2015	2016	2017	2018A	2015	2016	2017	2018
Income Statement Projections (000s)								
Revenue								
Patient revenue (net of contractuals)	$ 472,678	$ 517,777	$ 553,702	$ 586,887	$ 1,398,121	$ 1,689,275	$ 1,859,192	$ 1,899,276
Provision for bad debt	(30,375)	(27,840)	(23,627)	(29,390)	(17,562)	(55,121)	(63,645)	(47,367)
Net patient service revenue less bad debt	442,303	489,937	530,075	557,497	1,380,559	1,634,154	1,795,547	1,851,909
Change in NPSR		10.8%	8.2%	5.2%		18.4%	9.9%	3.1%
Other operating revenue	$ 32,007	$ 41,704	$ 46,492	$ 48,791	$ 179,465	$ 157,553	$ 173,970	$ 217,010
Total operating revenue	474,310	531,641	576,567	606,288	1,560,024	1,791,707	1,969,517	2,068,919
Operating expenses								
Salaries and wages	210,266	229,062	253,196	275,194	778,387	872,465	966,352	987,117
Benefits	46,039	52,078	54,813	60,463	214,627	234,407	244,855	229,739
Supplies	80,430	94,068	103,107	114,079	219,967	309,814	306,080	340,112
Purchased services	16,469	15,139	16,754	16,835	218,704	255,141	289,805	293,343
Interest	5,852	5,304	4,687	6,207	18,442	19,301	19,838	18,930
Depreciation	20,742	22,532	23,253	24,479	67,213	80,994	84,562	84,670
Other operating expenses	91,722	94,198	99,216	101,031	51,996	58,565	65,069	67,692
Total operating expenses	471,520	512,381	555,026	598,288	1,569,336	1,830,687	1,976,561	2,021,603
Operating margin	**2,790**	**19,260**	**21,541**	**8,000**	**(9,312)**	**(38,980)**	**(7,044)**	**47,316**
Operating Margin %	0.6%	3.6%	3.7%	1.3%	-0.6%	-2.2%	-0.4%	2.3%
Operating cash flow margin (Op. EBIDA)	**29,384**	**47,096**	**49,481**	**38,686**	**76,343**	**61,315**	**97,356**	**150,916**
Operating cash flow margin %	6.2%	8.9%	8.6%	6.4%	4.9%	3.4%	4.9%	7.3%
Non-operating income								
Growth in investments	5,869	2,001	6,965	14,805	(11,015)	(20,103)	51,056	36,132
Other non-operating items	(437)	(1,860)	1,020	576	91,258	14,238	16,062	(30,002)
Total non-operating income	5,432	141	7,985	15,381	80,243	(5,865)	67,118	6,130
Excess margin	**8,222**	**19,401**	**29,526**	**23,381**	**70,931**	**(44,845)**	**60,074**	**53,446**
Excess margin %	1.7%	3.6%	5.1%	3.8%	4.3%	-2.5%	2.9%	2.6%
EBIDA margin	**$ 34,816**	**$ 47,237**	**$ 57,466**	**$ 54,067**	**$ 156,586**	**$ 55,450**	**$ 164,474**	**$ 157,046**
Excess margin %	7.3%	8.9%	9.8%	8.7%	9.5%	3.1%	8.1%	7.6%

GraniteOne Health & Dartmouth-Hitchcock Health
Baseline Financial Information: Financial Statistics & Ratios

Key Statistics and Ratios

Operating Statistics	Goal	GraniteOne Health 2015	GraniteOne Health 2016	GraniteOne Health 2017	GraniteOne Health 2018A	D-HH 2015	D-HH 2016	D-HH 2017	D-HH 2018
Total Operating Revenues	↑	$ 474,310	$ 531,641	$ 576,567	$ 606,288	$ 1,560,024	$ 1,791,707	$ 1,969,517	$ 2,068,919
Net Patient Service Revenues	↑	442,303	489,937	530,075	557,497	1,380,559	1,634,154	1,795,547	1,851,909
Total Debt	↓	126,933	124,814	117,081	176,193	592,663	643,648	634,760	746,497
Unrestricted Cash and Investments	↑	246,972	262,067	317,509	327,361	569,366	514,454	655,590	838,354
Days in Accounts Receivable (days)	↑	42.5 days	46.9 days	41.3 days	45.1 days	54.0 days	58.3 days	48.2 days	43.2 days
Capital Spending Ratio (%)	↑	1.2x	1.0x	1.2x	1.2x	1.3x	0.9x	0.9x	*Unavailable*
Profitability									
Operating Margin (%)	↑	0.6%	3.6%	3.7%	1.3%	-0.6%	-2.2%	-0.4%	2.3%
Excess Margin (%)	↑	1.7%	3.6%	5.1%	3.8%	4.3%	-2.5%	2.9%	2.6%
Operating Cash Flow Margin (%)	↑	6.2%	8.9%	8.6%	6.4%	4.9%	3.4%	4.9%	7.3%
EBIDA Margin (%)	↑	7.3%	8.9%	9.8%	8.7%	9.5%	3.1%	8.1%	7.6%
Liquidity									
Cash to Debt (%)	↑	195%	210%	271%	186%	96%	80%	103%	112%
Days Cash on Hand (days)	↑	200 days	195 days	218 days	208 days	138 days	107 days	126 days	158 days
Cushion Ratio (x)	↑	24.6x	8.5x	14.7x	*Unavailable*	6.5x	4.2x	9.6x	19.1x
Leverage									
Max Ann Debt Svc Cov (x)	↑	346%	154%	266%	*Unavailable*	1.8x	0.4x	2.4x	3.6x
Debt to Capitalization (%)	↓	38.9%	42.5%	33.1%	40.5%	55.6%	64.1%	59.9%	59.2%
Debt to Cash Flow (x)	↓	3.6x	2.6x	2.0x	3.3x	3.8x	11.6x	3.9x	4.8x

Notes: EBIDA margin includes Medicaid Enhancement Tax as an expense and only includes interest, depreciation, and amortization on operating activities; days cash on hand have not been discounted

GraniteOne Health & Dartmouth-Hitchcock Health: Selected Operational Statistics

	CMCHS	Other GOH	**Total GOH**	**Total D-HH**	D-H	Other D-HH Members
Discharges (2018)	12,322	2,268	**14,590**	**35,737**	27,525	8,242
Days (2018)	66,970	6,815	**73,785**	**164,327**	128,060	43,503
Licensed Beds	330	50	**380**	**650**	396	254
Staffed Beds	251	50	**307**	**572**	381	191
Occupancy	78%	37.34%	**57%**	**78.2%**	96%	62%
ALOS (2018)	5.43	3	**5.05**	**4.7**	4.65	5.28
CMI (2018)	1.818	*Unavailable*	*Unavailable*	*Unavailable*	2.204	*Unavailable*
CMI (Medicare, 2018)	2.08	*Unavailable*	*Unavailable*	*Unavailable*	2.2	*Unavailable*
Outpatient Visits (2018)	473,878	199,908	**673,786**	**1,525,024**	1,113,788	411,236
ER Visits (2018)	27,670	24,789	**52,459**	**72,810**	53,471	19,339
Net Patient Service Revenue	$426,700	$98,098	**$524,798**	**$1,797,438***	$1,400,647	$373,892
Operating Margin	$8,268	($200)	**$8,068**	**$47,316**	$59,511	$(5,712)
Physicians: Employed	121	48	**169**	**1,437**	1,085	352
Physicians: On Staff	528	278	**806**	**491***	491*	*Unavailable*
Percent Board Certified	94.7%	*Unavailable*	***96%***	**97%**	*Unavailable*	*Unavailable*
FTE***	2,426	890	**3,315**	**9,720**	7,557.50	2,162
-RN	717	*Unavailable*	*Unavailable*	**2,469**	2,112.80	413
-Other Patient Care	990	*Unavailable*	*Unavailable*	**4,023**	3,451.60	661
- Other Staff	719	*Unavailable*	*Unavailable*	**925**	1,993.11	1,078

*CGP Physicians **Unless otherwise noted, all GOH numbers are from 2018 and D-HH numbers are from 2017*** FTE totals may be slightly off due to rounding

Source: Discharge Data: NHHA 2015 Patient Origin Data. CMC Data is taken from New Hampshire Health and Education Facilities Authority Revenue Bonds Catholic Medical Center Issue Series 2017 Appendix A Huggins and Monadnock Data: http://www.ahd.com; D-HH Data from Appendix A: Certain Information Regarding Dartmouth-Hitchcock Health and Subsidiaries