Prepared for Board of Trustee meetings for CMC (11/29/18) and D-HH (12/7/18)

D-HH & GOH

Board of Trustees Update

Prepared for D-HH, CMC, and GOH November & December Board of Trustee Meetings

Confidential & Privileged / Prepared at the Request of Counsel

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Context & Agenda

After receiving a "blinking green light" from the Boards of Trustees in September and October to continue discussions, representatives from Dartmouth-Hitchcock Health ("D-HH") and GraniteOne Health ("GOH") have continued to discuss the possibility of jointly forming a new system. This presentation is intended to brief the Board of Trustees of each organization on the progress that has been made to-date and outline key next steps.

Agenda

1. Rationale for the partnership
2. Agreement to-date around governance and management terms
3. Key stats of future system
4. Potential capital projects
5. Timeline/next steps
6. Communications plan

Rationale for the Partnership

By combining our organizations, we will improve the health of the region by increasing access (e.g. expand scope of services offered in the Manchester area), spurring innovation (e.g. enhancing the parties' ability to engage in effective pop health management), investing in appropriate capacity and our workforce so we can deliver high quality care locally to patients and their families at a lower overall cost.

Improve Access

Spur Innovation

Invest in Appropriate Capacity

Invest in Workforce

Improve Quality / Lower Costs

D-HH and GOH representatives, with support from external partners, are in the process of detailing this rationale with supporting evidence to share with the BOT, regulators, and the public.

Agreement to Date – Corporate Structure & Management

Corporate structure: D-HH will be the corporate vehicle to serve as the system parent and co-member of CMC (CMC will have a co-member – CMC Healthcare System – to preserve its Catholic identity and ensure compliance and applicability of the ERDs to CMC); the Dartmouth-Hitchcock Health GraniteOne (DHH/GO) board will have reserved powers to ensure the system is clinically, financially, operationally, and strategically integrated.

Governance structure: Reconstitute D-HH/GO system board, retain CMCHS Board of Governors and CMC Board of Trustees, retain D-H Board of Trustees, retain other local community boards. Consider creating a new affinity group (or committee) for Cheshire, VNH, and critical access hospitals to coordinate interactions between DHH/GO system board and local community boards.

D-HH/GO System Board representation

- Initially, D-HH/GO will have a 15 member board.
  - Six (6) appointed by GOH/CMC and nine (9) appointed by D-HH
- Ex-officio voting members should include three (3) positions (initially held by two (2) individuals with one (1) vote each) – DHH/GO system CEO, President Region I/D-H CEO and President Region II/CMC CEO.
- D-HH/GO Board Chair – TBD
- Ultimately, the D-HH/GO board should be self-perpetuating within certain parameters (TBD), for example: include overlapping members with D-H and CMC Boards, ensure geographic representation (e.g., rural markets, Vermont, etc.), include physicians, etc.

Agreement to Date – Management, Naming/Branding, ERDs

Management / leadership

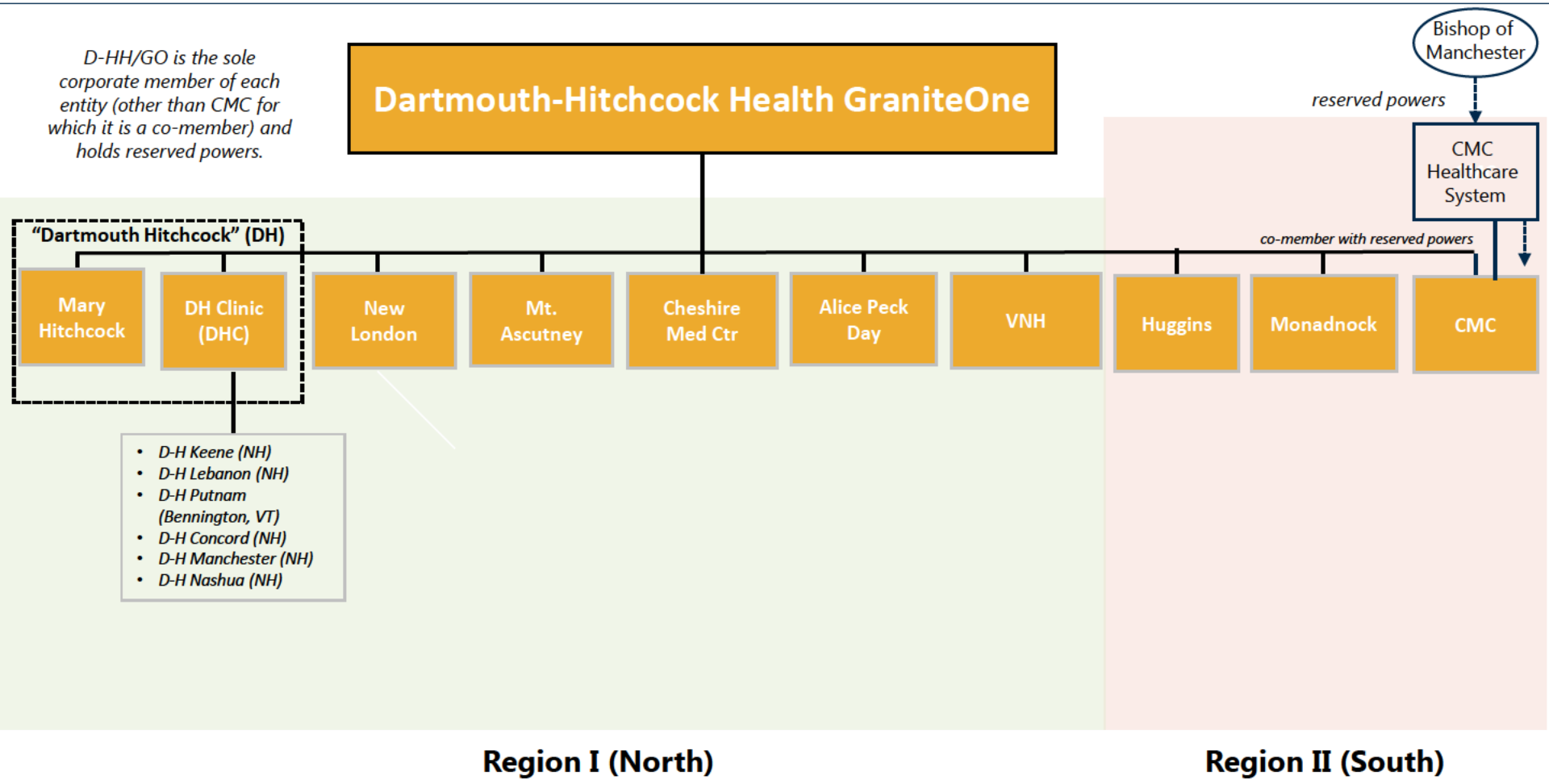
- Joanne Conroy to be President & CEO of DHH/GO system, President of Region I (North), and President & CEO of D-H (to be reviewed by Board of DHH/GO and Board of D-H).
- Joe Pepe to be President of Region II (South), President & CEO of CMC, and President of CMCHS (to be reviewed by CEO of DHH/GO and Boards of CMC and CMCHS); Huggins and Monadnock will report to President of Region II; he will also have responsibility for D-HH community group physician practices in Nashua, Manchester and Concord.

Naming / Branding

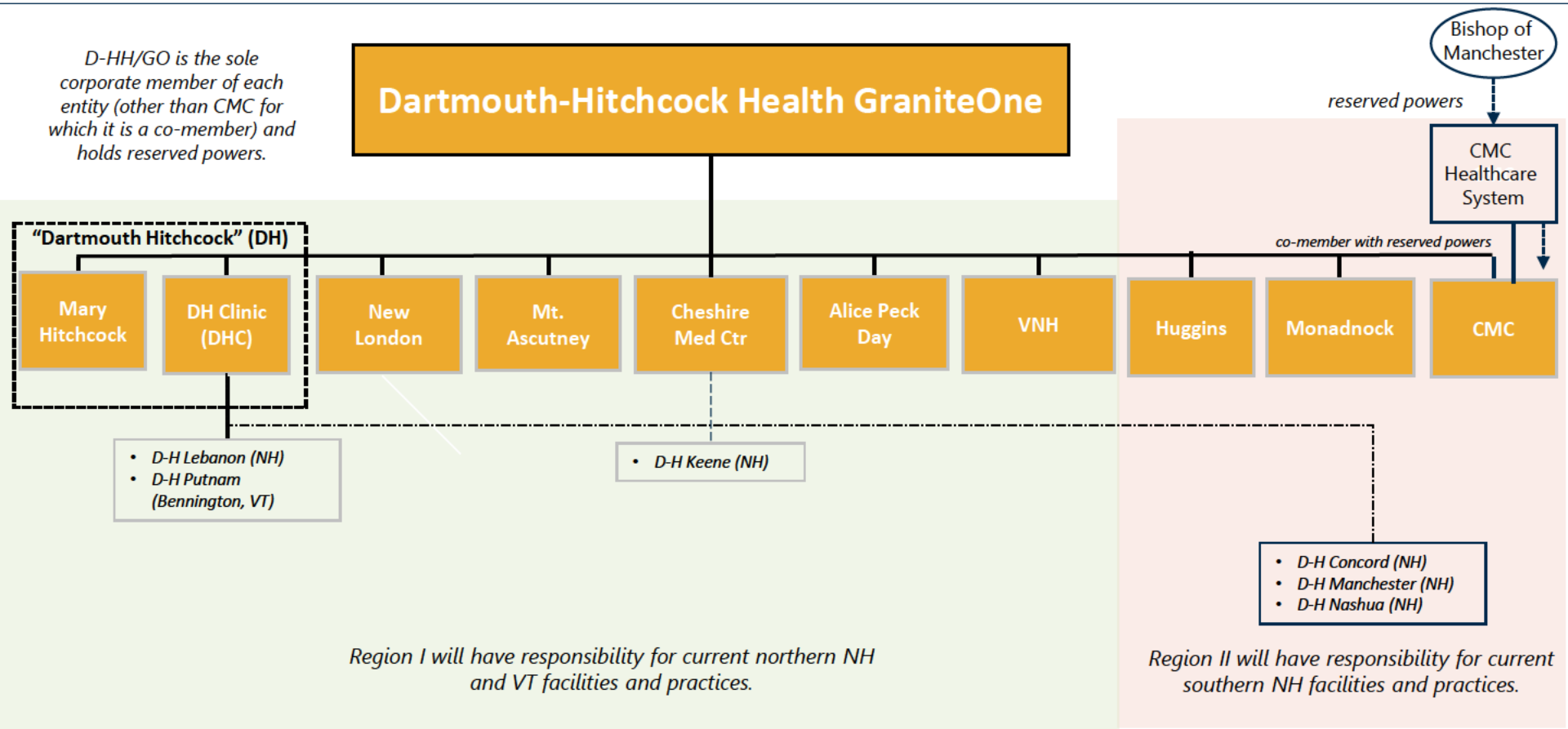
- System parent will be called "Dartmouth-Hitchcock Health GraniteOne" for 3-5 years, after which point the naming/branding will be reviewed.
- Branding of this system parent will be minimal; local organizations would maintain their name (e.g. Huggins, New London, etc.) and can use the following "a member of Dartmouth-Hitchcock Health GraniteOne".

Catholic Identity and ERDs: Must preserve Catholic identity and applicability of ERDs to CMC.

Corporate Structure



Management Structure



Region I (North)
Joanne Conroy, MD
President & CEO of D-HH/GOH
President of Region I
President & CEO of D-H

Region II (South)
Joe Pepe, MD
President of Region II
President & CEO of CMC
President of CMCHS

Future System – Key Stats

As a combined entity, D-HH and GOH will have the ability to reach more patients across more facilities, in a sustainable way.

Patient Care

~71,000
discharges

~2,200,000
outpatient visits

>1,000
employed physicians

Facilities

NH's **only** academic medical center

2
community hospitals

5
critical access hospitals

Sustainability

~$2.9B
operating revenue

~2.5%
operating margin

154
days cash on hand

118%
cash to debt

Sources: Patient Care stats based on internal statistics and bond filings (2017/2018), Sustainability stats based on combined FY19 budget of D-HH and GOH

Potential Capital Projects

Coming together as one system would allow D-HH and GOH to invest jointly in a number of critical projects that would improve access to care more quickly at lower cost for patients throughout New Hampshire and Vermont.

Overview of Key Projects

DHMC Inpatient Tower

CMC Expansion / "Rite-Aid"

Southern New Hampshire Ambulatory Expansion

Potential Capital Projects: DHMC Inpatient Tower

DHH/GO could undertake a ~$116M investment in a new inpatient tower (60 beds with space shelled for an additional 30), a parking garage ($10M), and modest ED expansion ($4M) at its Lebanon campus, which will allow the academic medical center to better serve existing patients and the evolving healthcare needs of communities throughout NH and VT. Expected completion 2020-2023.

Rationale for the Inpatient Bed Tower

Reduce diverted patient admissions by preparing for additional tertiary and medical capacity

Prepare for the needs of an aging population

Support the development and expansion of new/existing programs

Improve patient quality and experience

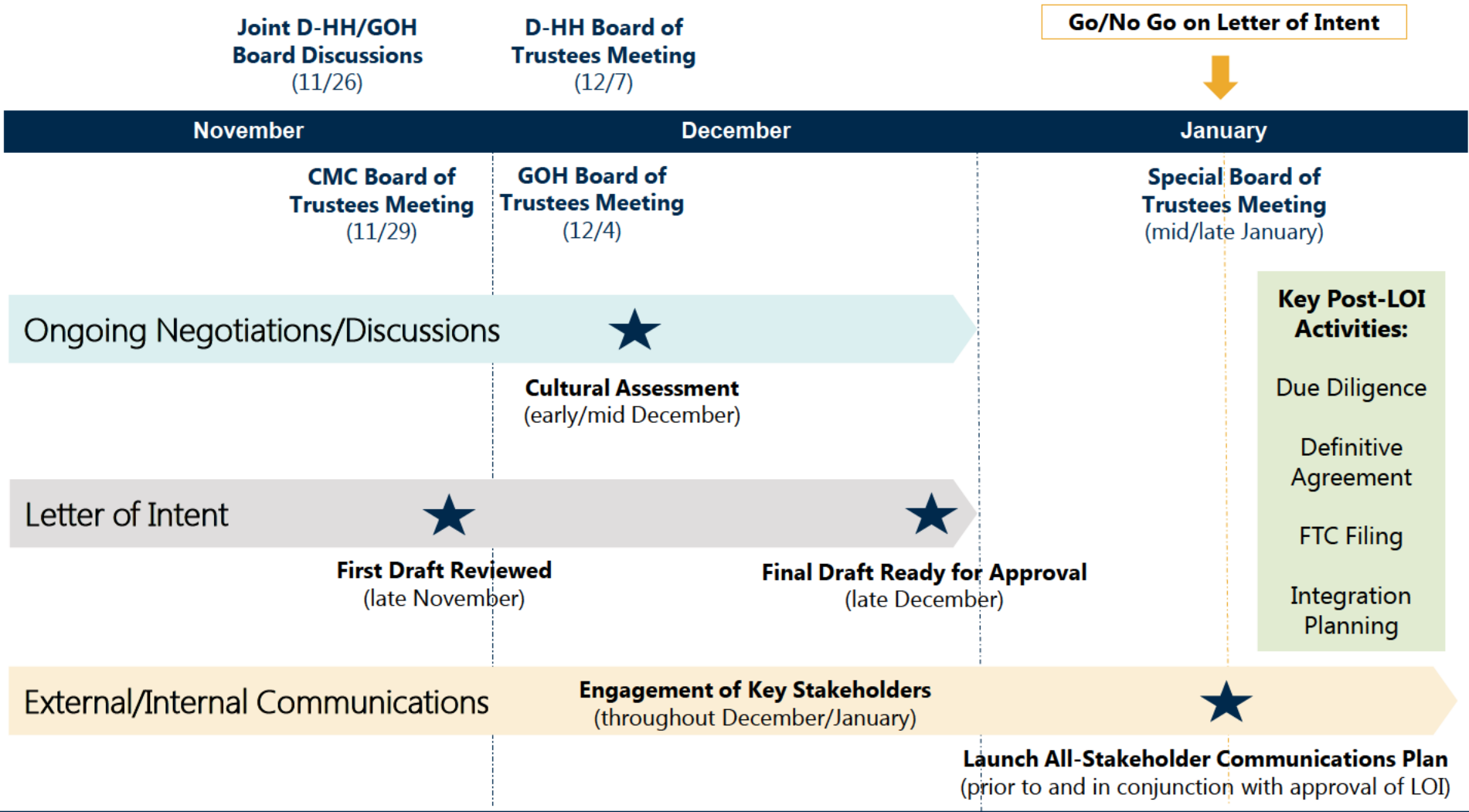
Potential Capital Projects: CMC Expansion / "Rite-Aid"

DHH/GO could expand its campus to increase CMC's capacity to care for heart/vascular patients, reduce diverted patient admissions, prepare for the needs of an aging population, improve the patient experience with single patient rooms, and increase capacity in the ED, surgery/OR, and potentially other med/surg specialties.

Key Project Stats

Completion: mid-2022 (no garage)	$160 to $180M+ investment	~200K sq.. ft. expansion	Up to 70 beds

Timeline / Next Steps



Communication Plan – Key Communications/Timing

D-HH and GOH have developed a communications plan to ensure the right messages are conveyed to the right stakeholders at the right time.

Briefings with Key Internal and External Stakeholders → *Multi-Media Engagement with the Public / Broad Array of Stakeholders*

Pre-LOI Conversations

Late Nov/December

- Board meetings for CMC, GOH, and D-HH
- Meetings of GOH/D-HH member Boards
- Meetings with the Bishop
- Meetings with clinical/admin leadership

Early/Mid January

- Briefing for clinical/admin leadership
- Special Board meetings for CMC, GOH, and D-HH
- Phone calls to key elected officials

Point of LOI

Late January

- Memo to D-HH/ GOH staff
- Press release
- Contact regulators

Post LOI

February – June

- Mobilize spokespeople
- Letter to elected officials
- Op-ed
- Advertisements, brochures, etc.
- Editorial Board Meetings
- Micro-website