Presentation developed for GOH All Boards Meeting (9/9/19)

D-HH/GOH Combination

Update for GOH All Boards Meeting

9 May 2019

Privileged and Confidential
prepared at the request of counsel

THE CHARTIS GROUP

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Topics for Discussion

1. Healthcare Trends in New Hampshire
2. D-HH/GO Benefits and Opportunities
3. Structure and Governance
4. Key Milestones / Next Steps

New Hampshire Healthcare Trends

The New Hampshire healthcare environment is changing, and GOH and D-HH face key challenges.

Growing Community Need

Fraying Rural Healthcare Network

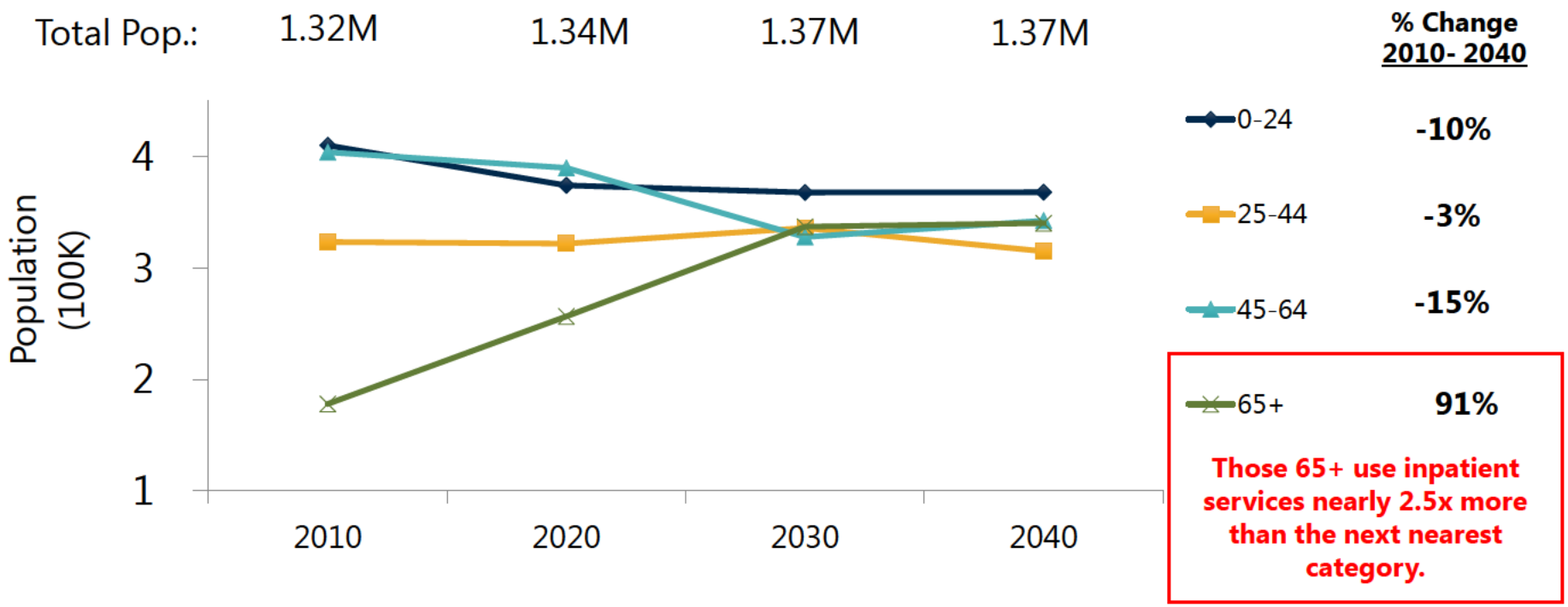
Outmigration to MA Facilities

Changes in the Competitive Landscape

Growing Community Need

The aging of the population requires new and expanded services across New Hampshire and poses financial challenges for rural health care delivery. This is compounded by pressing public health developments (e.g. opioid crisis, obesity crisis, etc.), which also place new demands on GOH and D-HH.

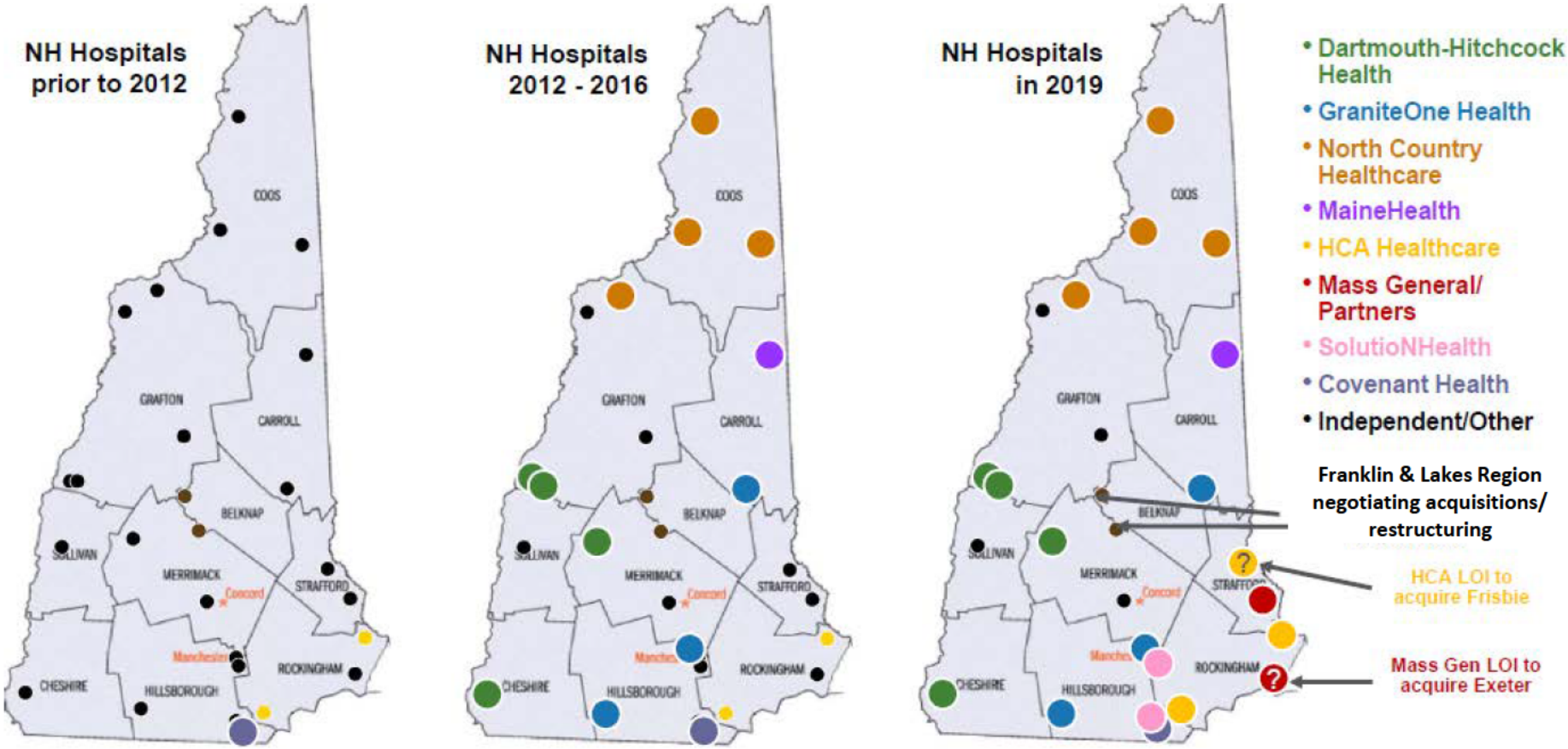
NH Population by Age Group
2010 - 2040



Source: US Census Bureau, Healthcare Cost and Utilization Project

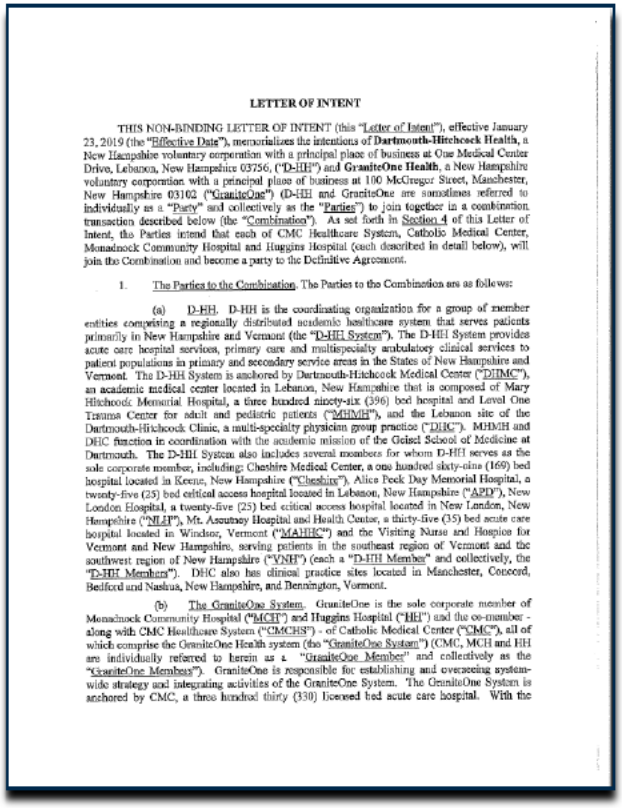
Changes in the Competitive Landscape

Provider consolidation is increasing from providers within and without the state. Notably, Partners is entering NH with the strategy of sending patients to its higher cost flagship hospital (MGH).



D-HH/GO Letter of Intent

- On January 23, 2019, Dartmouth-Hitchcock Health and GraniteOne Health executed a letter of intent to combine the two systems
- The parties are negotiating a definitive combination agreement targeted for approval by each system's board in late June



LETTER OF INTENT

THIS NON-BINDING LETTER OF INTENT (this "Letter of Intent"), effective January 23, 2019 (the "Effective Date"), memorializes the intentions of **Dartmouth-Hitchcock Health**, a New Hampshire voluntary corporation with a principal place of business at One Medical Center Drive, Lebanon, New Hampshire 03756, ("D-HH") and **GraniteOne Health**, a New Hampshire voluntary corporation with a principal place of business at 100 McGregor Street, Manchester, New Hampshire 03102 ("GraniteOne") (D-HH and GraniteOne are sometimes referred to individually as a "Party" and collectively as the "Parties") to join together in a combination transaction described below (the "Combination"). As set forth in Section 4 of this Letter of Intent, the Parties intend that each of CMC Healthcare System, Catholic Medical Center, Monadnock Community Hospital and Huggins Hospital (each described in detail below), will join the Combination and become a party to the Definitive Agreement.

1. The Parties to the Combination. The Parties to the Combination are as follows:

(a) D-HH. D-HH is the coordinating organization for a group of member entities comprising a regionally distributed academic healthcare system that serves patients primarily in New Hampshire and Vermont (the "D-HH System"). The D-HH System provides acute care hospital services, primary care and multispecialty ambulatory clinical services to patient populations in primary and secondary service areas in the States of New Hampshire and Vermont. The D-HH System is anchored by Dartmouth-Hitchcock Medical Center ("DHMC"), an academic medical center located in Lebanon, New Hampshire that is composed of Mary Hitchcock Memorial Hospital, a three hundred ninety-six (396) bed hospital and Level One Trauma Center for adult and pediatric patients ("MHMH"), and the Lebanon site of the Dartmouth-Hitchcock Clinic, a multi-specialty physician group practice ("DHC"). MHMH and DHC function in coordination with the academic mission of the Geisel School of Medicine at Dartmouth. The D-HH System also includes several members for whom D-HH serves as the sole corporate member, including: Cheshire Medical Center, a one hundred sixty-nine (169) bed hospital located in Keene, New Hampshire ("Cheshire"), Alice Peck Day Memorial Hospital, a twenty-five (25) bed critical access hospital located in Lebanon, New Hampshire ("APD"), New London Hospital, a twenty-five (25) bed critical access hospital located in New London, New Hampshire ("NLH"), Mt. Ascutney Hospital and Health Center, a thirty-five (35) bed acute care hospital located in Windsor, Vermont ("MAHHC") and the Visiting Nurse and Hospice for Vermont and New Hampshire, serving patients in the southeast region of Vermont and the southwest region of New Hampshire ("VNH") (each a "D-HH Member" and collectively, the "D-HH Members"). DHC also has clinical practice sites located in Manchester, Concord, Bedford and Nashua, New Hampshire, and Bennington, Vermont.

(b) The GraniteOne System. GraniteOne is the sole corporate member of Monadnock Community Hospital ("MCH") and Huggins Hospital ("HH") and the co-member - along with CMC Healthcare System ("CMCHS") - of Catholic Medical Center ("CMC"), all of which comprise the GraniteOne Health system (the "GraniteOne System") (CMC, MCH and HH are individually referred to herein as a "GraniteOne Member" and collectively as the "GraniteOne Members"). GraniteOne is responsible for establishing and overseeing system-wide strategy and integrating activities of the GraniteOne System. The GraniteOne System is anchored by CMC, a three hundred thirty (330) licensed bed acute care hospital. With the

D-HH/GO Combination Benefits

As a joint system, D-HH/GO will create a NH-based system that provides clear benefits to patients and the communities we serve

Improve Access to Care: The Right Care in the Right Place for Patients

Bolster Access to Rural Health Care

Meet Community Health Needs

Invest in Needed Capacity

Invest in Workforce and Enhance Recruiting

Improve Quality & Manage Costs

D-HH/GO Opportunities for Member Hospitals

There are a number of benefits that individual D-HH/GO members generally will realize by coming together to form a larger system.

 Expand Clinical Resources to Keep Care Local	• Staffing/rotating clinicians through local hospitals • Access to telehealth network (e.g. pharmacy, psych, ED, etc.) • Support with recruiting and retaining workforce
 Broaden Access to Key Resources	• Gain access to capital at a lower cost • Support transitioning to alternative payment models (e.g. training on care models, access to population health monitoring technology, downside risk protection, etc.) • Improve quality through sharing of best practices and resources
 Lower Costs	• Consolidate certain services (e.g. IT, lab, back office, audit, etc.) • Debt refinancing • Group purchasing / supply chain efficiencies • Reduction in professional liability and other insurance, and outsourced services
 Joint Planning	• Engage system-wide resources to develop unified approaches to complex community needs (e.g. behavioral health, post-acute care, elderly care, patient transportation, etc.)

Clinical Opportunities: CMC

As a joint system, D-HH/GO will explore and support ways to help CMC expand the New England Heart and Vascular Institute, as well as invest in new tertiary care capabilities.

Clinical Opportunities

1. Maintain and expand heart and vascular services
2. Diversify clinical service offerings:
   - orthopedics
   - spine
   - trauma
   - surgical oncology
   - ED (with pediatric capability)
3. Invest up to $200M in CMC hospital expansion

CMC
CATHOLIC MEDICAL CENTER
a member of GraniteOne Health

Clinical Opportunities: HH

As a joint system, D-HH/GO will explore and support ways to help HH stabilize key service lines and invest in new care capabilities to serve more patients in the community through integrated care offerings.

Clinical Opportunities

1. Provide in-person and/or telehealth support in key service lines
   - behavioral health
   - orthopedics
   - general surgery
   - other (e.g. ENT, ophthalmology, urology, etc.)
2. Perform pre- and post- OP services for surgeries performed at other sites (e.g. bariatrics)
3. Develop chemotherapy capabilities and relationship with the Norris Cotton Cancer Center
4. Develop senior care/geriatrics capabilities

Huggins Hospital
a member of GraniteOne Health

Clinical Opportunities: MCH

As a joint system, D-HH/GO will explore and support ways to help HH stabilize key service lines and invest in new care capabilities to serve more patients in the community through integrated care offerings.

Clinical Opportunities

1. Provide in-person and/or telehealth support in key service lines
   - behavioral health
   - general surgery
   - other (e.g. pulmonology, endocrinology, rheumatology, urology, ENT, etc.)
2. Perform pre- and post- OP services for surgeries performed at other sites (e.g. bariatrics)
3. Expand relationship with Norris Cotton Cancer Center
4. Develop senior care/geriatrics capabilities

Monadnock COMMUNITY HOSPITAL
a member of GraniteOne Health

Range of Parent Involvement

The goals and objectives of any combination should determine its governance structure, and in general, there is a trade-off between the degree of control retained by member hospitals versus the benefits gained through a more fully integrated health system.

Corporate Member Substitution (Loose)

Corporate Member Substitution (Tight)

Merger/Acquisition

Low Degree of Integration as a System *High*

Greater integration increases the system's ability to achieve key objectives, such as: clinical coordination, strategic and financial planning, service enhancements/physician commitments, joint investment, synergies, credit enhancement/obligated group membership, etc.

High Degree of Autonomy Retained by Individual Members *Low*

D-HH/GO System Structure and Governance

In order for the system to explore and execute the kind of opportunities identified above, D-HH/GO needs to have certain management and governance structures in place.

System Infrastructure Needed to Realize Benefits:

1. Integrated approach to strategy, finance, and operations
2. Integrated management structure
3. Integrated governance structure with certain powers reserved to the system and local boards

D-HH/GO Role of Member Boards

To ensure the full benefits of the combination are realized, D-HH/GO's member hospitals need appropriate oversight and engagement by their boards.

Member Board Nominees and Board Chair	Nominate individual trustees and Board Chair
Input on Actions Pertaining to Member CEO	Provide to the System CEO or designee an evaluation of its CEO prior to any compensation determination, and a recommendation prior to any hiring or termination of its CEO
Strategic Planning	Identify community health needs and develop strategies and implementation plans to meet those needs; develop and monitor a strategic plan and ensure alignment of the plan with the System Strategic Plan
Operations and Quality	Oversee the quality, safety and delivery of health care services at the hospital and any related facilities
Financial Oversight	Develop budgets within parameters approved by the System Board and monitor financial performance
Fundraising	Determine and implement fundraising activities in the hospital's service area; member boards will retain responsibility for determining whether and how much to appropriate from its donor funds for qualifying expenditures

Recent Milestones / Next Steps

April	• On 4/29, D-HH and GOH representatives made an initial presentation to state and federal regulators introducing them to the rationale for the combination
May	• D-HH and GOH will continue to prepare the Combination Agreement with input from D-HH, CMC, HH, and MCH counsel • Board updates: MCH (5/29), HH (5/30), CMC (5/30)
June/July	• Ongoing board updates, including due diligence reports • D-HH and GOH leadership will bring the final Combination Agreement to Boards for approval • Submit regulatory filings (shortly after approval from Boards)

Appendix

D-HH/GO Opportunity for Patients & Communities

As a joint system, D-HH/GO will create a NH-based system that lowers the cost of care, enhances quality, and improves access.

 Lower Cost of Care	• providing a NH- based alternative for care that is currently provided at more expensive hospitals in MA • directing care more efficiently within the system • finding synergies that allow D-HH/GO to reinvest in the community
 Enhanced Quality and New Services	• improved patient outcomes • greater patient convenience • expansion of population health initiatives • increased access to clinical trials and academic medicine
 Improved Access	• meet pressing community needs (e.g. substance use disorder treatment) • strengthen rural healthcare • expanding workforce/academic training • serving vulnerable populations (e.g. veterans, poor, and underserved)

From 4/29 Regulatory Presentation

Potential Solutions

Dartmouth-Hitchcock Health and GraniteOne are exploring how their combined assets and resources will best meet community health needs, expand access to care, control costs, and improve quality in:

- Pediatric Medicine
- Trauma Services
- Behavioral Health
- Cardiology Services
- Cancer Treatment
- Obesity Services / Bariatric Care
- Rural Healthcare
- Orthopedic Care
- Neuroscience Services

From 4/29 Regulatory Presentation

Invest in Needed Capacity

- Increased capacity will help patients remain in New Hampshire, instead of forcing them to travel to Massachusetts and other states
  - DHMC and CMC are frequently at capacity and forced to turn away patients
- Investments will expand specialty care, telehealth, and post-acute care at rural hospitals, keep more care local, and open up more high-acuity beds at DHMC for patients currently being referred to out-of-state providers
- Planned hospital expansion will allow CMC to treat more patients
  - Includes private inpatient rooms, additional operating suites, and a larger Emergency Department
  - Increased debt capacity by the combined system will allow CMC to complete expansion more quickly and at lower cost

From 4/29 Regulatory Presentation

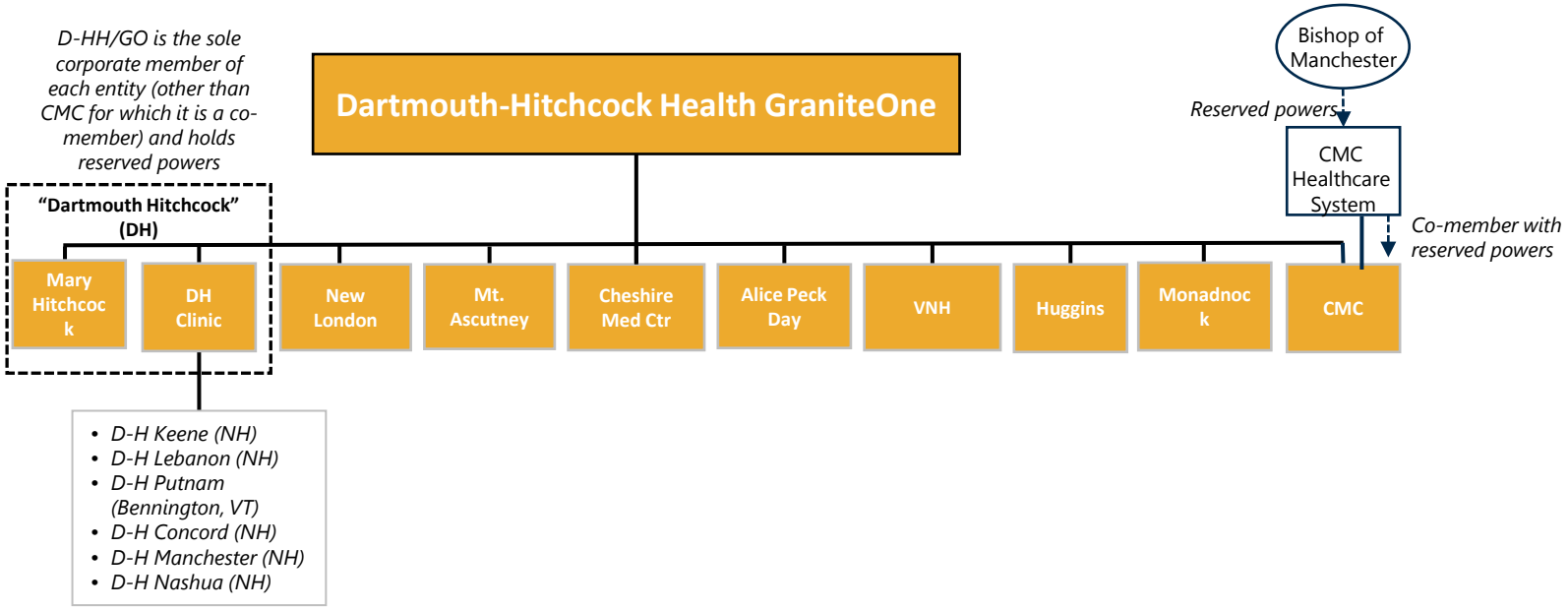
Invest in Workforce and Enhance Recruiting

- Dartmouth-Hitchcock name, image, academic affiliation, and access to clinical trials will improve CMC's recruiting, increasing in-state jobs
- CMC's location will enhance Dartmouth-Hitchcock's recruiting and retention because it will offer opportunities to serve a more urban, populated center
- GraniteOne will have increased opportunities to directly recruit graduating Dartmouth-Hitchcock medical students and fellows
- Dartmouth-Hitchcock's research opportunities will increase GraniteOne's ability to recruit physicians seeking research opportunities
- GraniteOne hospitals will have new opportunities to train employees throughout the state through Dartmouth-Hitchcock's training and apprenticeship programs

From 4/29 Regulatory Presentation

Proposed Corporate Structure

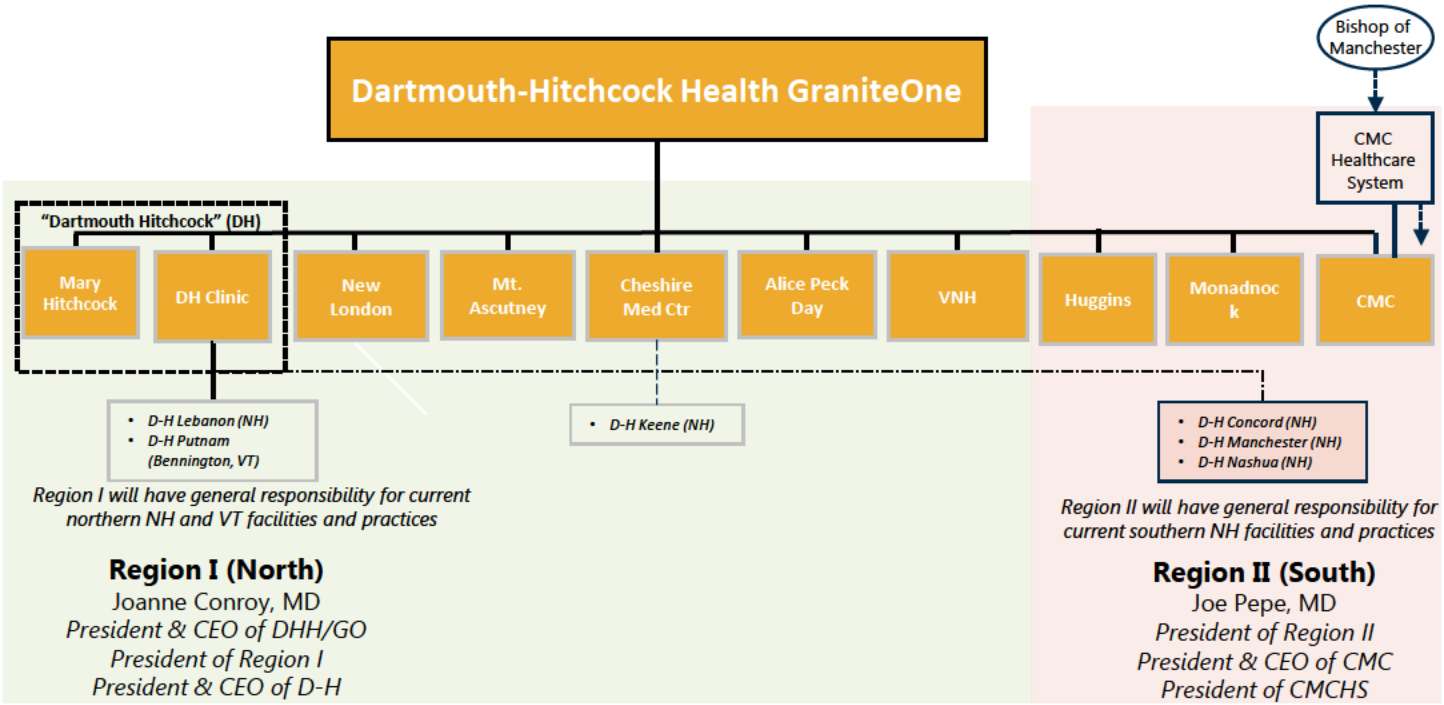
Dartmouth-Hitchcock Health GraniteOne will be the entity responsible for system-wide strategic planning, budgeting, and management



From 4/29 Regulatory Presentation

Proposed Management Structure

For management, the system is divided into two regions.



Example of Reserved System Powers

In order for D-HH/GO to be successful and meet the needs of the community, members, and the system, it will need certain reserved powers.

Member CEO	In consultation with the member boards, the D-HH/GO system will have the power to appoint, evaluate, determine the compensation of, and terminate member CEOs.
Assets	In consultation with the member and after taking into consideration the impact on members and their community, the D-HH/GO system will have the power to allocate non-donor restricted assets of members to serve the overall best interests of the system.
Clinical Services	In consultation with the member boards, the D-HH/GO system will have the power to initiate material programmatic and financial decisions at members.

D-HH's Historical Approach to These Topics

D-HH has a demonstrated history of collaborating with local boards around these topics

Member CEO	Cheshire Medical Center and Mt. Ascutney Hospital & Health Center have both selected CEOs since they entered D-HH (due to retirement and the incumbent leaving for another job). D-HH's Chief Strategy Officer worked with the member Board Chair to discuss local needs, system needs, and internal and external candidates. D-HH wanted to appoint someone the member board strongly supported, and in both cases, the recommended CEOs were suggested by the member Board Chair.
Reallocation of Assets	To date, D-HH has never reallocated non-donor restricted assets of members. If it does in the future, it would be to benefit the member and system.
Clinical Services	D-HH has never dictated the closure of a clinical service. Recently, Alice Peck Day Memorial Hospital approached D-HH with quality concerns about its OB program. D-HH worked with the local board to transfer the delivery service to DHMC and retain pre and post-partum care at APD. D-HH and Cheshire invested in telehealth services, transfer center resources and intensivists to increase capabilities at Cheshire and nearly double Cheshire's med/surg census.