

EXHIBIT H

3/25/11 Navigant Slides



Morton Hospital & Medical Center
Confidential Presentation

March 25, 2011



CONFIDENTIAL

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Realizing Value ... Delivering Results

I. Morton Financial Update



Financial Information:

Pro Forma EBITDA

	2009			2010		2011P		5 Mos Ended		Trailing 12 Mos	
								Feb-10		Feb-11	
(\$ in 000s)											
REVENUE AND OTHER SUPPORT:											
Net Patient Service Revenue	131,928			131,883		131,775		54,147	52,888	130,624	
Other Revenue	3,350			3,153		2,918		1,871	1,485	2,767	
Net Assets Released from Restrictions for Operations	8			849		-		173	323	999	
TOTAL REVENUE AND OTHER SUPPORT	135,286			135,885		134,692		56,190	54,695	134,390	
EXPENSES:											
Salaries and Wages	61,941			62,773		61,445		25,865	25,038	61,946	
Fringe Benefits	18,007			19,447		17,197		7,719	7,512	19,240	
Professional Compensation	3,050			4,091		4,474		1,323	1,850	4,619	
Supplies and Other Expenses	38,405			40,705		39,168		16,108	16,591	41,188	
Provision for Uncollectible Accounts	5,261			4,815		4,981		2,204	2,020	4,632	
Other Expenses	-			-		2,943		-	-	-	
TOTAL EXPENSES	126,665			131,831		130,207		53,217	53,011	131,624	
EBITDA	8,621			4,054		4,485		2,973	1,684	2,766	
EBITDA ADJUSTMENTS											
Accrual for Supplemental Executive Retirement Plan	670			-		-		-	-	-	
Severance	162			209		-		-	-	-	
2010 Operating Losses related of Transitional Care Unit ⁽¹⁾	-			240		-		-	-	-	
Close of Occupational Health Services Unit ⁽²⁾	-			199		-		-	-	-	
Add Back Professional Fees Related to Transaction	-			-		1,495		-	-	1,867	
P4P Revenue Held in Reserve	-			-		-		-	-	442	
Additional Management Initiatives	-			-		-		-	-	-	
Stage 1 Initiatives Resulting in Additional Medicare Funding	-			-		2,100		-	-	2,100	
Reduction of Supply Chain Expense	-			-		300		-	-	300	
Full Implementation of EHR Contract	-			-		600		-	-	600	
Additional Overtime Reduction	-			-		13		-	-	13	
PRO FORMA EBITDA	9,453			4,702		8,993				8,087	

Note: Data reflects the consolidated entity of Morton Hospital, Morton Physician Associates, Inc., and Morton Property Inc.

(1) Closed effective September 1, 2010

(2) Closed effective November 1, 2010

(3) EBITDA adjustments based on management projections.

Financial Information:

Debt Analysis

Morton Health Foundation & Subsidiaries, Inc. Debt Summary as of February 28 2011

	<u>Combined</u>	<u>CCBC</u>	<u>Morton Excl CCBC</u>
Bristol County Savings Bank	3,355,423		3,355,423
CCBC Loans	854,856	854,856	0
Sovereign Bank of New England	306,666		306,666
MPA Lease	8,279		8,279
Delage Cap Lease Energy Mgmt	2,864,454		2,864,454
Cardinal Health Lease Payable	210,778		210,778
COMERICA	1,552,175		1,552,175
MHEFA 2005 Equipment Lease Payable	877,563		877,563
MHEFA Bond Payable - 2004 C	18,630,000		18,630,000
MHEFA Bond Premium - 2004 C	245,978		245,978
	<u>28,906,172</u>		<u>28,051,316</u>

Financial Information:

Cash Position

Morton Foundation & Subsidiaries Cash Position as of February 28, 2011

	<u>Combined</u>	<u>CCBC</u>	<u>Morton Excl CCBC</u>
Cash & Cash Equivalents	9,555,802	(3,254,861)	6,300,941
Current Portion of Assets whose use is limited	1,683,108		1,683,108
Funded Depreciation	2,804,917		2,804,917
Self Insured Work Comp assets held by Commonwealth	1,200,000		1,200,000
Board Designated Funds	12,169,610		12,169,610
Temporarily Restricted funds (donor restricted)	1,851,146	(86,599)	1,764,547
Permanently Restricted Funds	<u>713,413</u>	<u>(250,000)</u>	<u>463,413</u>
	<u>29,977,996</u>		<u>26,386,536</u>
 <i>Non Cash Working Capital Deficit</i>			
Net Accounts Receivable	14,380,199	(1,056,995)	13,323,204
Other Receivable	402,362		402,362
Inventories	1,831,036		1,831,036
Prepaid Expenses	2,500,668	(1,412,790)	1,087,878
Accounts Payable	(6,040,268)	623,375	(5,416,893)
Accrued Liabilities	(5,998,424)		(5,998,424)
Accrued Salaries & Wages	(6,541,189)	1,779,527	(4,761,662)
Settlements with Third party payors	<u>(4,088,599)</u>		<u>(4,088,599)</u>
	<u>(3,554,215)</u>		<u>(3,621,098)</u>
 Net Cash Position	<u>26,423,781</u>		<u>22,765,438</u>

Financial Information:

Capital Expenditures

- Deferred capital expenditures for repairs and improvements, total \$22 million over the next three years

Capital Expenditures Schedule			
Department	2011	2012	2013
Blood Bank	\$15,500	\$0	\$15,000
Chemistry	25,800	5,100	600
Cytology	20,800	15,000	36,000
EBHS	15,700	12,000	6,500
Echocardiology	118,645	0	0
ED	73,500	0	0
Environmental	74,500	74,500	74,500
Food Services	191,107	200,600	152,275
Hearing	36,240	0	0
Hematology	67,700	1,500	0
Histology	129,400	0	0
Home Care	13,120	13,120	13,120
ICU	12,900	0	0
IT	1,937,500	1,655,000	1,275,000
Lab	63,600	37,000	0
Marketing	1,000	0	0
MCH	43,073	33,700	33,700
Micro	45,300	1,000	80,000
Middleboro Center	0	27,902	0
Northwoods Physical Therapy	22,620	13,620	18,318
Nursing	157,500	595,000	80,000
Occupational Therapy	1,400	0	0
OPD	9,000	0	0
Operating Room	913,500	258,000	110,000
Patient Accounts	78,254	5,800	0
Patient Registration	12,295	26,095	7,995
PCU	34,950	0	0
Phlebotomy	1,000	0	0
Physical Therapy	4,200	4,200	4,200
Plant Ops	2,193,650	2,196,750	1,765,750
Radiology	1,606,900	2,148,200	2,129,000
Respiratory	24,500	19,500	19,500
S1	17,008	9,000	2,500
Security	145,000	82,500	27,200
Sleep Lab	12,000	105,000	5,000
Speech	10,188	3,458	0
Telecomm	210,000	0	450,000
Vascular	117,800	0	0
TOTAL	\$8,457,150	\$7,543,545	\$6,306,158

II. Market Update



Potential Partners: Market Update

- For purposes of joint venture affiliation or outright sale, enterprise value multiples are currently 6.5x EBITDA and 0.9x revenue for publicly-traded hospital companies
- As noted on the previous page, multiples for the entire hospital sector have recently trended upward due to the recent legislation with the expectation of increased demand and net reimbursement to the industry

(\$ in millions, except per share data)																
Company Name	Ticker	Stock Price 3/22/11	52 Wk High	% of Enterprise Value	Latest Twelve Months (LTM)			Cal Year 2011			LTM		CY 2011			
					Revenue	EBITDA	EBITDA %	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA			
Community Health Systems, Inc.	CYH	\$38.06	90%	\$12,891	\$12,987	\$1,677	12.9%	\$14,895	\$1,954	0.99x	7.69x	0.87x	6.60x			
HCA, Inc.	HCA	\$31.87	95%	45,692	30,683	5,626	18.3%	NA	NA	1.49x	8.12x	NA	NA			
Health Management Associates Inc.	HMA	\$10.16	94%	5,645	5,115	742	14.5%	6,028	857	1.10x	7.61x	0.94x	6.59x			
Lifepoint Hospitals Inc.	LPNT	\$38.77	97%	3,388	3,262	517	15.9%	3,736	560	1.04x	6.55x	0.91x	6.05x			
Tenet Healthcare Corp.	THC	\$7.03	95%	7,461	9,205	1,050	11.4%	10,127	1,251	0.81x	7.11x	0.74x	5.96x			
Universal Health Services Inc.	UHS	\$46.14	94%	8,648	5,568	783	14.1%	7,942	1,215	1.55x	11.05x	1.09x	7.12x			
Source: Capital IQ												High:	1.55x	11.05x	1.09x	7.12x
												Low:	0.81x	6.55x	0.74x	5.96x
												Mean:	1.16x	8.02x	0.91x	6.46x
												Median:	1.07x	7.65x	0.91x	6.59x

Potential Partners: Market Update

- Recent hospital acquisitions have shown much activity with transaction values averaging .7x revenue and 7.2x EBIDA.

(\$ in millions, except price per bed)										Whole Company Transactions Method Multiples				
Date	Buyer	Target	ST	Status	Revenue	EBIDA [1]	Beds	Transaction Value	Revenue	EBIDA	Transaction Value [2]	Revenue	EBIDA	Bed
02/23/11	Steward Health Care System	Jackson Health System	FL	Non-profit	NA	NA	1,500	1,000.0	NA	NA	733,333	NA	NA	NA
02/10/11	Community Health Systems, Inc.	Mercy Health Partners	PA	Non-profit	NA	NA	265.0	70.0	NA	NA	264,151	NA	NA	NA
01/17/11	Sisters of Mercy Health System	Johnston Memorial Hospital	OK	Non-profit	NA	NA	15	1.6	NA	NA	106,667	NA	NA	NA
12/31/10	Ascend Health Corporation	Behavioral Hospital of Bellare and Denton Rehabilitation Hospital	TX	For Profit	NA	NA	130.0	NA	NA	NA	NA	NA	NA	NA
12/21/10	Phoebe Putney Memorial Hospital, Inc.	Palmyra Park Hospital	GA	For Profit	NA	NA	443	185.0	NA	NA	440,181	NA	NA	NA
12/21/10	Medical Properties Trust Inc.	Three Long-Term Acute Care Hospital Facilities	Various	For Profit	NA	NA	220.0	99.5	NA	NA	452,273	NA	NA	NA
12/20/10	Healthcare Trust of America, Inc.	Multi-State Portfolio	Various	For Profit	NA	NA	NA	102.0	NA	NA	NA	NA	NA	NA
12/15/10	Vanguard Health Systems, Inc.	Holy Cross Hospital	IL	Non-profit	NA	NA	331.0	NA	NA	NA	NA	NA	NA	NA
12/10/10	Grubb & Ellis Healthcare REIT II, Inc.	Humble Surgical Hospital, LLC	TX	For Profit	NA	NA	NA	13.1	NA	NA	NA	NA	NA	NA
12/09/10	Community Health Systems, Inc.	Tenet Healthcare Corp	TX	For Profit	NA	NA	14,352.0	7,330.0	NA	NA	510,730	NA	NA	NA
12/01/10	Caritas Christi	Ten o Essence Healthcare Hospitals	MA	For Profit	NA	NA	181	NA	NA	NA	NA	NA	NA	NA
11/18/10	North Country Health Services	Sanford Health & MeritCare	MN	Non-profit	80.4	NA	NA	75.0	0.9x	NA	NA	NA	NA	NA
11/17/10	Prime Healthcare Services, Inc.	Alvarado Hospital Medical Center, Inc.	CA	For Profit	NA	NA	2,437	40.0	NA	NA	16,414	NA	NA	NA
11/05/10	Methodist Healthcare System Of San Antonio Ltd.	Hearst Hospital Of San Antonio, LP	TX	For Profit	NA	NA	55	78.5	NA	NA	1,427,273	NA	NA	NA
10/28/10	Kindred Healthcare Inc.	Signature Health Services, LLC	OH	Non-profit	13.4	2.3	NA	NA	NA	NA	NA	NA	NA	NA
10/27/10	The Johns Hopkins Hospital	Sibley Memorial Hospital	DC	Non-profit	NA	NA	328	NA	NA	NA	NA	NA	NA	NA
10/05/10	Central DuPage Health, Inc.	Dehor Community Hospital Inc.	IL	Non-profit	205.0	NA	159	NA	NA	NA	NA	NA	NA	NA
09/30/10	Atlantic Health Systems	New Ion Memorial Hospital	NJ	Non-profit	128.7	14.2	146	NA	NA	NA	NA	NA	NA	NA
09/29/10	McLaren Health Care Corp.	Central Michigan Community Hospital	MI	Non-profit	88.0	2.2	78	NA	NA	NA	NA	NA	NA	NA
09/16/10	West Virginia United Health System	Camden-Clark Memorial Hospital/St. Joseph's	WV	For Profit	154.0	NA	367	NA	NA	NA	NA	NA	NA	NA
09/16/10	Scott & White	Trinity Medical Center	TX	Non-profit	33.5	NA	60	NA	NA	NA	NA	NA	NA	NA
09/10/10	lasis Healthcare	Brim Holdings	TN	For Profit	NA	NA	165	95.0	NA	NA	575,758	NA	NA	NA
09/03/10	Swedish Medical Center	Stevens Hospital	WA	Non-profit	NA	NA	217	NA	NA	NA	NA	NA	NA	NA
09/02/10	Adventist Health Systems, Inc.	University Community Health, Inc.	FL	Non-profit	502.5	NA	NA	353.0	0.7x	NA	NA	NA	NA	NA
09/01/10	Seton Family of Hospitals	Smithville Regional Hospital	TX	Non-profit	13.2	2.0	36	NA	NA	NA	NA	NA	NA	NA
09/01/10	Health Management Associates, Inc.	Wuesthoff Health System	FL	Non-profit	290.0	NA	406	151.5	0.5x	NA	373,153	NA	NA	NA
08/30/10	Avera McKennan	Avera Heart Hospital	SD	For Profit	NA	NA	55	36.0	NA	NA	654,545	NA	NA	NA
08/24/10	Kindred Healthcare Inc.	Five Long Term Acute Care Hospitals	CA	For Profit	150.0	27.0	250	178.0	1.2x	6.6x	712,000	NA	NA	NA
08/16/10	Management	Prospect Medical Holdings, Inc.	CA	For Profit	468.0	54.0	759	363.0	0.8x	8.7x	478,261	NA	NA	NA
08/09/10	Vanguard Health Systems, Inc.	Arizona Heart Hospital	AZ	For Profit	NA	NA	59	32.4	NA	NA	549,153	NA	NA	NA
08/06/10	Community Health Systems, Inc.	Forum Health	OH	Non-profit	300.4	NA	625	200.0	0.7x	NA	320,000	NA	NA	NA
08/06/10	MHA, LLC	Meadowlands Hospital	NJ	Non-profit	61.6	NA	230	16.0	0.3x	NA	69,565	NA	NA	NA
08/04/10	Cornerstone Healthcare Group	Solara Healthcare Group	TX	For Profit	NA	NA	300	NA	NA	NA	NA	NA	NA	NA
08/03/10	Scott & White	Johns Community Hospital	TX	Non-profit	12.9	NA	153	NA	NA	NA	NA	NA	NA	NA
07/20/10	Johns Hopkins Health System Corp.	All Childrens Hospital and Health System	FL	Non-profit	274.8	NA	259	NA	NA	NA	NA	NA	NA	NA
07/10/10	District of Columbia	United Medical Center	DC	For Profit	99.4	22.0	184	20.0	0.2x	NA	108,696	NA	NA	NA
07/09/10	HCA, Inc.	Eastside Medical Center	GA	Non-profit	159.6	4.4	72	NA	NA	NA	NA	NA	NA	NA
07/09/10	Emory Healthcare	Emory Johns Creek Hospital	GA	For Profit	64.3	NA	85	NA	NA	NA	NA	NA	NA	NA
07/01/10	Danbury Hospital	New Milford Hospital	CT	Non-profit	89.6	NA	473	NA	NA	NA	NA	NA	NA	NA
06/24/10	HCA, Inc.	Mercy Hospital	FL	Non-profit	262.5	NA	NA	NA	NA	NA	NA	NA	NA	NA

Potential Partners:

Market Update

Whole Company Transactions Method Multiples												
(\$ in millions, except price per bed)												
Date	Buyer	Target	ST	Status	Target Revenue	EBBDA (1)	Beds	Transaction Value	Revenue	EBBDA	Bed	
06/21/10	Select Medical Group	Regency Hospital Group	IL	For profit	350.0	NA	NA	210.0	0.6x	NA	NA	NA
06/17/10	RegionalCare Hospital Partners	Clinton Memorial Hospital	OH	Non-profit	103.0	8.8	95	82.0	0.8x	9.3x	863,158	NA
06/10/10	Long Beach Memorial Hospital	Community Hospital of Long Beach	CA	Non-profit	49.7	NA	81	NA	NA	NA	NA	NA
06/04/10	Adventist Health Systems, Inc.	Bert Fish Medical Center	FL	Non-profit	63.8	4.9	112	51.5	0.8x	10.5x	459,821	NA
06/01/10	Grubb & Ellis Healthcare REIT	Muskegon Long-Term/Acute Care Hospital	OK	For profit	NA	NA	41	11.0	NA	NA	268,293	NA
05/27/10	Johns Hopkins Health System Corp.	Sibey Memorial Hospital	DC	Non-profit	203.5	35.9	328	NA	NA	NA	NA	NA
05/27/10	Health Management Associates, Inc.	Three Shands Hospitals	FL	Non-profit	100.0	NA	139	22.0	0.2x	NA	158,273	NA
05/24/10	RegionalCare Hospital Partners	Coffee Health Group	AL	Non-profit	143.3	13.0	517	150.0	1.0x	11.5x	290,135	NA
05/19/10	North Shore Long Island Jewish Health System	Lenox Hill Hospital	NY	Non-profit	674.3	NA	652	NA	NA	NA	NA	NA
05/13/10	OSF Healthcare Systems	Rockford Health System	IL	Non-profit	309.8	19.6	297	NA	NA	NA	NA	NA
05/10/10	Covenant Health	Morristown-Hamblen Healthcare System	TN	Non-profit	84.4	7.9	167	100.0	1.2x	12.7x	598,802	NA
04/30/10	LifePoint Hospitals, Inc.	Sumner Regional Health Systems, Inc.	TN	Non-profit	130.7	1.4	268	156.0	1.2x	11.4x	582,090	NA
04/15/10	Texas Health Resources, Inc.	Wilson N. Jones Medical Center	TX	Non-profit	132.8	9.0	191	NA	NA	NA	NA	NA
04/09/10	Piedmont Healthcare	St. Joseph's Hospital	GA	For profit	359.0	19.0	410	NA	NA	NA	NA	NA
04/06/10	Valley Baptist Health System	Knapp Medical Center	TX	Non-profit	122.3	8.4	209	NA	NA	NA	NA	NA
04/05/10	Community Health Systems, Inc.	Marion Regional Healthcare System	SC	Non-profit	59.3	7.2	169	25.7	0.4x	3.6x	152,071	NA
04/02/10	Community Health Systems, Inc.	Bluefield Regional Medical Center	WV	Non-profit	72.4	NA	240	NA	NA	NA	NA	NA
04/01/10	LifePoint Hospitals, Inc.	Clark Regional Medical Center	KY	Non-profit	53.4	3.8	100	60.0	1.1x	15.8x	600,000	NA
03/25/10	Cerberus Capital Management, LP	Caritas Christi Health Care	MA	For profit	1,320.0	NA	1,552	830.0	0.6x	NA	534,794	NA
03/19/10	Vanguard Health Systems, Inc.	Detroit Medical Center	MI	Non-profit	2,010.0	NA	1,734	1,267.0	0.6x	NA	730,681	NA
02/17/10	St. David's Healthcare Partnership	Heart Hospital of Austin	TX	For profit	NA	12.8	58	83.6	NA	6.5x	1,441,379	NA
02/02/10	St. Vincent Jennings Hospital	Washington County Memorial	IN	Non-profit	29.7	NA	25	3.5	0.1x	NA	140,000	NA
01/03/10	Restoration Healthcare, LLC	BUC Medical Center	GA	Non-profit	27.3	NA	90	7.1	0.3x	NA	78,869	NA

Notes:

- [1] For-profit hospital data is before taxes, thus comparable to EBBDA.
 [2] Compiled metrics exclude EBBDA multiples > 11x, per Bed multiples > \$1 ml.
 Source: Irving Levin Associates, Inc. CapitalIQ.

High	1.19x	111.43x	\$1,441,379
Low	0.12x	3.57x	\$16,414
Mean	0.68x	7.21x	\$407,651
Median	0.67x	6.66x	\$452,273

III. Comparative Analysis of Proposals



Potential Partners: Comparative Proposal Analysis

I. Transaction Analysis		Southcoast Health System	Steward Health Care
A. Transaction Structure		Affiliation (Southcoast becomes sole member of Morton entities; guarantees Morton debt and pension obligations)	Asset Purchase (Steward purchases Morton assets and assumes or repays Morton debt and pension obligations)
i) Excluded Assets	None		Community Counseling of Bristol County (CCBC) Morton Foundation assets Donor restricted funds
ii) Excluded Liabilities	None		CCBC Liabilities; Any physician contract not scheduled in contract
B. Initial Consideration			
i) Repayment of Debt	Total Debt Obligations Assumed : Less Net Cash Net Debt Assumed	\$28,906,172 (26,423,781) 2,482,391	Total Debt Obligations Defeased: \$28,051,316 Less Net Cash (22,765,438) Net Debt Assumed 5,285,878
ii) Assumption of Pension Liabilities	Unfunded Liability Assumed:	\$31,590,521	Unfunded Liability Assumed: \$31,590,521
iii) Other Long Term Liabilities Assumed	Assumes all legacy corporate liabilities (as a result of affiliation structure)		Assumes all liabilities associated with Purchased Assets including liabilities relating to third party payors, environmental matters and scheduled litigation

Potential Partners: Comparative Proposal Analysis

I. Transaction Analysis

Southcoast Health System

Steward Healthcare

C. Post Closing Commitments

i) Continuous Operation of Hospital

Southcoast shall cause Morton Hospital to operate as a general acute-care hospital for at least seven (7) years from the Effective Date.

From the Closing Date until the tenth anniversary of the Closing Date, Buyer shall maintain an acute care hospital in Taunton, Massachusetts, or the immediately surrounding area, maintaining community benefits and charity care at the current levels, ... provided, however, after the fifth anniversary of the Closing through the tenth anniversary of the Closing, Buyer may close or limit the general purpose of the Post-Closing System if the Post-Closing System shall have experienced two (2) consecutive fiscal years of negative Operating Margins.

In Steward presentation, they indicated there would also be an 18 month work out period with DPH After two consecutive years of negative margin and notification to DPH.

ii) Guaranteed Capital Expenditures for Hospital

The Southcoast Parties shall cause at least Eighty-Four Million Dollars (\$84,000,000) to be spent on capital expenditures which are (a) included as assets of Morton Hospital on Morton Hospital's financial statements; (b) licensed or certified to Morton Hospital, if licensure or certification is applicable; and (c) located on the Morton Hospital main campus or within a five (5) mile radius of the main campus of Morton Hospital,

From the Closing Date until the fifth anniversary of the Closing Date, Buyer shall expend or commit to expend (i) no less than Eighty Five Million Dollars (\$85,000,000) in the aggregate for capital expenditures and investments to improve, furnish, equip and expand the services of the hospital.

In addition, Steward indicated on page 3 of Tab 3 that Morton can expect to have capital available for routine needs at a rate of 125% of annual depreciation- approximately \$7Million per year or \$35M over 5 years which would amount to a total of \$120Million over 10 years for Morton.

Potential Partners: Comparative Proposal Analysis

I. Transaction Analysis

Southcoast Health System

Steward Healthcare

C. Post Closing Commitments

iii) Timing of Capital Commitments

During the seven (7) year period following the Effective Date: - No additional specific time commitments made

No less than \$25,500,000 in the aggregate within the first twelve (12) months post-Closing (which amount shall include Ten Million Dollars (\$10,000,000) in investment in information technology) and no less than Fifty-Nine Million Five Hundred Thousand Dollars (\$59,500,000) in the forty-eight months thereafter for investment in information technology and other capital improvements and investments, including in each case amounts that would qualify as capital expenditures under GAAP.

Potential Partners:

Comparative Proposal Analysis

I. Transaction Analysis

Southcoast Health System

Steward Healthcare

Post Closing

C. Commitments

iv) New Services

Southcoast management, Morton, Morton medical staff and representatives of the Morton Hospital community shall engage in a six-month strategic planning process and shall implement as soon as reasonably possible strategic initiatives aimed at achieving the following:

- (a) increased inpatient and outpatient volumes at Morton Hospital to reduce the cost per episode of care;
- (b) increased case-mix index at Morton Hospital to improve revenue per case and overall profitability;
- (c) development at Morton Hospital of one or more new services that are conceptually equivalent to the "signature" services offered at the Southcoast Hospitals facilities;
- (d) reduced patient outmigration from the Morton Hospital primary service area and increased market share within the primary service area;
- (e) increased and enhanced physician recruitment and retention activities, to increase the number of physicians and breadth of specialties practicing at Morton Hospital;
- (f) increased investment in advanced clinical technologies available at Morton Hospital;
- (g) development of an "accountable care organization" ("ACO") that includes Morton Hospital and its medical staff; and
- (h) inclusion of Morton Hospital in the Southcoast Parties' medical education initiatives.

Steward's investments in Morton will focus resources on building and developing such critical service areas as:

- i) women's health,
- ii) expanding obstetrics,
- iii) replacing the mobile MRI and enhancing imaging, and
- iv) creating a cancer care center (including the deployment on an on-campus linear accelerator),
- v) recruiting specialists and providing a broader range of medical services locally, performed in the greater Taunton community with particular emphasis on neurosurgeons/spine surgeons and vascular medicine physicians.

Potential Partners: Comparative Proposal Analysis

L. Transaction Analysis

Southcoast Health System

Steward Healthcare

Post Closing

C. Commitments

v) Employees

The Affiliation shall not impact or change the employment status of employees of a Morton Entity who are in good standing. Southcoast shall adhere to the terms of any collective bargaining agreements presently in effect and shall recognize each union that is a party to an unexpired collective bargaining agreement.

i) Buyer shall offer employment to all active Employees who are in good standing, in their existing job duties, titles and responsibilities and at their existing base wage and salary levels.

ii) All Continuing Employees will be employed by Buyer as employees-at-will except Union employees which will be employed per terms of their contract.

ii) Buyer shall provide each Continuing Employee with employee benefits, including but not limited to retirement, welfare and paid time off, consistent with similarly-situated employees at other healthcare facilities owned and/or operated by Buyer and its Affiliates. Buyer shall honor the Continuing Employees' prior service credit under the Sellers' current Plans for purposes of eligibility and satisfying pre-existing condition limitations in the welfare benefit plans of Buyer. Buyer shall honor prior length of service for purposes of eligibility and vesting in the retirement benefit plans and other service-based plans of Buyer such as paid time off. Buyer shall carry over, and give credit for, the Accrued PTO for the Continuing Employees.

vi) IT Development

Not specifically referenced

Steward shall ensure, subject to the availability and capabilities of third party vendors, the full deployment of Meditech 6.0 and Advance Clinical Systems and computerized physician order entry (CPOE) throughout Morton over the first twelve (12) to eighteen (18) months following the Closing

Potential Partners:

Comparative Proposal Analysis

I. Transaction Analysis

Southcoast Health System

Steward Healthcare

D. Physician Commitments

- | | | |
|------------------|---|---|
| i) Medical Staff | <p>i) The Affiliation shall not impact or change the medical staff appointment or clinical privileges of members of the medical staff of Morton Hospital.</p> <p>ii) The Morton Hospital medical staff shall remain independent of the medical staff of Southcoast Hospital but shall offered the opportunity to apply for clinical privileges at the Southcoast Hospitals facilities and</p> <p>iii) Shall be offered the opportunity to participate in the Southcoast Parties' standing medical staff committees and planning activities regarding an ACO</p> | <p>i) Buyer agrees that each of the Healthcare System's medical staff members in good standing shall maintain medical staff privileges at Morton.</p> <p>ii) The medical staff will be subject to the Post-Closing System's Medical Staff Bylaws, as amended from time to time in accordance with the terms thereof.</p> <p>iii) Senior physicians providing services within the Post-Closing System will have an opportunity to take leadership positions on Steward system-wide committees for quality and safety.</p> <p>iv) The Post-Closing System's ICU beds will be rolled into Steward's electronic ICU monitoring system (eICU), providing 24/7 remote intensivist coverage.</p> |
|------------------|---|---|

ii) Physician Network Participation

- | | |
|---|---|
| Physicians on the Morton Hospital medical staff will be offered the opportunity to participate in SPN managed care agreements and programs in support thereof, subject to meeting SPN's participation requirements. | <p>Physicians providing services within Morton who choose to contract through Steward Network Services, Inc. will have:</p> <p>i) Access to Buyer's managed care contracts and medical management/care management ACO infrastructure,</p> <p>ii) Medical malpractice insurance through TRACO (Steward's offshore captive insurance company),</p> <p>iii) Steward Quality and Safety group's medical management systems.</p> |
|---|---|

Potential Partners:

Comparative Proposal Analysis

I. Transaction Analysis

Southcoast Health System

Steward Healthcare

D. Physician Commitments

iii) Physician Assistance

Southcoast will provide \$16,000,000 of assistance to physicians who are or join the Morton Hospital Medical Staff. Such assistance shall be provided in the form of:

- i. Physician recruitment and retention assistance;
- ii. Donation of electronic health records at 85% of the allowable costs,
- iii. Physician practice acquisitions and new physician practice development

Steward will wire community-based physicians who become a part of Steward Network Services, Inc. with electronic medical records in a manner compliant with applicable Law.

It cost approximately \$35,000 to fully wire and license a physician practice with EMR so final amount spent by Steward will depend on how many join network and select to be wired for EMR. Physicians can also use exiting EMR system to connect to Steward)

Potential Partners:

Comparative Proposal Analysis

I. Transaction Analysis

Southcoast Health System

Steward Healthcare

E. Governance

i) Morton Board Composition & Authority

Morton Board shall consist of
- 4 Members elected by Southcoast Health Systems
- 4 member elected by current Morton Board
- Southcoast CEO

A majority of Board shall be Morton service area residents

The 4 Hospital Board members to be elected by current Morton Board at outset "by Morton" only; after terms expire there will be no "Morton" selection right, but rather the standard Southcoast nominating process would apply.

Buyer shall form a local governing board at Morton comprised of medical staff members, community leaders and appropriate executive officers. The local governing board shall be subject to the authority of Buyer's board of directors and the terms of Buyer's certificate of incorporation and bylaws and shall be responsible for the following decisions with respect to the Post-Closing System:

- (a) Approval of borrowings in excess of \$500,000;
- (b) Additions or conversions which constitute substantial changes in service;
- (c) approval of capital and operating budgets, including prioritization of capital investments;
- (d) approval of the filing of an application for Determination of Need; and
- (e) development of strategic plans for the community served by the Post-Closing System.

Steward emphasized in presentation that the "local Board" would be the current Hospital Board and that the local Board would be "empowered" with "specific authority" over certain matters.

Potential Partners: Comparative Proposal Analysis

I. Transaction Analysis

Southcoast Health System

Steward Healthcare

E. Governance

ii) Participation in Parent Board

Southcoast is sole corporate member and elects Trustees for each affiliate
Southcoast has 17 member board which would be expanded to 19 and Morton would have two seats on board. After terms expire for 2 "Morton" Board members, standard Southcoast nominating process would apply for these seats.

None specified

iii) Morton management reporting relationships

After the Effective Date, Morton Hospital's day-to-day operations will be overseen by its President and hospital administrator (the "Morton President"), who shall report to the President and Chief Executive Officer of Southcoast Health (the "Southcoast President") and be a member of the Senior Executive Team (Office of the President) of the Southcoast Health System.

Indicated in presentation on 3.23.11 that existing management team would remain in place in current roles; however not specified in APA.

Potential Partners:

Comparative Proposal Analysis

I. Transaction Analysis

Southcoast Health System

Steward Healthcare

F. Other Terms

i) Termination Fee

In the event either party terminates the Agreement, in lieu of seeking specific performance they shall be entitled to a termination fee in an amount equal to \$1,000,000.

If Buyer refuses to consummate the transaction, so long as the Sellers are not in breach of any of their representations, warranties, covenants or agreements that would permit Buyer not to close, then in lieu of their rights of specific performance, the Sellers shall have the right to demand from Buyer, and upon such notice Buyer shall pay to the Sellers promptly, an aggregate amount of \$2,000,000 as liquidated damages.

ii) Material Conditions Precedent to Closing

- i) Hart-Scott-Rodino Filing (if required)
- ii) No attorney General challenge
- iii) Department of Public Health approval
- iv) Any required lender approval
- v) No Material Adverse Change (limited in scope, defined exclusions)
- vi) Representations & Warranties True

- i) approval by Attorney General and Department of Public Health
- ii) No governmental orders prohibiting transaction

- iii) Representations & Warranties True
- iv) Acceptable Title insurance and survey
- v) No Material Adverse Change (limited in scope, defined exclusions)

iii) Required Approvals

- i) Department of Public Health

- i) Department of Public Health
- ii) Attorney General

Potential Partners:

Comparative Proposal Analysis

L. Transaction Analysis

Southcoast Health System

Steward Healthcare

F. Other Terms

- v) Enforcement of Post closing conditions

Southcoast Health shall designate or form a new corporation which shall have responsibility for reviewing the compliance of the Southcoast Parties with the Material Commitments and shall exist for seven years after closing. The Board of Directors of the Review Board shall be comprised of 3 individuals who reside or work in the Taunton area and who are identified by the Morton Parties. The Morton Parties shall identify 3 other individuals who reside or work in the Taunton area and are acceptable to the Southcoast Parties and who shall serve as alternates for election to the Review Board in the event there is a vacancy.

Attorney General responsible for enforcement

- vi) Ability to terminate commitments after closing

Southcoast shall be excused from performance of the Material Commitments if:

- Morton Hospital is destroyed due to Force Majeure or because the performance of such Material Commitment will violate a law, regulation or ordinance.
- Morton Hospital is excluded from participation in Medicare, Medicaid or any other federal or state reimbursement program and such exclusion continues after exhaustion of all applicable appeals.
- Morton Hospital ceases to hold an acute care hospital license and such license is not reinstated after exhaustion of all available appeals

None

IV. Additional Evaluation Criteria



Additional Evaluation Criteria

- A. Operating Experience & Market Presence
- B. Financial Position
- C. Physician Recruitment and Retention Capabilities
- D. Managed Care Contracting Capabilities
- E. Operating Infrastructure

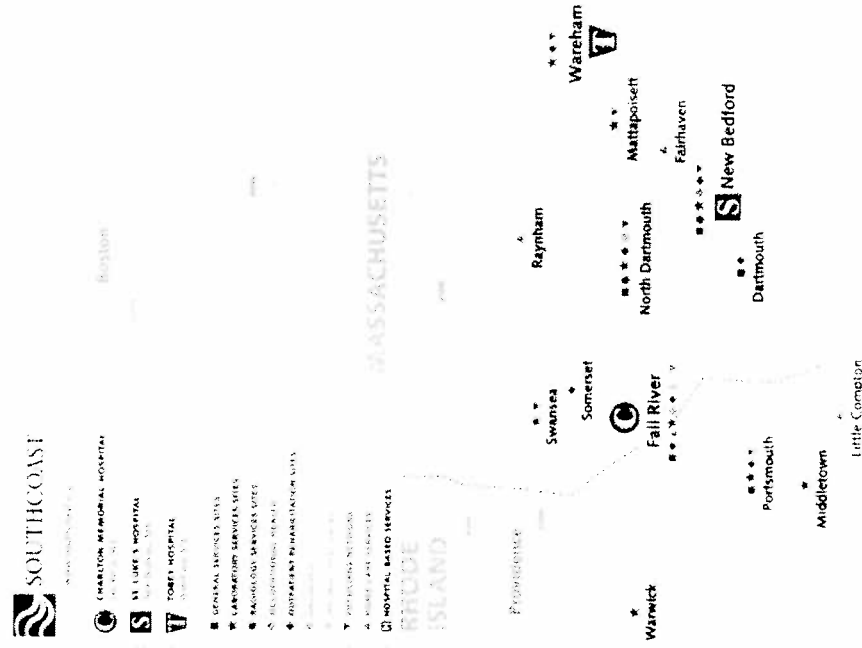
A. Operating Experience & Market Presence

Operating Experience and Market Presence

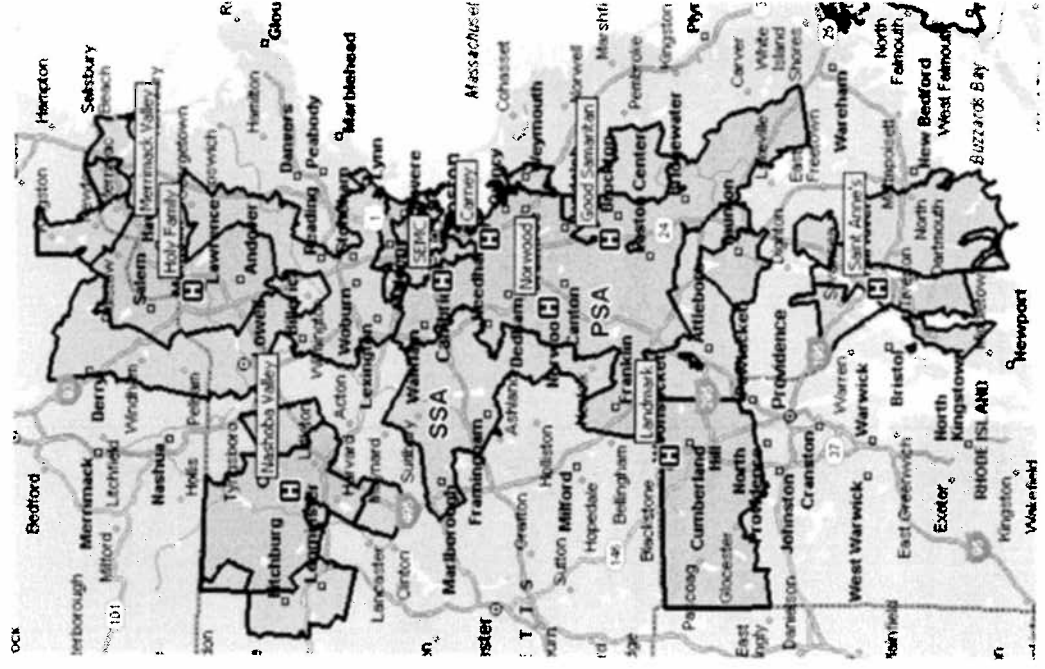
	Southcoast Health System	Steward Health Care
Overview	Three acute care hospitals located in southeastern Massachusetts with a total of 659 beds and over 6,200 employees.	Six acute care hospitals in eastern Massachusetts with 1,552 beds and over 12,000 employees.
Hospitals	St. Luke's Hospital- New Bedford, MA (300 beds) Charlton Memorial Hospital- Fall River, MA (285 beds) Tobey Hospital- Wareham, MA (74 beds)	Carney Hospital- Dorchester, MA (164 beds) Good Samaritan Medical Center- Brockton, MA (231 beds) Holy Family Hospital- Methuen, MA (261 beds) Norwood Hospital- Norwood, MA (264 beds) Saint Anne's Hospital- Fall River, MA (160 beds) St. Elizabeth's Medical Center- Boston, MA (205 beds)
Medical Staff	820 Credentialed Physicians across 3 hospitals	2,700 Credentialed Physicians across 6 hospitals
Physician Network	Southcoast Physicians Network currently has 185 physicians and 26 allied health professionals in 10 practice groups. Southcoast has added 85 physicians over past 3 years	Steward Physician Network currently has over 1,500 physicians. Steward added over 220 PCPs (45% increase) and 300 specialists (35% increase) in 2010
Other Facilities & Services	Southcoast Center for Cancer Care- Fairhaven, MA Southcoast Surgery Center - North Dartmouth, MA Southcoast Sleep Center - North Dartmouth, MA Southcoast Visiting Nurse Association	Caritas Hospice- Brighton, MA Caritas Home Care- Norwood, MA Labouré College - Boston MA
Other Proposed Acquisitions	None	Merrimack Valley Hospital (Essent) - Haverhill, MA (124 beds) Nashoba Valley Medical Center (Essent) - Aver, MA (57 beds) Jackson Memorial Hospital in Miami, FL (1,550 beds)
Leadership Team	Carl Ribeiro – Board of Trustees Chair Keith Hovan – President & CEO Linda Bodenmann – EVP & COO Bill Grigg – EVP & CFO	Ralph del la Torre -- Chairman and CEO Robert Guyon – EVP & COO Mark Rich – EVP of Corporate Strategy and Management James Renna – EVP & CFO

Operating Experience and Market Presence

Southcoast Footprint



Steward Footprint



B. Financial Position

Financial Position

Income Statement (\$ in millions)

Key Metrics	Southcoast Health System	Steward Health Care
Total Revenues:		
-- 2009 Actual	\$675.0	\$1,325.7
-- 2010 Actual	706.1	1,407.9
-- 2011 Estimate	723.1	1,465.7
EBITDA ⁽¹⁾:		
-- 2009 Actual	\$ 49.1	\$ 76.9 ⁽²⁾
-- 2010 Actual	52.6	82.0 ⁽²⁾
-- 2011 Estimate	51.2	81.0 ⁽²⁾
Capital Expenditure Forecast	Est. \$275 million for 2011 - 2015. Includes \$20 million in unspent debt proceeds for Fairhaven Cancer Center.	Est. \$150 million annually for current Steward system. Approximately 50% is financed from current operations.

(1) As a non-profit, Southcoast does not pay income tax. Steward will not pay income taxes for two years due to NOL carry forwards.

(2) Excludes transaction-related costs of \$13.8 million in 2009, \$25.6 million in 2010, and \$33.8 million in 2011.

Financial Position

Balance Sheet (\$ in millions)

Key Metrics	Southcoast Health System(1)	Steward Health Care(2)
Cash Position	Cash and ST Investments \$114.3 Restricted Assets \$129.8 LT Investments \$317.3 <u>\$561.4</u>	Cash and Investment Restricted Assets \$111.9 <u>3.7</u> Total <u>\$115.6</u>
Debt	Total Bond Debt \$164.5	-- \$3.0M of capital leases -- Currently structuring \$500M credit facility -- Cerberus CFO indicated in letter to Morton that Steward had available financial resources (cash and debt capacity) of over \$750 million and Cerberus had uninvested assets of \$2.5 billion.
Pension Plan	Southcoast has \$11.4M of non-pension post retirement benefits.	Steward assumed approximately \$223M of pension obligations as part of conversion. The plan assets associated with these assets are currently being segmented and valued.
Credit Rating	S&P: A Moody's: A2	No Rating-No debt outstanding at present
Additional Capital Source	Per CFO, estimates additional debt capacity of \$125M before any acquisition	\$400M (2) commitment from Cerberus Capital to be spent on Health Care facilities in Mass.

(1) As of December 31, 2010.

(2) Commitment is in form of guarantee if Steward does not invest \$400M from operations and borrowings. \$77M of this amount was committed to existing capital projects at time of conversion. Essent acquisition does not count toward commitment.

Key Observations

- Southcoast has cash of \$560M and additional borrowing capacity of \$125M
 - Current debt \$164M
 - Annual capital expenditures of \$55M
 - No pension plan commitment
 - Annual EBITDA of approximately \$50M
- Steward has cash of \$112M and additional borrowing capacity of \$500M
 - No debt at present but undetermined pension liability
 - Annual capital expenditures of \$150M
 - Assumed existing pension plan from Roman Catholic Archdiocese of Boston
 - Annual EBITDA of \$80M
 - Access to equity capital through Cerberus

C. Physician Recruitment and Retention Capabilities

Physician Recruitment and Retention Capabilities

Southcoast Health System

Steward Health Care

Physician Recruiting Infrastructure

Physician recruitment team includes 3 FTEs devoted to physician recruitment and physician network development. They range from the staff to the VP level. Two of the FTEs focus more specifically on new recruits. The third focuses on existing practices and SPN development. Beyond these 3 dedicated FTEs, service line VPs and senior executives support and engage in the physician recruitment process and contract negotiation. We also engage external resources as necessary to supplement our internal staff.

5 FTEs committed to network development and recruiting. Integrates Hospital, SMG, private practice strategies.

Physician Affiliation models

- | | |
|---------------------------------------|------------------------------------|
| i) Remain independent | i) Remain independent |
| ii) Join Southcoast Physician Network | ii) Join Steward Physician Network |
| iii) Become employed by Southcoast | iii) Become employed by Steward |

Physician Recruitment and Retention Capabilities

Southcoast Health System

Steward Health Care

Practice Management Support

Malpractice Insurance

Malpractice insurance is only offered for employed physicians. No concrete plans in place to offer to non-employed physicians.

TRACO - Professional and general liability insurance offered to physicians at discounted rates across all hospitals. Available to employed and affiliated MDs.

Health Insurance

Health Insurance is only offered to employed physicians. No concrete plans to offer to non-employed physicians.

Work in process over next 6 months to offer an EPO - In-network product in-network physicians practice at lower than market value rates

Patient Credentialing

NIA and radiology pre-authorizations are completed through call center discussed below.

Work in progress on a Central Verification Office – will significantly reduces physician overhead.

Call Center Services Offered to MDs

SPA offers practice support and management services including an answering service and plans for a call center. NIA and radiology pre-authorizations are completed through this call center.

Available call center services including specialty appointment scheduling, high tech radiology authorization services, and Doctor Finder.

Physician Recruitment and Retention Capabilities

Southcoast Health System

Steward Health Care

Physician EMR

Vendors

Currently, Nexgen is in place at 2 of 17 employed practices. Plans are in place to phase out Nexgen and implement eClinicalWorks.

eClinicalWorks and Athena Clinicals are currently in use throughout the network. Athena is currently the vendor of choice.

Adoption Rate

2 of 17 employed practices using Nexgen with plans to convert to eClinical Works. Committed to have any physician who joins SPN by June 1, 2011 deployed on EMR by December 31, 2011.

600 physician deployment

Subsidies in place

Will pay 85% of cost of EMR; the per provider fee is significantly discounted through NEQ of contract.

Steward funds 85% of hardware and software Remaining 15% funded by IPA.

EMR Support for non Employed Providers

See above.

Steward is a designated Implementation Optimization Organization by the MA eHealth collaborative. They offer a support model to affiliated physicians at \$175 per physician per month.

Analytic tool in place to support an ACO

Pilot vendor and have engaged a consulting firm to evaluate their analytic and data warehousing strategy. Currently no EMR data is integrated into the currently data warehouse.

Integrated analytics in place using Amalga, HDS software and EMR integration.

Interface Ability for Exchanging Data

Shared function with the Southcoast IT Department. Several interfaces in place for affiliated physician EMRs.

10 FTEs dedicated to building and supporting interfaces and integration. Lab, Radiology and other data is currently interfaced to employed and affiliated physician EMRs.

D. Managed Care Contracting Capabilities

Managed Care Contracting Capabilities

	Southcoast Health System	Steward Health Care
Contract Risk Management		
Infrastructure <u>to enter into</u> global risk contracts	Will depend upon NEQCA. Currently 65% of patients are from SPN physicians and 35% of patients are from independent affiliate physicians.	The contracting team charged with expanding the scope of global risk contracts for the entire system is part of the ACO centered Steward HCN organization.
Infrastructure <u>to manage</u> global risk contracts	Will depend upon NEQCA	SHCN has built a financial, reporting and analysis team dedicated to managing the system's performance under the risk contract.
Reporting Capabilities		
	Informed and Genius platform for risk stratification. A pilot is currently in place for self insured patients. Genius is investigating how to best integrate hospital data.	SHCN produces regular risk performance reports to monitor both system and IPA performance.
Process to develop risk reserve	Will depend upon NEQCA	The finance committee of the centralized board initiated the development of a risk reserve designed to allow the system to bear long term variability in risk performance.

Managed Care Contracting Capabilities

Risk based Commercial Contracts

Southcoast Health System ⁽¹⁾

Blue Cross Blue Shield of MA
 Tufts Medicare Preferred
 Tufts Health Plan
 Harvard Pilgrim
 Fallon
 Aetna US Healthcare
 United Healthcare
 Senior Whole Health

Steward Health Care⁽²⁾

BCBS of MA
 Tufts Medicare Preferred
 Tufts Health Plan
 Harvard Pilgrim
 Fallon
 CeltiCare

(1) These 8 contracts are risk contracts with NEQCA that Southcoast Physician Network will be accessing at various points during 2011 – 2013. Southcoast current BCBS contract does have AQC component.

(2) Steward indicated in its March 14, 2011 presentation that "75% of commercial contracts are 'At Risk Capitated' "

E. Operating Infrastructure

Information Technology

Southcoast Health System		Steward Health Care
Meditech		
Version	Meditech MAGIC v5.63	Meditech Client Server 5.54
Upgrade Plans	Upgrade from MAGIC v5.63 to MAGIC 5.64 will take place in March. No plans to upgrade to Meditech v6.0 (latest technology).	Meditech version 6.0 (latest technology) will be rolled out system wide in May.
Server Technology	Traditional client/server environment in place	VMWare Server virtualization in place throughout the system.
Infrastructure		
PC Replacement Strategy	3-5 year refresh intervals Implementing thin client infrastructure Fleet replacements.	4 years refresh intervals Recent 1200 PC purchase. 4 year refresh interval.
Data Warehousing	McKesson HBI Meditech Data Warehouse Currently have engaged a consulting firm, Wellesley Partners, to determine the data warehousing strategy.	Strategy in place for data warehousing Microsoft Amalga Meditech Data Repository HDS Quality Manager
Wireless Penetration	95% Coverage - All Campuses	100% Coverage - All Campuses
Single Sign-on System	Currently piloting software. Plans to go LIVE in one ED in March 2011.	Currently in the implementation stage - Rollout will take place as part of the Meditech 6.0 conversion in May 2011.

Information Technology

	Southcoast Health System	Steward Health Care
Business Systems		
Time and Attendance System	None	Yes - Kronos across all sites. Upgrading technology to include POS devices system wide.
Staffing and Scheduling System	Yes - Kronos	Yes - Kronos
Executive Support Systems	Yes - McKesson HBI, Meditech ESS and B&F	Yes - Dashboards, Hyperion and Oracle Financials, Avega for budgeting.
Radiology		
PACS	McKesson PACS v11.08	McKesson PACS v12
Cardiology PACS	Yes	Yes
Radiology Management System	Meditech \$T Radiology - (older generation technology)	Meditech ITS - Converting to Meditech 6.0
Rad Voice Recognition	None	Yes - Radware
HIMSS EMR Adoption Stage	Analysis not done	Stage 6 of 7

Information Technology

- Both Steward and Southcoast use Meditech as their primary enterprise system
 - Steward employs Client/Server version (latest platform)
 - Southcoast employs Magic version (same platform as Morton)
- Both Steward and Southcoast have Meditech Data Repository
 - Steward is using Microsoft Amalga to inter-relate data from different platforms
- Physician EMR deployment
 - Steward offers two vendor platforms (eClinicalWorks, and Athena) and has deployed to over 600 physicians
 - Southcoast switched from Nexgen to eClinicalWorks after negative feedback on pilot project. Southcoast has indicated that any physician who joins SPN by June 30, 2011 will have fully deployed on EMR by December 2011
 - Both Steward and Southcoast subsidize 85% of adoption and offer other subsidy discounts on subscription fees
- Time and attendance systems
 - Steward employs Kronos
 - Southcoast, similar to Morton, does not have a computerized time entry system

Information Technology

Morton is positioned to benefit from Steward's substantial commitment to leading technologies

- **System-level commitment to Information Technology**
 - Consolidated operating budget over \$30 million
 - Initiated a \$100million three-year capital plan
- **Infrastructure Developments**
 - Stabilized data-center environment (2)
 - Initiated system-wide virtualization to reduce server footprint
 - Completed hospital fiber network ring
 - Established VoIP plan for future telecom needs
 - Remediated system and network security vulnerabilities
- **Systems Installation**
 - ECW or Athena EHR/PM – 2/3 of SNS, 100% of SMG by 2011
 - Meditech – fully deployed 2010
 - Advanced clinicals
 - Physician Order Entry
 - McKesson- fully deployed 2009
 - Budget Advisor- fully deployed 2009
 - Tele-ICU, Tele-Stroke – full deployment 2011

ACO Readiness Assessment

ACO Leadership and Development

Level 1	Level 2	Level 3	Level 4	Level 5
Southcoast: ✓ ACO/CI governance driven by NEQCA and in partnership with Premier. ✓ Early stage exploration and development ✓ 4 ACO-specific work groups: People Centered Foundation, High Value Network, Health Home, Population Health Data Mgmt. ✓ Hospital focused ✓ Occasional pockets of system functionality ✓ 6 FTEs dedicated to CI and ACO development; hired ACO project manager. ✓ SPN has operational capabilities that meet application requirements for participation in CMS shared Savings program				
Steward: ✓ Fully developed governance structure and evolving to more fully MD/Hospital integrated leadership ✓ ACO planning contemplates and accommodates addition of other partners ✓ Includes patient outreach to solicit and include patient feedback in ACO design and implementation ✓ Work group structure includes Transitions in care Team, Mission team (ER use and Readmissions), Home Care and Hospice ✓ Broad and positive experience with major system wide change initiatives ✓ 5-6 FTEs for each local ACO; 2-4 FTEs in each PO; 1-2 FTEs in each hospital. ✓ Global budget infrastructure will support shared savings program.				

ACO Readiness Assessment

Quality and Risk Management

Level 1	Level 2	Level 3	Level 4	Level 5
<u>Southcoast:</u> ✓ Lean and 6 Sigma training ✓ Multiple sources of performance tracking: internal scorecards that drill down to groups/practice/provider; hospital LOS and other core measures ✓ Ability to enter into global risk contracts depends on NEQCA				
<u>Steward:</u> ✓ PHO/IPA develops quality improvement plans reviewed and approve by local board ✓ Centralized quality reporting at all level across the enterprise ✓ System-wide quality incentives ✓ IPA/PHO has access to measurement/monitoring systems ✓ ACO contracting team charged with expanding scope of global risk contracts ✓ SHCN built risk contracting infrastructure ✓ System board developed risk reserve to deal with long-term variability in risk performance ✓ Collaborative joint <u>ard</u>: ✓ t hospital/PO teams				

ACO Readiness Assessment

Care Integration/Coordination

Level 1	Level 2	Level 3	Level 4	Level 5
<u>Southcoast:</u> ✓ Pockets are beginning to talk about initiating care integration ✓ Pockets of clinical pathway or care protocol use: CHF disease mgmt; starting on diabetes ✓ Beginning to explore data analysis tools ✓ Care Management model design in process ✓ Transitions of Care initiated with home care, rehab, SNF ✓ Early stage discussion re: Medical Home with NEQCA <u>Steward:</u> ✓ Developing extensive diabetes disease mgmt program focused on process measures, outcome, patient engagement ✓ Care mgmt program developed for all out of network tertiary admissions ✓ High-risk patient and ambulatory care mgmt program ✓ Integrated pharmacy support into care mgmt model ✓ Joint hospital/MD performance teams ✓ Enterprise-wide (cross-continuum) Transitions in Care team focused on d/c planning, ER use, readmissions ✓ Medical Home in place				

ACO Readiness Assessment

Physician Alignment

Level 1	Level 2	Level 3	Level 4	Level 5
Southcoast: ✓ Pockets are beginning to talk about initiating care integration ✓ Pockets of clinical pathway or care protocol use: CHF disease mgmt; starting on diabetes ✓ Beginning to explore data analysis tools ✓ Care Management model design in process ✓ Transitions of Care initiated with home care, rehab, SNF ✓ Early stage discussion re: Medical Home with NEQCA Steward: ✓ Developing extensive diabetes disease mgmt program focused on process measures, outcome, patient engagement ✓ Care mgmt program developed for all out of network tertiary admissions ✓ High-risk patient and ambulatory care mgmt program ✓ Integrated pharmacy support into care mgmt model ✓ Joint hospital/MD performance teams ✓ Enterprise-wide (cross-continuum) Transitions in Care team focused on d/c planning, ER use, readmissions ✓ Medical Home in place				

ACO Readiness Assessment

Technology

Level 1	Level 2	Level 3	Level 4	Level 5
Southcoast: ✓ Multiple systems in place including McKesson, Meditech Data Repository, Outcome Sciences, Informed and Genius. ✓ Currently developing integrated IT plan ✓ SPN practices will have use of NEQCA patient registry ✓ SHS funds 85% of EMR for SPN providers Steward: ✓ EHR roll out to all employed and affiliated MDs ✓ Fully funds HER adoptions to limits of Stark ✓ Selected as Implementation Optimization Organization (IOO) under MA Regional Extension Center ✓ CPOE currently above meaningful use rate; ✓ All hospitals achieved HIMSS Stage 6 ✓ Centralized IT support team = 40 FTEs ✓ Recently launched web-based registries in all MD practices				

NAVIGANT CAPITAL ADVISORS



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