

# **Hurley Medical Center Investor Presentation**

## **Tuesday, March 28, 2017**

### **10 AM ET/9 AM CT**

To ensure that this conference starts promptly:

1. Call one of the dial-in numbers approximately 15 minutes before the start time.

(NOTE: These numbers are specifically for this meeting and are not MeetMe dial-in numbers.)

US Toll free: 1 888 419.5570

International direct: +1 617 896.9871

2. Once connected, follow the instructions provided over the phone.

When prompted, give the following information:

- a. Participant passcode: 491 085 99
- b. Name, Company Name, Email Address
- c. Depending on the conference call settings, you will be entered directly into the conference, or you will hear music until the conference begins.

**HANDY TIP:** If you ever need assistance during the conference, press \* then 0 on your telephone, and a conference coordinator will be happy to assist you.



# INVESTOR PRESENTATION SECOND QUARTER 2017 OPERATING RESULTS

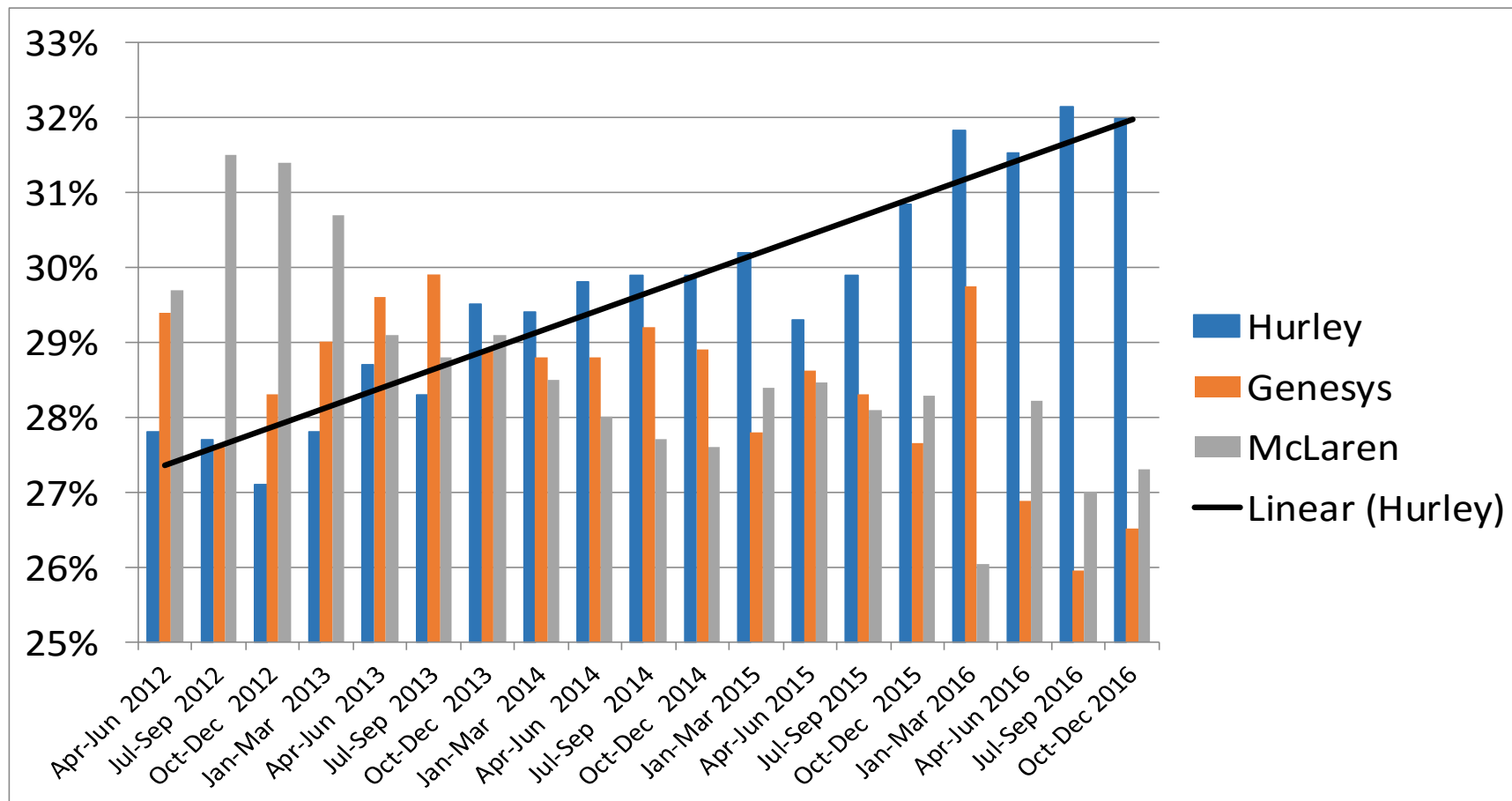
THINK HEALTHY.  
THINK HURLEY.

MARCH 28, 2017

# STRATEGIC PILLARS

<b>FINANCIAL EXCELLENCE</b> <ul style="list-style-type: none"> <li>• Prioritization of ongoing operational efficiency</li> <li>• Maximize downstream revenue capture</li> <li>• Continued lobbying and legislative efforts</li> <li>• Payment models</li> <li>• Cost structure</li> <li>• Space repurposing for volume management</li> </ul>	<b>EMPLOYEE TALENT DEVELOPMENT</b> <ul style="list-style-type: none"> <li>• Continued support and development of workforce</li> <li>• Emphasis on value to team members</li> <li>• Focus on contributions to positive experience for patients</li> </ul>	<b>STRATEGIC ALIGNMENT</b> <ul style="list-style-type: none"> <li>• Identify partners to improve transitions of care</li> <li>• Explore vertical integration models with payors</li> <li>• Create community integration with EMR</li> <li>• Regionalization efforts to improve quality outcomes and market share</li> </ul>	<b>TRANSFORM HEALTH</b> <ul style="list-style-type: none"> <li>• Preventative care in non-acute settings</li> <li>• Alternative treatment pathways for the vulnerable and complex patient population</li> <li>• Transform the health of our employees</li> <li>• Improving awareness of personal health information</li> </ul>
<b>PHYSICIAN ALIGNMENT</b> <ul style="list-style-type: none"> <li>• Partner with physicians in developing services to meet the needs of patients</li> <li>• Continue to engage physicians to assist in hospital direction</li> <li>• Using the Medical Staff Development for recruitment</li> <li>• Engage physicians in programs to increase hospital efficiency, quality and safety</li> </ul>	<b>CLINICAL EXCELLENCE</b> <ul style="list-style-type: none"> <li>• Improve staff collaboration and communication resulting in improved clinical quality</li> <li>• Successfully optimize Epic to achieve clinical benefits</li> <li>• Distinguish Hurley by creating high quality service lines and Centers of Excellence</li> </ul>	<b>ACADEMIC EXCELLENCE</b> <ul style="list-style-type: none"> <li>• Reorganize the HMC residency and fellowship training programs to integrate the ACGME Next Accreditation System requirements</li> <li>• Address primary care provider need</li> <li>• Integrate public health education into residency training programs</li> <li>• Expansion of resident training to address healthcare disparities</li> </ul>	

# INPATIENT MARKET SHARE GENESEE COUNTY DISCHARGES



Source: MHA Data Base

# UTILIZATION STATISTICS

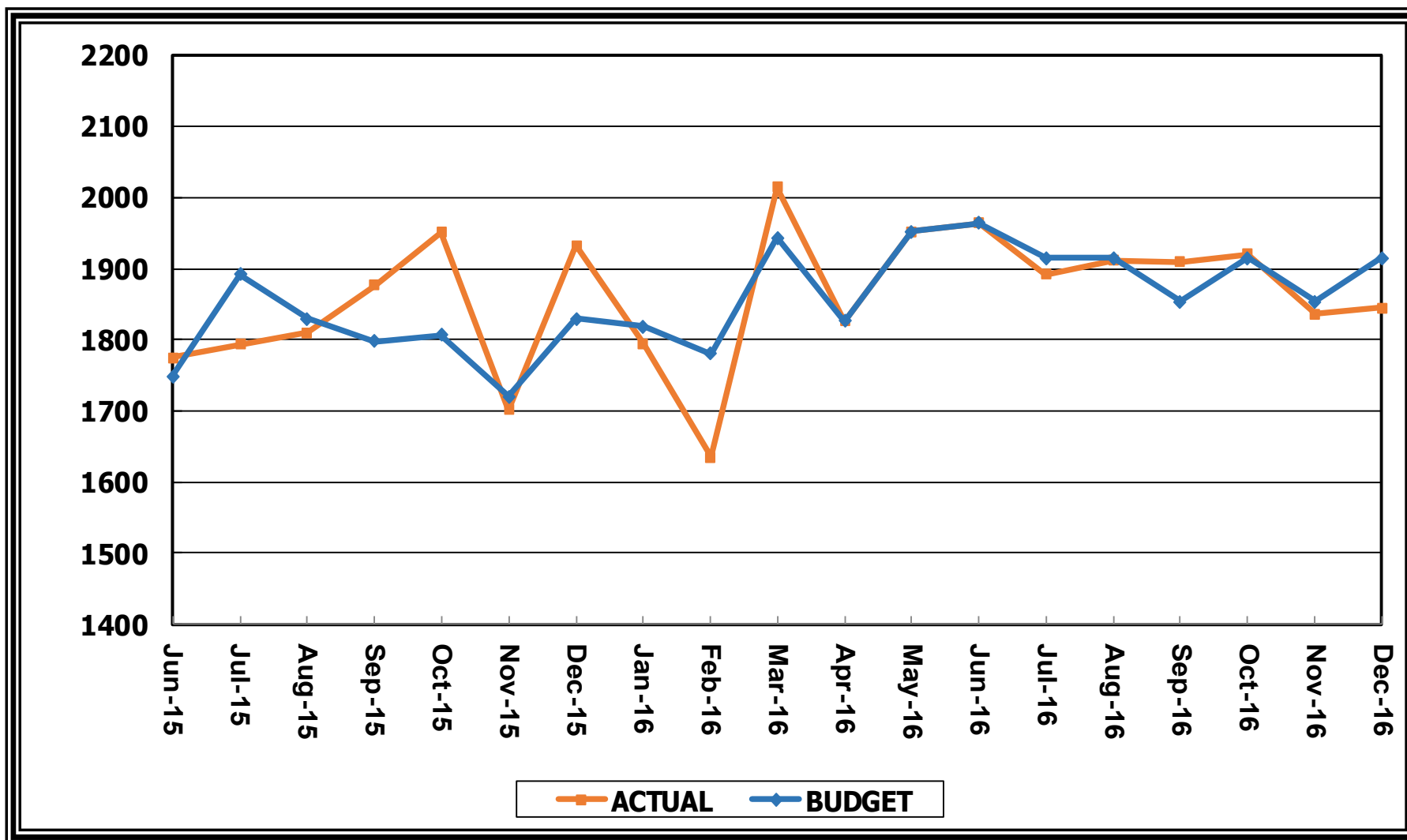


	<u>YTD 12/31/2015</u>	<u>YTD 12/31/2016</u>
<b>Licensed Beds</b>	443	443
<b>Discharges</b>	10,934	11,311
<b>Patient Days</b>	54,175	55,511
<b>Average Length of Stay (days)</b>	4.95	4.91
<b>Inpatient Surgeries</b>	2,389	2,272
<b>Observation Days</b>	1,467	1,584
<b>Emergency Room Visits</b>	50,346	49,466
<b>Other Outpatient Visits</b>	181,288	199,708
<b>Ambulatory Surgery Cases</b>	3,132	3,271
<b>Medicare Case Mix Index</b>	1.59	1.49

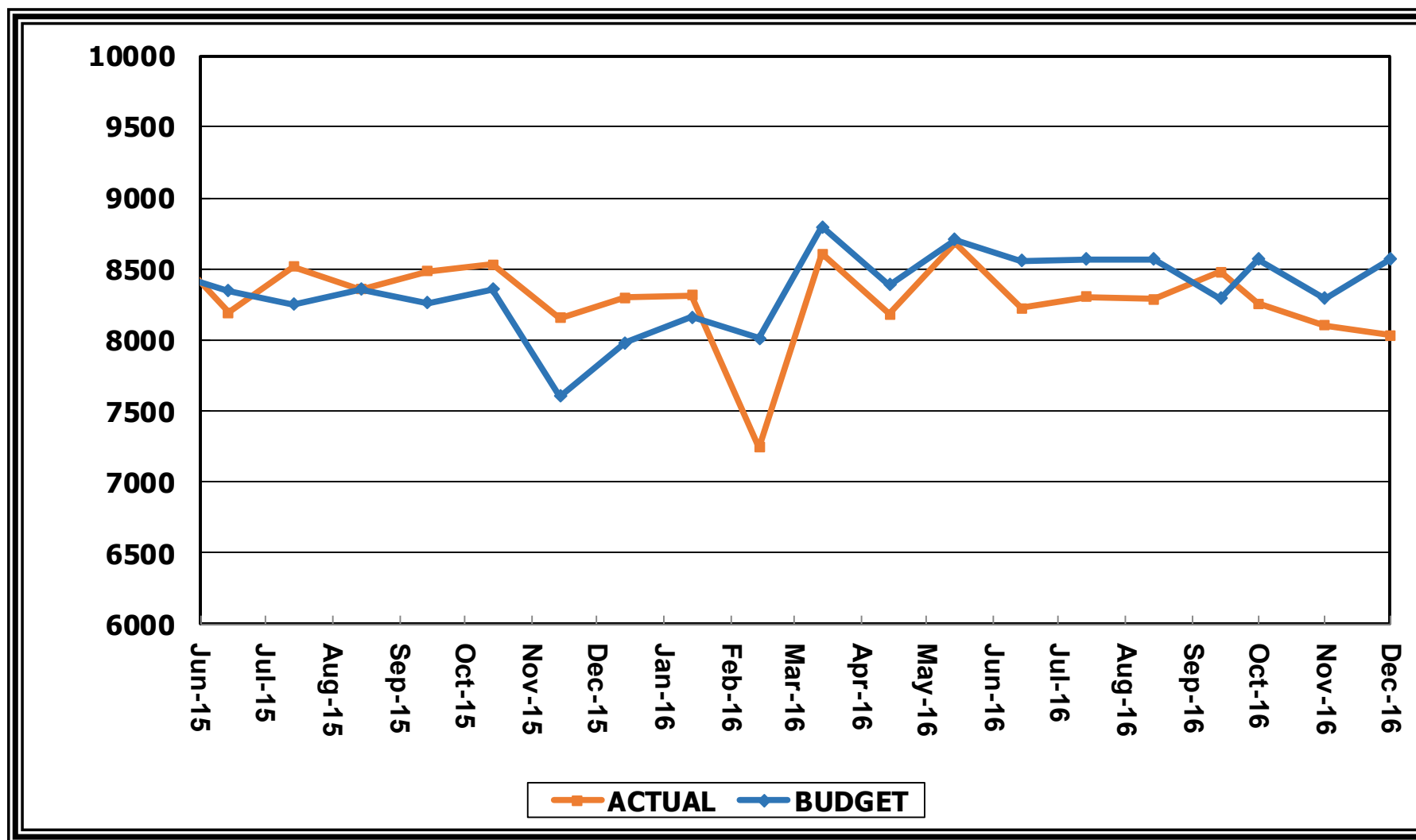
## YTD UTILIZATION

- Inpatient Revenue approximated budget and outpatient revenue exceed budget by approximately \$4.9MM, or 1.7%
- Year-over-year, discharges and patient days increased by 3.5% and 2.5%, respectively, for the 6-months ending 12/31/16
- Other outpatient visits increased 10.1% year-over-year with clinics, radiology, and physical therapy areas exceeding budget

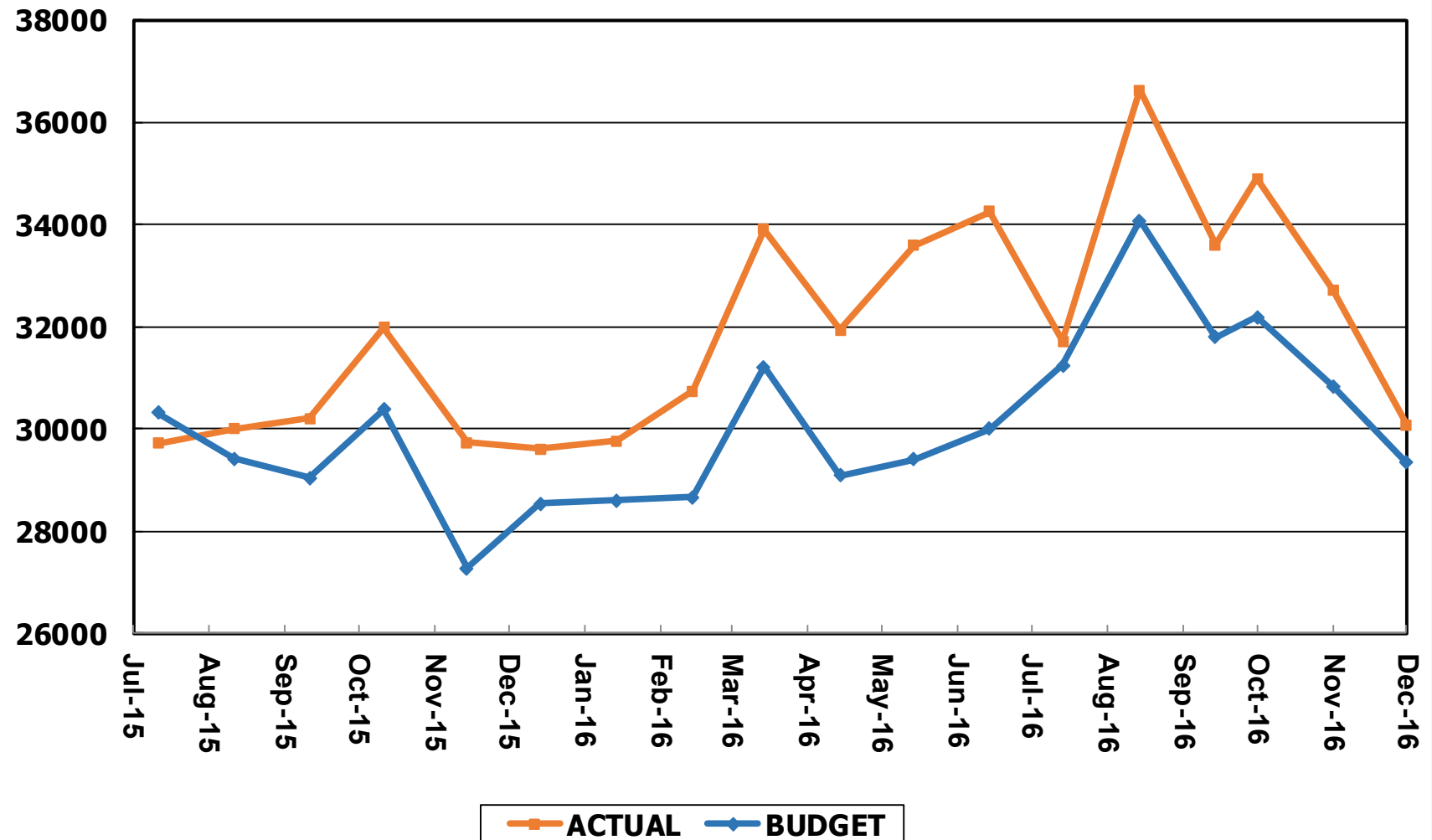
# DISCHARGES TREND



# ER VISITS TREND



# OTHER OUTPATIENT VISITS TREND





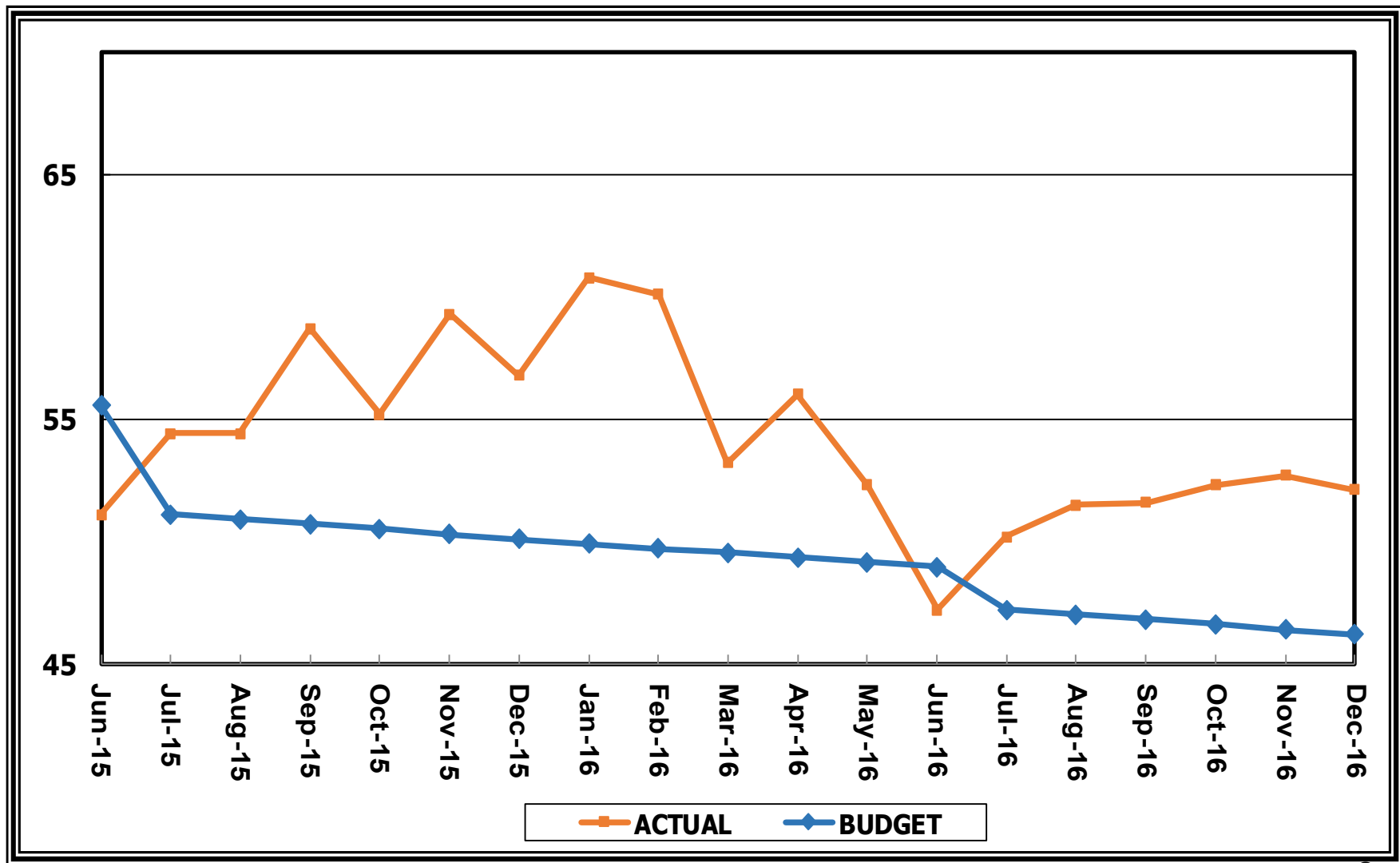
# OBLIGATED GROUP FINANCIALS



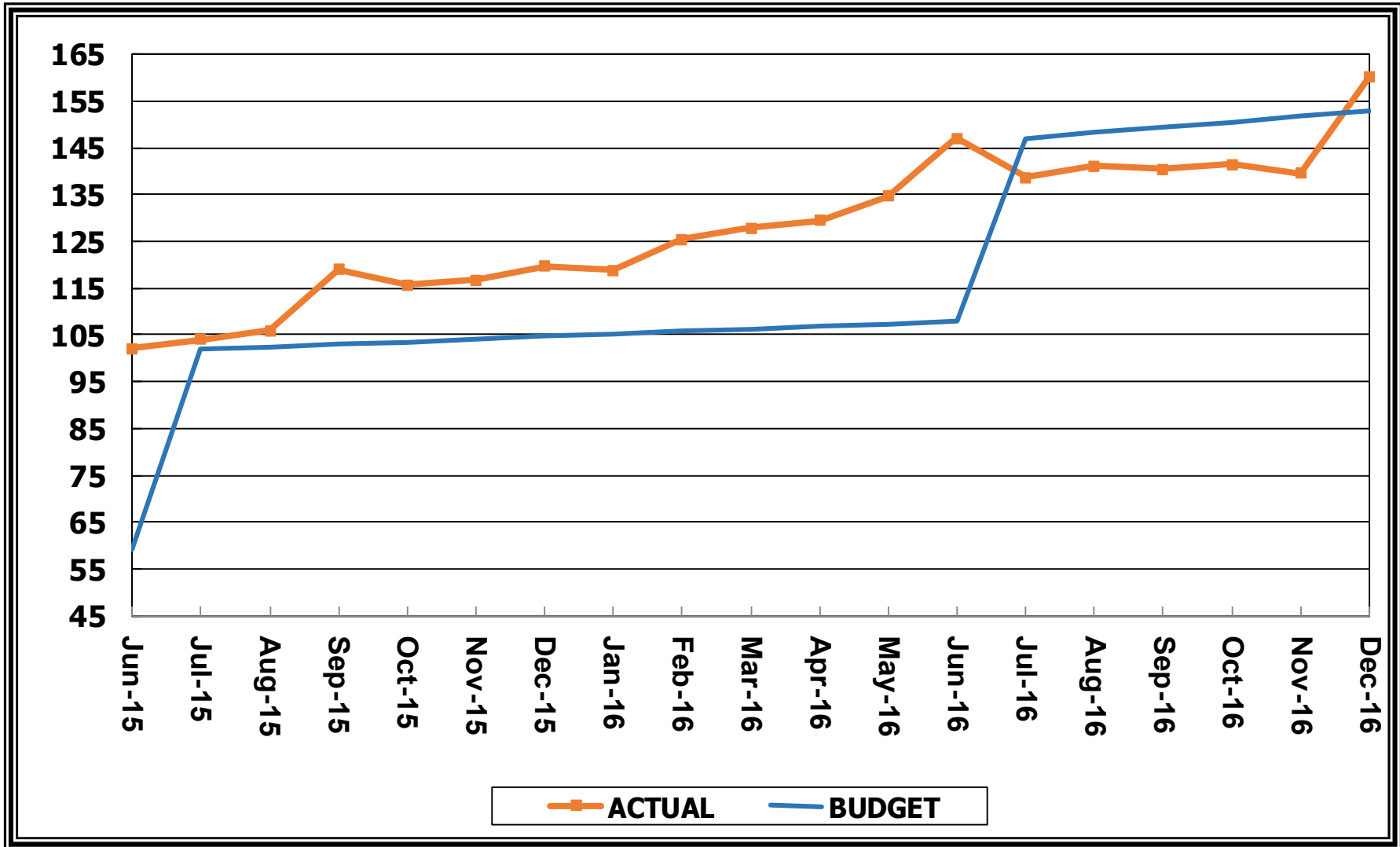
	6 months ended	
	<u>12/31/2015</u>	<u>12/31/2016</u>
<b>Total Revenues</b>	\$216,713	\$229,345
<b>Operating Expenses</b>		
<b>Depreciation</b>	8,782	9,780
<b>Interest</b>	2,631	2,501
<b>Other</b>	<u>192,542</u>	<u>210,425</u>
<b>Total Expenses</b>	<u>203,955</u>	<u>222,706</u>
<b>Operating Income</b>	12,758	6,639
<b>Non-Operating Income/(Expense)</b>	<u>410</u>	<u>(2,637)</u>
<b>Net Income</b>	<u>13,169</u>	<u>4,001</u>
<b>Operating Margin</b>	5.9%	2.9%
<b>Excess Margin</b>	6.1%	1.7%
<b>EBIDA Margin</b>	11.2%	8.2%

*\*in 000s*

# DAYS IN ACCOUNTS RECEIVABLE TREND



# DAYS CASH ON HAND TREND



# OBLIGATED GROUP KEY RATIOS



	6 months ended	
	<u>12/31/2015</u>	<u>12/31/2016</u>
<b>EBIDA*</b>	\$48,342*	\$37,839*
<b>MADS</b>	\$11,154	\$11,154
<b>MADS Coverage</b>	4.33x	3.39x
<b>Accounts Receivable</b>	56.1	52.1
<b>Cash &amp; Investments</b>	\$132,786	\$189,272
<b>Days Cash on Hand</b>	119.7	160.2
<b>Cash to LT Debt</b>	155%	238%
<b>Debt to Capitalization</b>	85%	62%

*\*In 000s, Annualized Quarterly Numbers*



# QUESTIONS ANSWERS