

# **Hurley Medical Center Investor Presentation Tuesday, October 17, 2017 10 AM ET**

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INVESTOR PRESENTATION  
FOURTH QUARTER 2017 OPERATING RESULTS

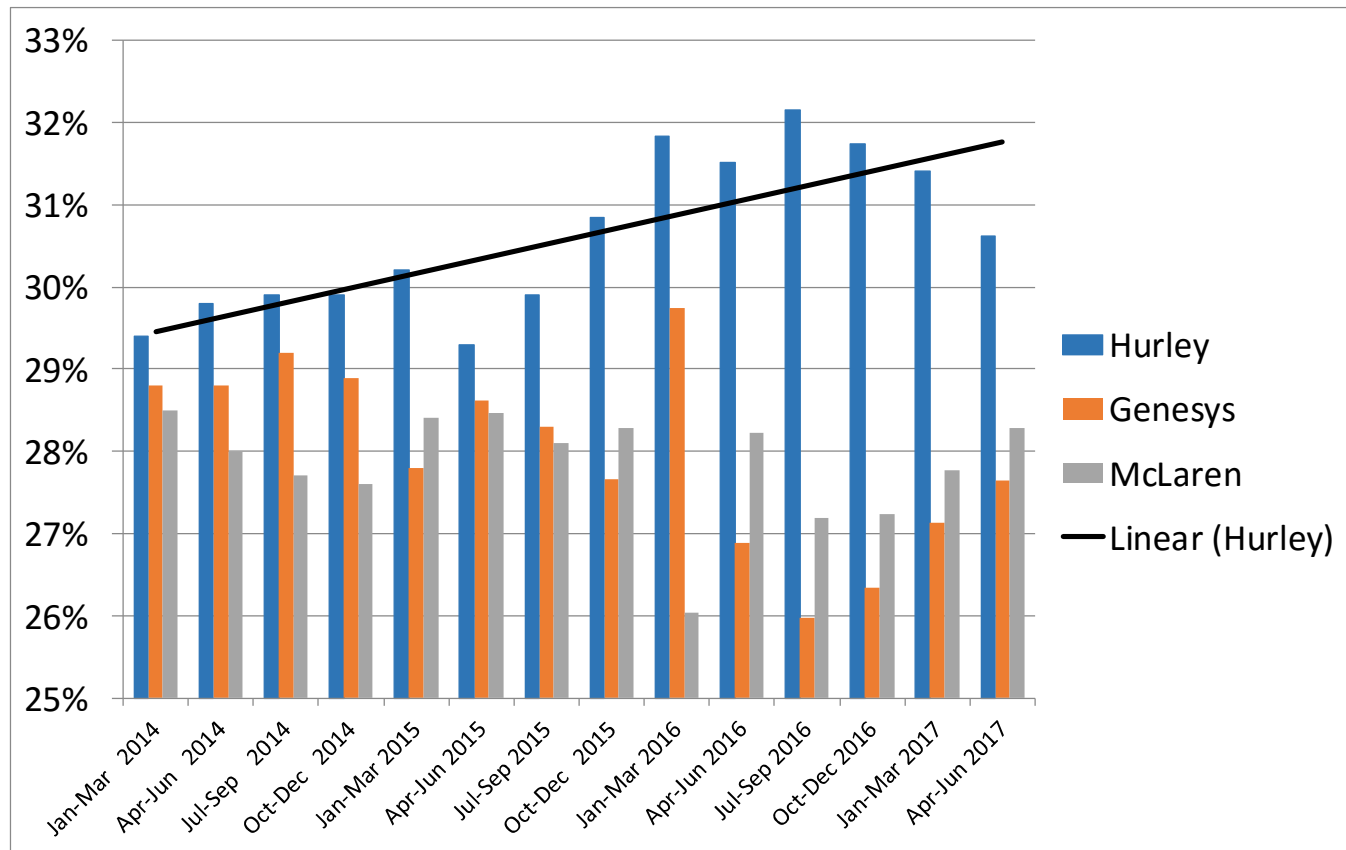
THINK HEALTHY.  
THINK HURLEY.

OCTOBER 17, 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>• Improvement in recruiting and onboarding to readily respond to the inpatient to outpatient shift.</li> <li>• Continue productive union management relationships</li> <li>• Continued support and development of the workforce</li> </ul>	<b>STRATEGIC ALIGNMENT</b> <ul style="list-style-type: none"> <li>• Continued work with partners outside of the hospital to improve transitions of care</li> <li>• Ongoing growth in the 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> </ul>
<b>PHYSICIAN ALIGNMENT</b> <ul style="list-style-type: none"> <li>• Continue to engage physicians to assist in hospital direction and care transitions</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>• Continue to optimize Epic through their upgrades to achieve clinical benefits</li> <li>• Distinguish Hurley by creating high quality service lines and Centers of Excellence</li> <li>• Continued development of the Culture of Safety philosophy</li> </ul>	<b>ACADEMIC EXCELLENCE</b> <ul style="list-style-type: none"> <li>• Continued focus on providing clinical and hospital experiences for a variety of learners</li> <li>• Address primary care provider need through our access to residents</li> <li>• Expansion of resident training to address healthcare disparities</li> </ul>	

# INPATIENT MARKET SHARE GENESEE COUNTY DISCHARGES



Source: MHA Data Base

# UTILIZATION STATISTICS

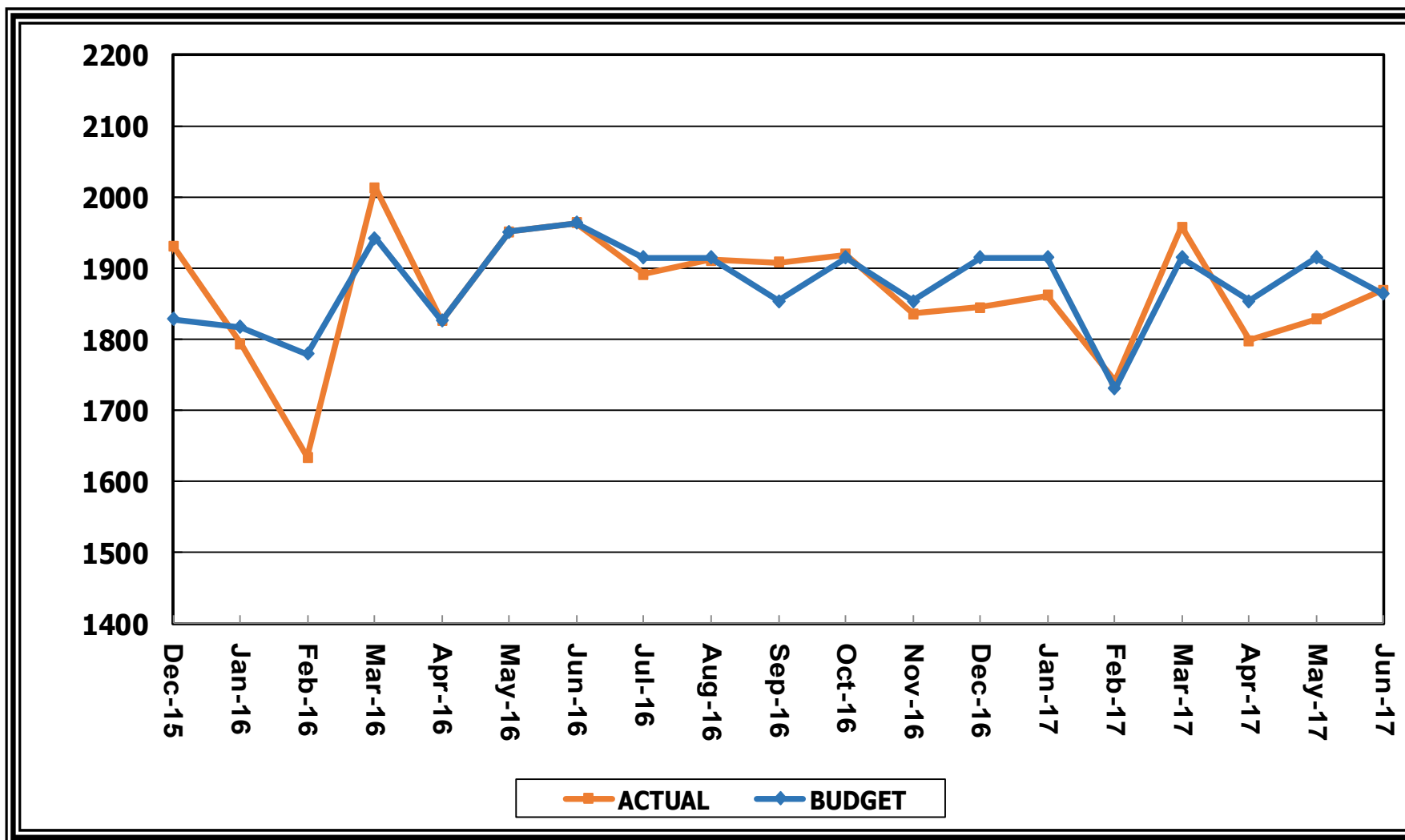


	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>	<u>FYE 2017</u>
<b>Licensed Beds</b>	443	443	443	443
<b>Discharges</b>	20,624	21,793	22,254	22,197
<b>Patient Days</b>	105,118	108,548	110,505	110,228
<b>Average Length of Stay (days)</b>	5.10	4.98	4.97	4.97
<b>Inpatient Surgeries</b>	4,198	4,720	4,674	4,463
<b>Observation Days</b>	3,132	3,134	2,922	3,793
<b>Emergency Room Visits</b>	96,171	99,302	101,422	98,740
<b>Other Outpatient Visits</b>	329,556	358,676	375,966	402,395
<b>Ambulatory Surgery Cases</b>	5,645	5,923	6,505	6,551
<b>Medicare Case Mix Index</b>	1.57	1.58	1.60	1.55

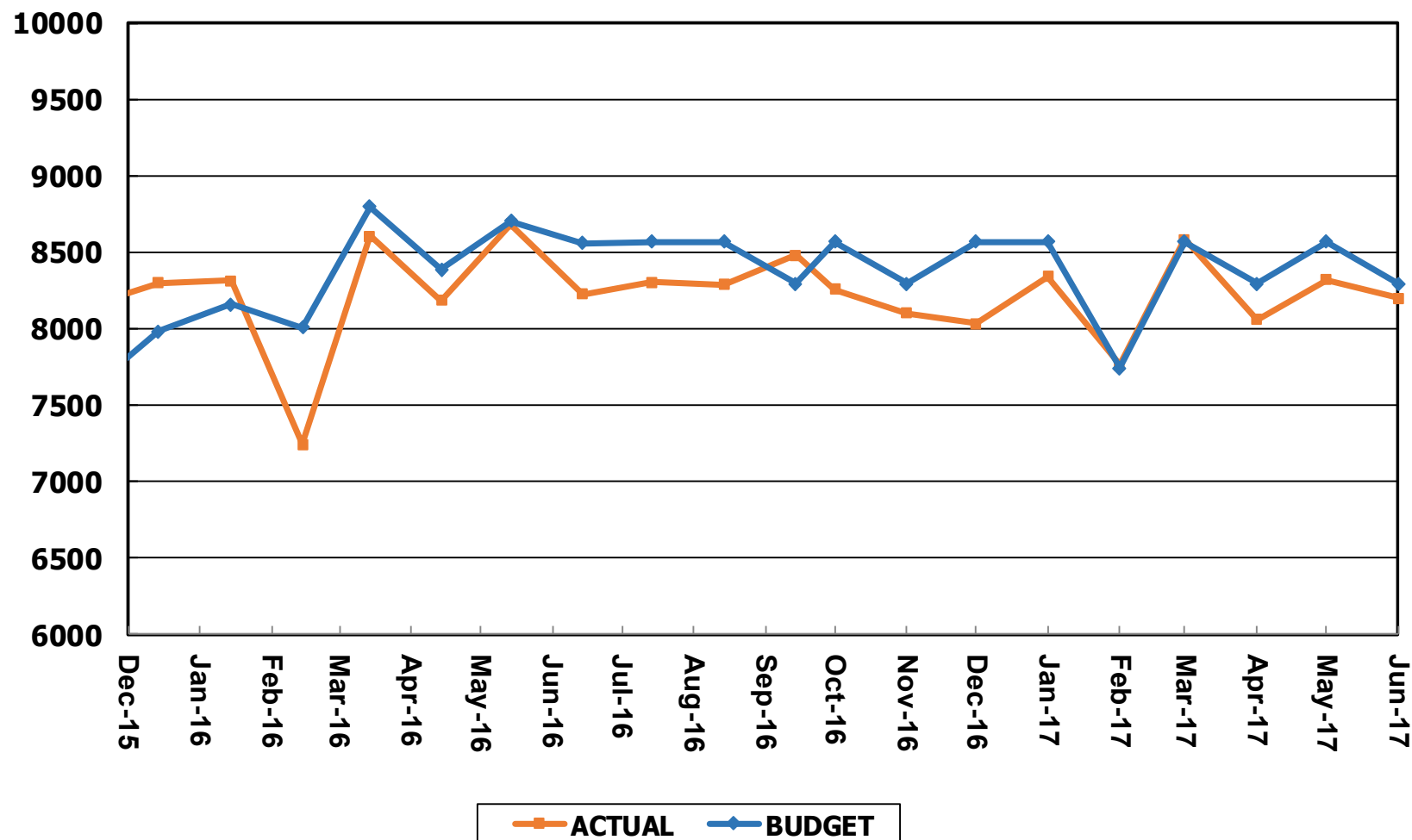
## FYE UTILIZATION

- Year-over-year, discharges and patient days decreased slightly
- Other outpatient visits increased 7.03% for fiscal year 2017, with strong outpatient revenue from surgery, radiology, pharmacy and the physical medicine departments

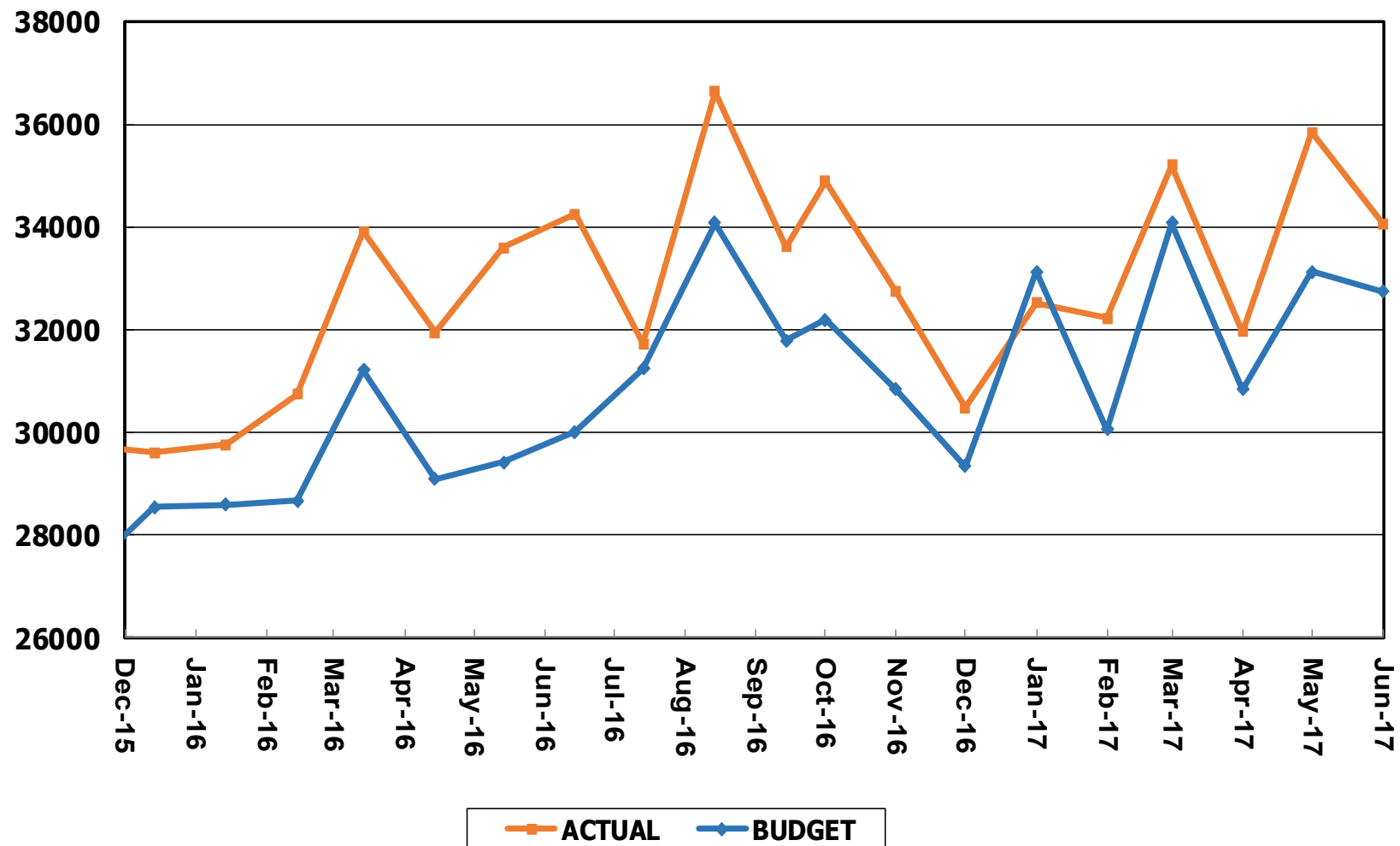
# DISCHARGES TREND



# ER VISITS TREND



# OTHER OUTPATIENT VISITS TREND





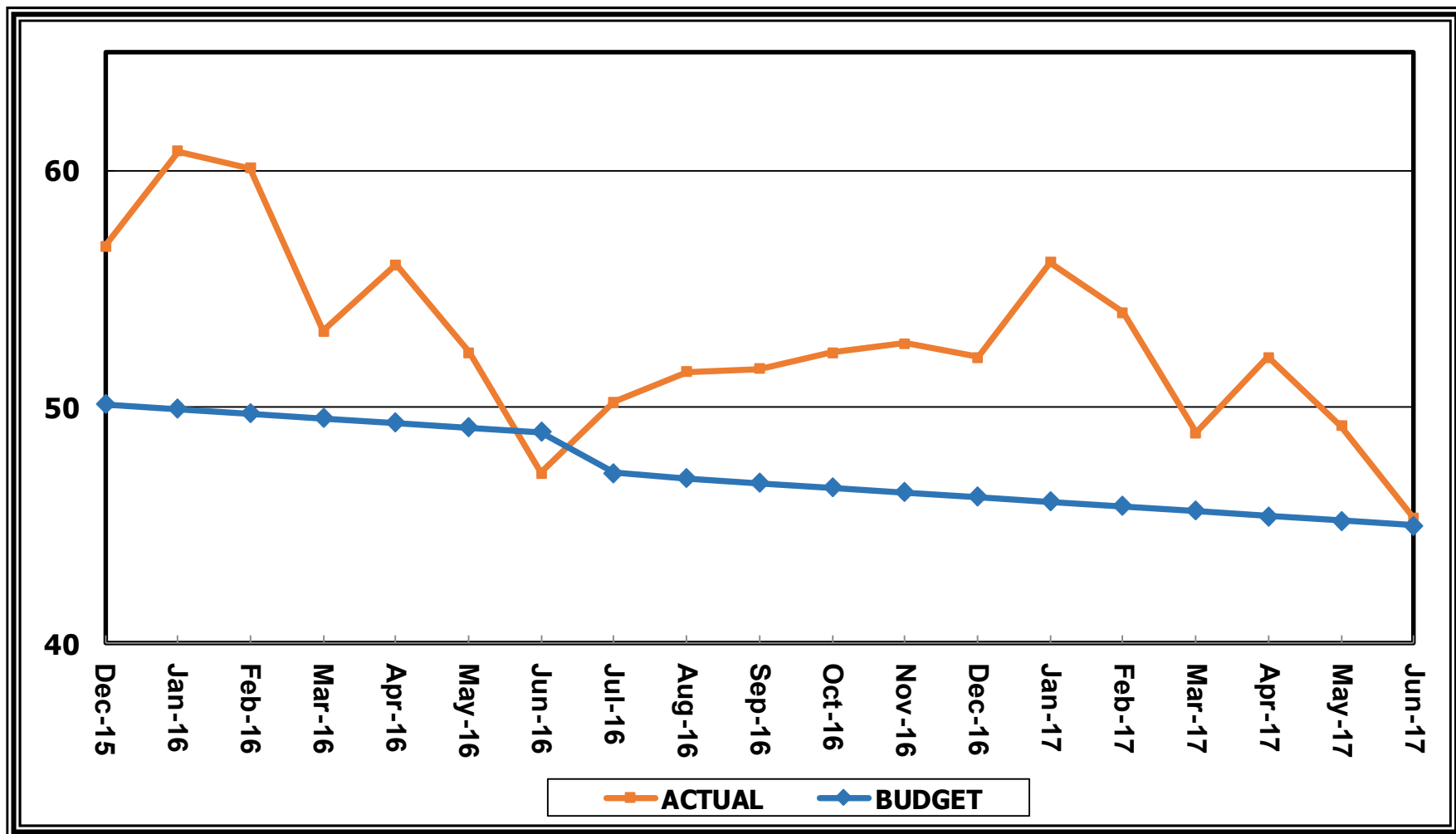
# OBLIGATED GROUP FINANCIALS



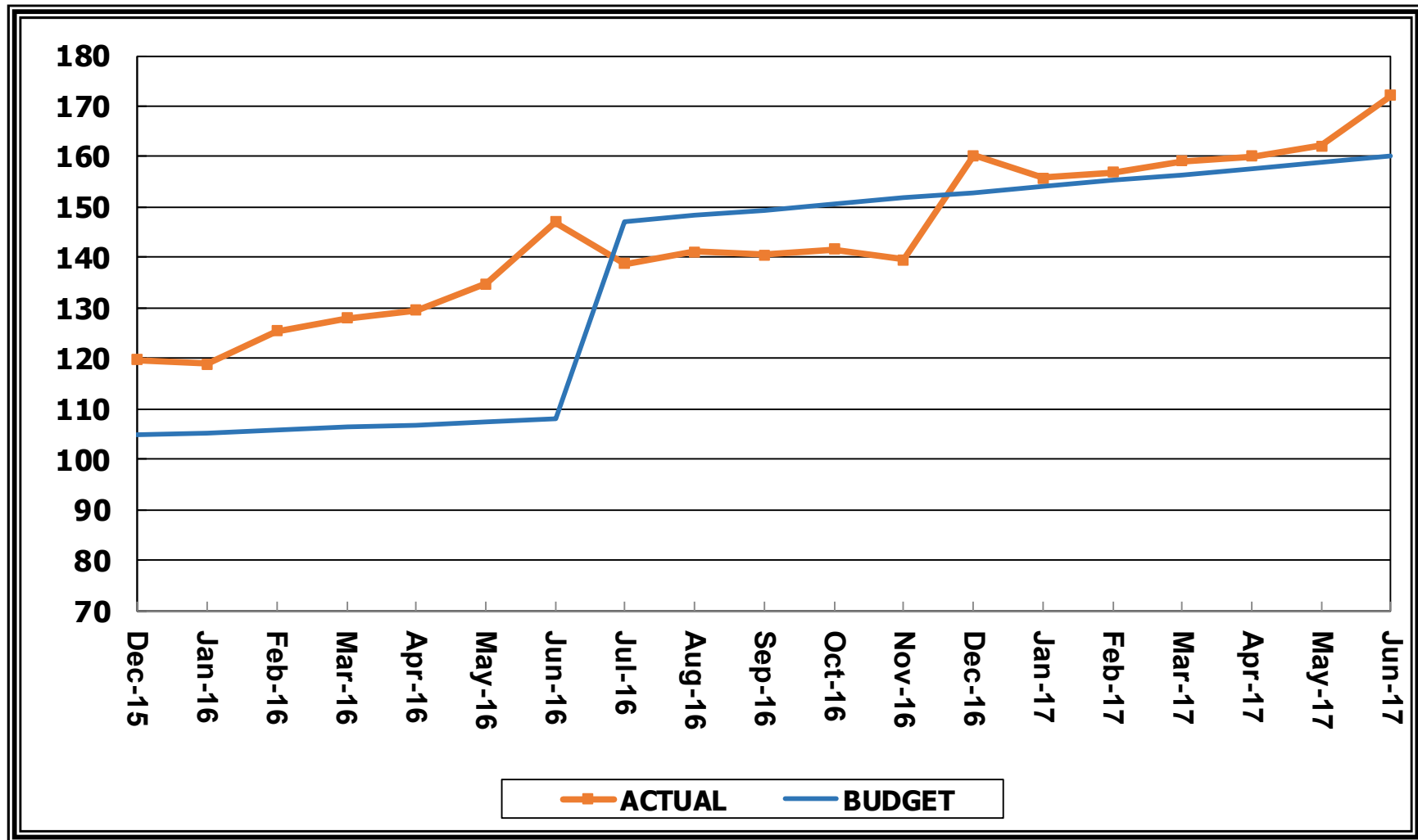
	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>	<u>FYE 2017</u>
<b>Total Revenues</b>	\$370,420	\$412,874	\$461,108	\$455,414
<b>Operating Expenses</b>				
<b>Depreciation</b>	16,501	17,577	18,386	16,837
<b>Interest</b>	6,016	5,680	5,450	5,161
<b>Other</b>	<u>345,306</u>	<u>363,785</u>	<u>394,762</u>	<u>417,894</u>
<b>Total Expenses</b>	<u>367,823</u>	<u>387,042</u>	<u>418,598</u>	<u>439,892</u>
<b>Operating Income</b>	2,597	25,832	42,510	15,522
<b>Non-Operating Income/(Expense)</b>	<u>1,145</u>	<u>(1,489)</u>	<u>2,707</u>	<u>(903)</u>
<b>Net Income</b>	<u>\$3,742</u>	<u>\$24,343</u>	<u>\$45,217</u>	<u>\$14,619</u>
<b>Operating Margin</b>	0.7%	6.3%	9.2%	3.4%
<b>Excess Margin</b>	1.0%	5.9%	9.8%	3.2%
<b>EBIDA Margin</b>	7.1%	11.5%	14.4%	8.2%

*\*in 000s*

# DAYS IN ACCOUNTS RECEIVABLE TREND



# DAYS CASH ON HAND TREND



# OBLIGATED GROUP KEY RATIOS



	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>	<u>FYE 2017</u>
<b>EBIDA*</b>	\$26,259	\$47,600	\$66,346	\$37,520
<b>MADS</b>	\$11,154	\$11,154	\$11,154	\$11,123
<b>MADS Coverage</b>	2.35x	4.26x	5.95x	3.37x
<b>Accounts Receivable Days</b>	60.8	51.1	47.2	45.3
<b>Cash &amp; Investments</b>	\$67,077	\$110,877	\$164,680	\$201,284
<b>Days Cash on Hand</b>	65	102	147	172
<b>Cash to LT Debt</b>	69%	121%	186%	256%
<b>Debt to Capitalization</b>	50.3%	90.3%	64.8%	56.3%

*\*In 000s*



# QUESTIONS ANSWERS