An Affiliation Vision

Peninsula Regional Health System
Nanticoke Health Services

June 27, 2019
Peninsula Regional Health System

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Nanticoke Health Services (NHS)
NHS - Background / History

- Nanticoke Memorial Hospital opens in 1952; Now at 99 staffed beds
- NHS is the sole provider in its primary service area with 68% market share
- An early adopter of and local leader in value-based care
- Strong physician relations
- Strong award winning community hospital clinically focused
- Excellent brand identity and patient loyalty
NHS Key Partnership Goals

• Maintain commitment to NHS’s mission and ensure long-term sustainability
• Ensure that NHS is well-positioned for population health management
• Improve NHS’s access to capital to meet current and future capital needs
• Enhance operation efficiencies by leveraging economies of scale, business operations, systems and infrastructure.
• Continue to provide high-quality service to the local community
• Maintain and enhance existing clinical services
• Improve NHS’s ability to recruit and retain high-quality physicians, staff and jobs in the local community
• Expand community outreach initiatives
• Increase managerial and administrative resources
• Retain local input and oversight
Background / History

Peninsula Regional Health System (PRHS)
Peninsula Regional Medical Center (PRMC)
Mission
Improve the health of the communities we serve

Vision
To achieve comprehensive world-class health and wellness across the continuum of care

Values
Respect | Service | Honesty | Safety | Accountability | Compassion
Clinical Pioneers – A Path to Tertiary Care
Family Medicine Practices (5 Locations)
- Peninsula Regional Family Medicine Laurel*
- Peninsula Regional Family Medicine Millsboro* (Delmarva Health Pavilion Millsboro)
- Peninsula Regional Family Medicine Ocean Pines* (Delmarva Health Pavilion Ocean Pines)
- Peninsula Regional Family Medicine Salisbury*
- Peninsula Regional Family Medicine Snow Hill*

Specialty Practices
- Peninsula Regional CV Surgical
- Peninsula Regional Endocrinology Salisbury*
- Peninsula Regional Endocrinology Berlin*
- Peninsula Regional Gastroenterology Medicine
- Peninsula Regional Neurosurgery*
- Peninsula Regional Neurology*
- Peninsula Regional Pain Management
- Peninsula Regional Pulmonary & Critical Care
- Peninsula Regional Gastroenterology Berlin*
- Peninsula Regional Oncology Salisbury
- Peninsula Regional Oncology Ocean Pines
- Peninsula Surgery Center
- Peninsula Breast Center

*Lab services available

Health Pavilions
- Ocean Pines
- Millsboro

Population
- Red Primary Service Area = 186,806
- Yellow Secondary Service Area = 297,301
- Total Service Area = 484,107
- Five Year CAGR = 1%

Joint Ventures
- American HomePatient
- Delmarva Surgery Center LLC
- Peninsula Home Care
- Peninsula Home Care - Nanticoke
- Peninsula Imaging, LLC
- Your Doc’s In
- Salisbury Rehabilitation and Nursing Center
- CoreLife
FY 2018 | PRHS by the Numbers

17,223 Adult Admissions
74,684 Actual Days of Care
89,239 Emergency Department Visits
564,532 Outpatient Visits
3,044 Outpatient Observations
1,928 Babies Delivered
344 Open Heart Surgeries
18,444 Total Surgical Procedures

$500 Million + Economic Impact on the Region
26,432 Hours Donated to Our Community by Team PRMC
54,299 Personal Community Encounters to Provide Assistance
683 New People Joined Team PRMC
(Including 133 RNs and 97 Nursing Assistants)
2,096 Values in Action Nominations
by Staff to Recognize Exceptional Peers
1,736 Vaccinations at PRMC’s Drive-Thru Flu Clinic in October 2017
Surgical Services

13 Operating Rooms & 4 Procedure Rooms

SURGICAL SERVICES

<table>
<thead>
<tr>
<th>Year</th>
<th>Inpatient</th>
<th>Outpatient</th>
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<tr>
<td>FY2016</td>
<td>13,101</td>
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<td>FY2017</td>
<td>12,351</td>
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<td>FY2018</td>
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18,202
17,679
18,444
Guerrieri Heart & Vascular Institute

- Maryland Institute for Emergency Medical Services Systems (MIEMSS) accredited for the treatment of AMI
- Clinical trials
- Cutting-edge procedures
  - TAVR
  - Watchman Device
- Electrophysiology Lab
- Valve and A-Fib clinics
- Largest Cardiac Rehabilitation program in Maryland
- Free vascular screenings
Open Heart

15,000+ open heart surgeries, 300,000+ cardiac interventions
Hybrid Operating Room

First and only in Maryland
Richard A. Henson Cancer Institute

- Multidisciplinary case conferences
- Locations in Salisbury and Ocean Pines
  - On-site radiation therapy – TrueBeam™
  - PerfectPitch Six Degrees of Freedom Couch
- Medical oncology
- Surgical capabilities
- Johns Hopkins Clinical Research Network and other clinical trials
- Cutting-edge treatments including Immunotherapy
- Extensive support services
- Palliative and end-of-life care
- Cancer exercise program
Emergency | Trauma Services

Region’s designated trauma center treating 1,400 cases annually. Nearly 90K ER visits.

58 Treatment Bays (4 Trauma Bays)
Nearly 2,000 babies born here annually / more than all other regional hospitals combined

20 Postpartum Beds | 13 LDR Beds | 28 Bassinets
Inpatient
Adult Unit – 13 Beds
Certificate of Need Approved for Children & Adolescents – 15 Beds

Outpatient
Adult & Child Intensive
Adult Partial Hospitalization Program

Emergency Department
Child and Adolescent Observation Unit

Behavioral Health
Family and Specialty Physicians | 45
Advanced Practice Professionals | 46
Peninsula Regional Medical Group Visits FY2018 | 43,526
Peninsula Regional Pain Management Visits FY2018 | 7,838

- Chronic Disease Management provided in:
  - Family Practice
  - Pulmonary
  - Endocrinology
- Infectious Disease Clinic
- Hospitalists | Visits (FY18) = 52,009 | 21 FTEs

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A Combined Health System
Affiliation Vision

• Experienced leadership
• Favorable demographics
• Sound strategic planning
• Solid medical staff alignment
• Community support
• Risk adverse capital structure
• Strong financial position
• Seven-year experience with Global Based Reimbursement – Volume to Value
• Maintain commitment to NHS’s Mission
• Governance Representation
• Proximity
  • Ensure NHS is well-positioned for Population Health
  • Enhance operating efficiencies
  • Continue to provide high-quality services
  • Enhance recruitment and retention
  • Expand community outreach
Both organizations have a strong dedication to the community. The combined commitments and resources provided will ensure the long-term sustainability of both organizations.

**PRHS Mission**
To improve the health of the communities we serve

**NHS Mission**
To positively impact our communities’ quality of life through superior health service
New System Generation

- Building the journey together vs conforming
- Input on strategic decision-making and capital expenditures
- Collaborate on brand identity
• Due Diligence – Completed
• Certificate of Public Review approval – In Process
• Execution of definitive agreement – Tentatively July 1
• Immediate post-transaction implementation
  • Advancing governance structures
  • Leadership team evolution
• Long-range planning | future system evolution - 2020
Examples of Opportunities with Affiliation

- Expansion and integration of an ambulatory strategy
- Development of an integrated physician enterprise
- Review and develop appropriate primary & specialty coverage
- Improve and expand value-based reimbursement
- Enrich information technology
- Enhance operating efficiencies (e.g., supply chain management)
- Expand community outreach
- Improve access to capital

These opportunities will ensure continued healthcare access in the Sussex County region.