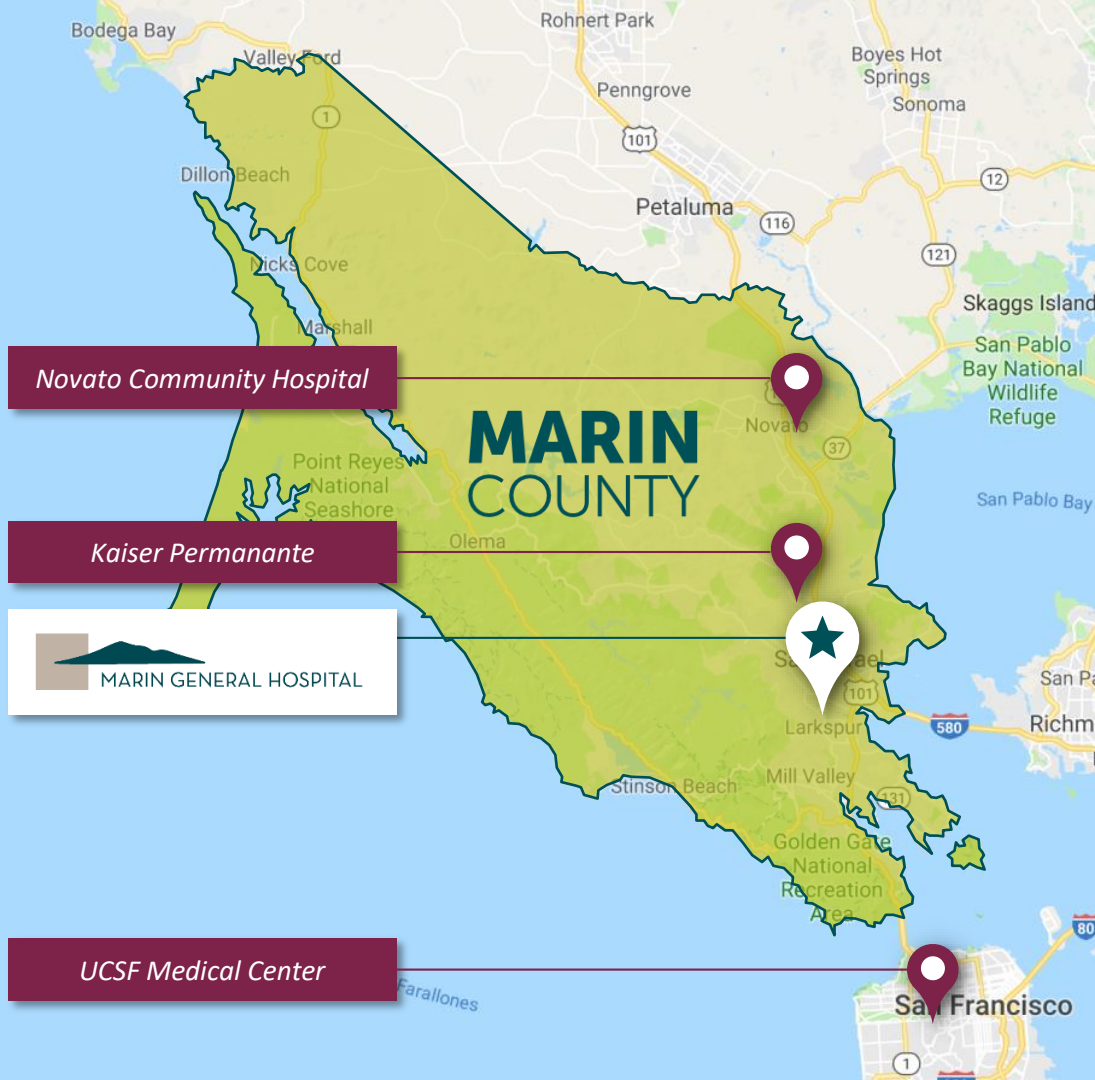


NOVEMBER 12, 2018

BEATING THE ODDS
AS A FREE-STANDING
HOSPITAL IN A HIGHLY
COMPETITIVE MAJOR
METROPOLITAN AREA

LEE DOMANICO
CHIEF EXECUTIVE OFFICER





Novato Community Hospital

Kaiser Permanente



UCSF Medical Center



260,955 people



One of top 10
healthiest
counties in US
US News & World Report

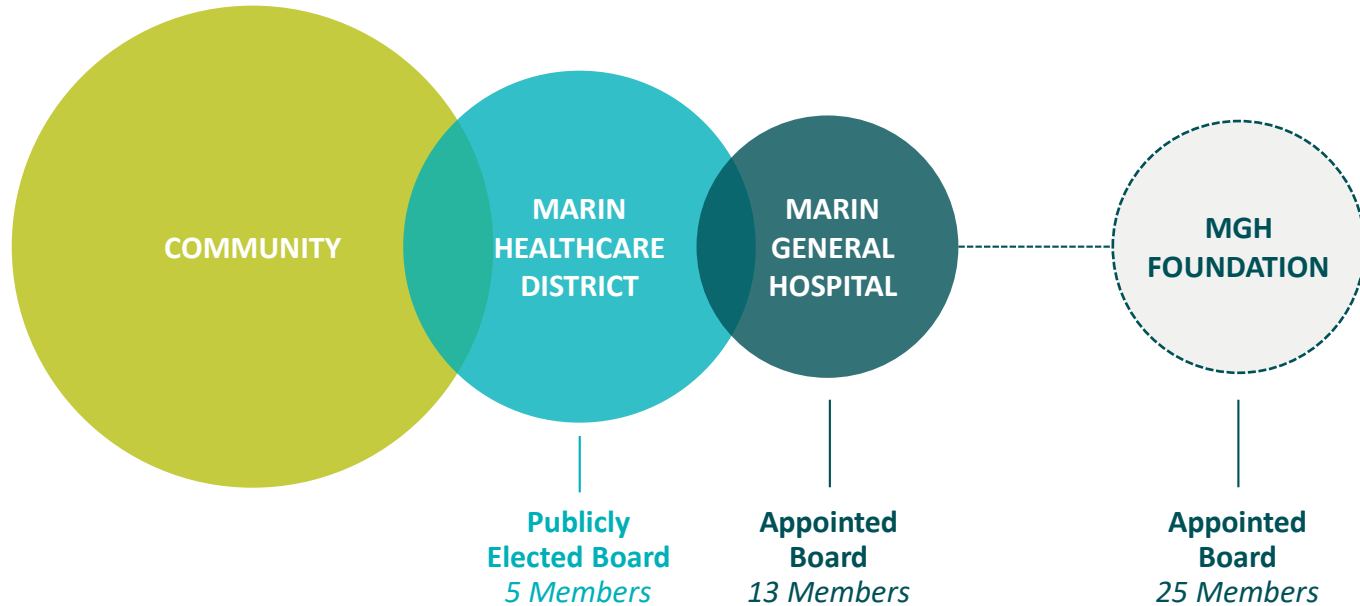


One of the
fastest aging
populations



Affluent
community BUT
18% MediCal

PUBLICALLY ACCOUNTABLE FREESTANDING HOSPITAL



KEY \$ FACTS



\$400MM

REVENUE



9.9%

EBIDA MARGIN



104

DAYS CASH ON HAND

THE ONLY
FULL-SERVICE,
ACUTE-CARE
HOSPITAL IN
COUNTY



LICENSED BEDS: **235**



INPATIENT DISCHARGES: **9,000**



ED VISITS: **36,000**



EMPLOYEES: **1,600+**

THE ONLY
FULL-SERVICE,
ACUTE-CARE
HOSPITAL IN
COUNTY



TRAUMA



HEART



CANCER



BEHAVIORAL
HEALTH



NEUROSURGERY



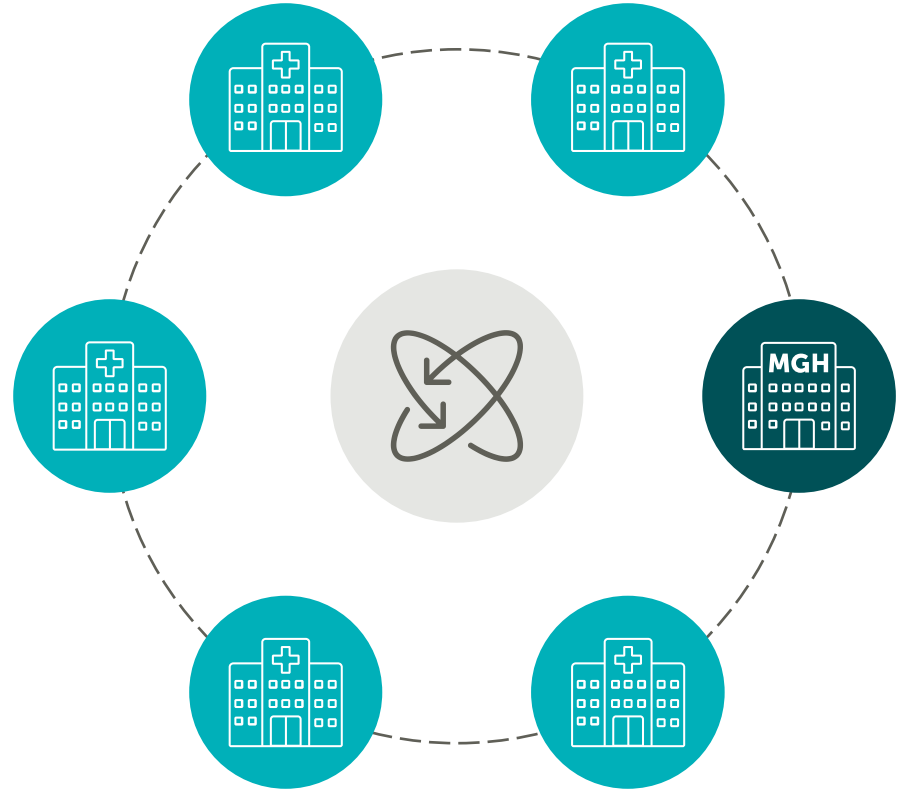
ORTHO



LABOR AND
DELIVERY + NICU

OUR STORY

MGH was a contributor,
NOT a recipient



THERE WERE MANY ISSUES IN CONTENTION

- Privatizing public asset
- Alleged quality issues
- Need for new hospital building
- Transfer of cash from hospital to system
- Hospital not in obligated group





THE SOLUTION WAS
INDEPENDENCE

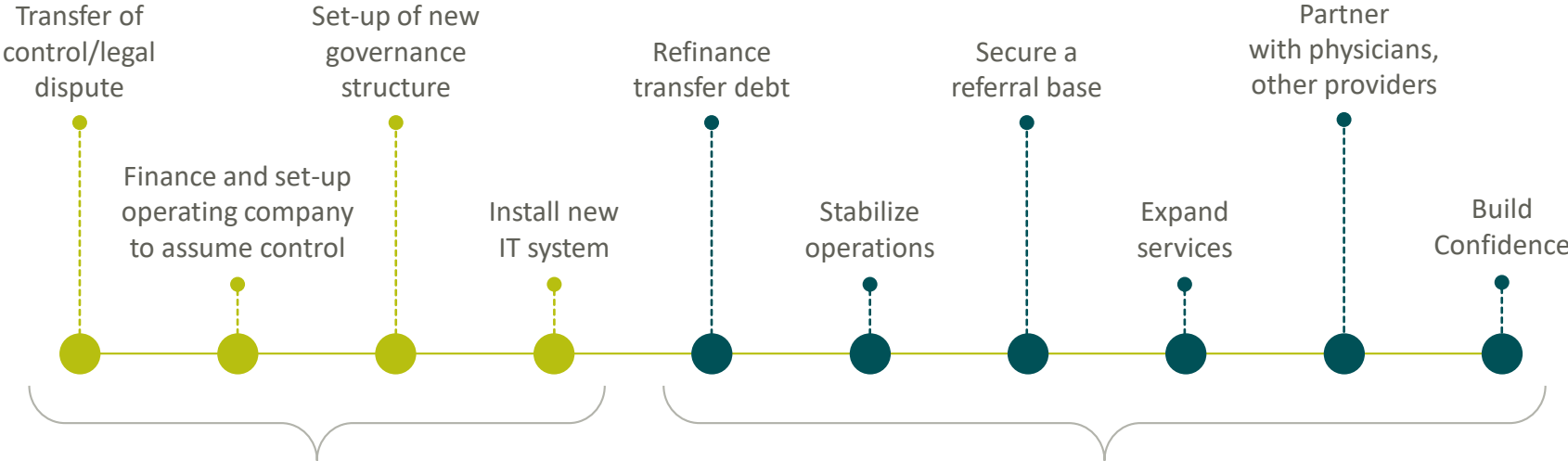


MARIN GENERAL HOSPITAL

- > It became a legal issue
- > Complex settlement and transfer of agreements
- > I came in to implement agreement and return hospital to local control



TRANSITION FROM SYSTEM TO INDEPENDENT FREE STANDING



PRE-TRANSFER (2010)

POST-TRANSFER

- > Banks
- > Healthcare Lenders
- > District Insurance Company
- > Other District Hospitals
- > Community Foundation

No!

**RAISED FUNDS NEEDED
TO MOVE FORWARD
BUT IT WAS ALL DUE 1
DAY AFTER TRANSFER**

- > *Marin County Emergency*
*\$20 MILLION***
- > *IT Vendor*
*\$15 MILLION***

YES!

\$35MM

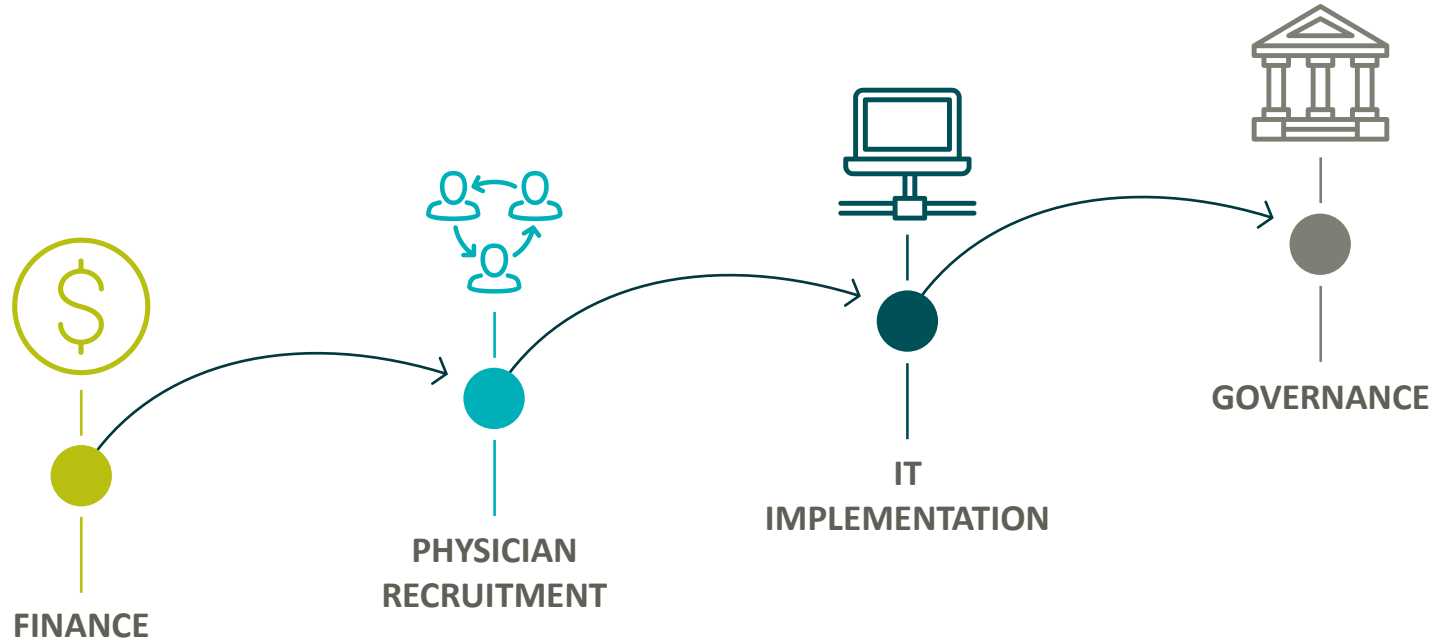
A photograph of a forest path with stone steps leading up through tall redwood trees. The path is made of dirt and stone steps, and the forest is lush with green foliage and ferns. The trees are tall and thin, with thick trunks. The sky is visible through the canopy.

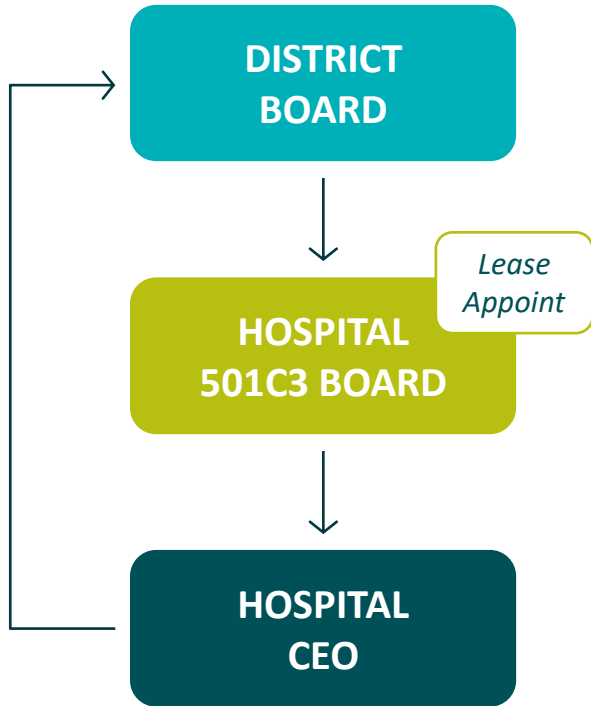
THEN THE
REAL WORK
BEGAN



MARIN GENERAL HOSPITAL

PRE-TRANSFER





- > 5 Elected Directors
(4-year staggered terms)
- > Reserved Authorities
(ownership)
- > Strategic Plan
- > Operations
- > Quality

DISTRICT

- Asset Transfer > 10%
- LTD > 10% Rev
- Debt Ratio > 50%
- Transaction > 10% Rev
- Service Closure
- Approve Auditors
- Mission
- Annual – Decade
- Reporting Requirements

FIREWALL

HOSPITAL

- Operations
- Budget
- Capital
- Strategy
- Executive Hiring / Perf
- Quality
- Service
- Engagement
- Monthly / Annual

JUNE 30, 2010



DAY OF TRANSFER

- > New Board, CEO, CFO
- > Disaster plan
- > Turned on IT
- > Made rounds
- > \$5MM, 7 days cash



THE GOOD NEWS

- Borrowed \$30MM 3-year note, plus \$30MM LOC
- \$22MM from major payers (90 day) advance
(paid off in 18 months)
- Paid off county note \$20MM
- Paid back IT vendor \$15MM



THE BAD NEWS

- Volume declined 10% July, August
- Cash flow decline in volume, collections (\$15MM)
- A/R 60-90 days (\$24MM in cash, wrote off \$10MM)
- \$40MM hit to cash flow
- Breach of Settlement & Transfer Agreement (\$32MM)

OUR VISION



TO BE THE
DESTINATION
FOR HEALTH AND
HEALING IN MARIN

VISION OF MARIN HEALTH



EXCELLENCE

Enhance value through operational excellence



ACCESS

Expand convenient access through facilities and technology



PARTNERSHIPS

Integrate with our physicians and provider partners

PROVING COMPETENCE & BUILDING CONFIDENCE



healthgrades™



DESIGN AND BUILD REPLACEMENT HOSPITAL

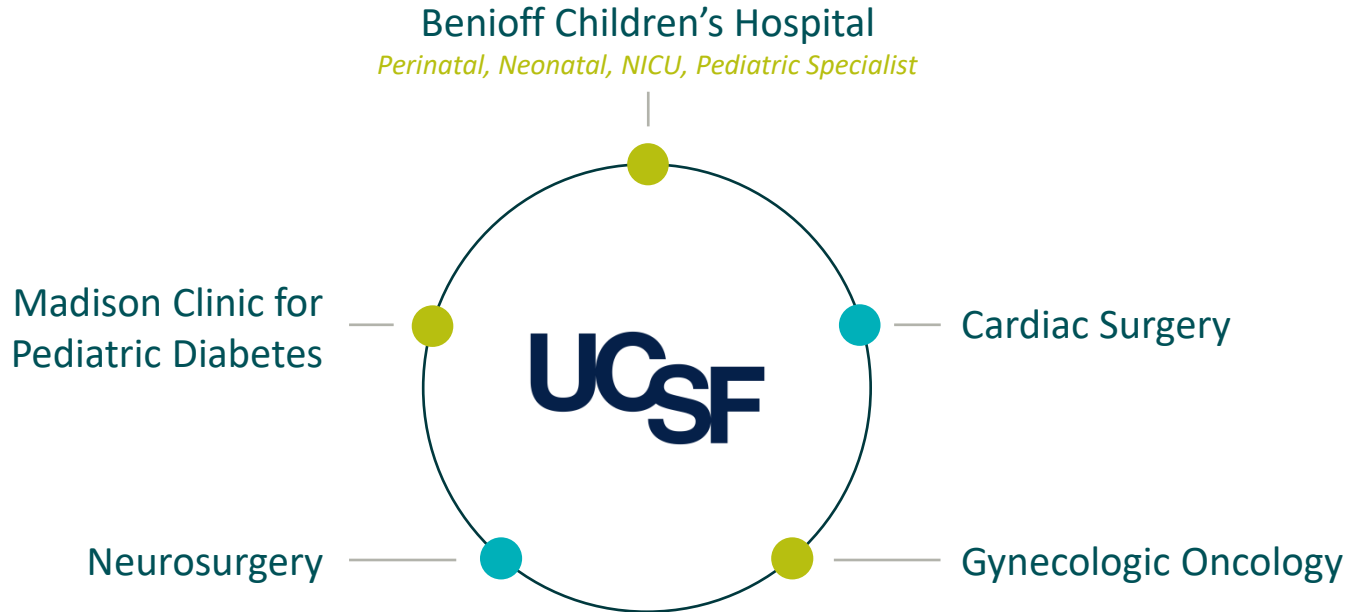


KEY RELATIONSHIPS



FORGING MUTUALLY BENEFICIAL RELATIONSHIPS

UCSF CLINICAL PARTNERSHIPS



UCSF STRATEGIC ALLIANCE 2018 – 2028

CREATING AN INTEGRATED NETWORK

IT, Capital Infusion, Brand Access

A WIN-WIN



- Capital infusion
- EPIC EMR
- Clinical integration with faculty
- Access to UCSF Health reputation and brand



- Access to Marin
- Avoids MGH partnership with competing academic medical center
- Off loads tertiary services to Marin
- Increases referrals for high acuity care

INSTITUTES & CENTERS

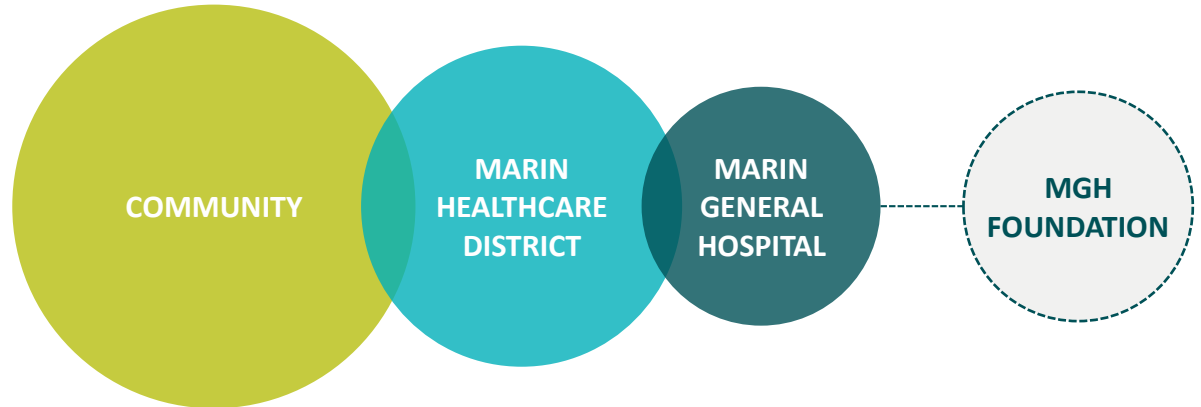
- Center for Integrative Health & Wellness
- Haynes Cardiovascular Institute
- Cancer Institute
- Spine & Brain Institute

AFFILIATES

- Marin Outpatient MRI
- Marin General Hospital Foundation
- Marin Cancer Care
- Marin Specialty Surgery Center
- Meritage Medical Network
- PRIMA Medical Foundation
- Marin Healthcare District Health Centers

OFF-SITE FACILITIES

- Breast Health Center
- Outpatient Labs
- Braden Diabetes Center
- Marin Outpatient Imaging Center
- Outpatient Physical Therapy
- Cardiovascular Testing Centers
- Cardiovascular Performance Center
- CT Imaging Suite



2010



~110

← PATIENTS PER DAY →

\$5MM
(7 Days)

← CASH ON HAND →

\$300MM

← REVENUE GROWTH →

TODAY



~130

\$100MM
(100 Days)

\$400MM+

A- Stable

Marin General
Hospital Bond
Rating

AAA

Marin Healthcare
District
Bond Rating

THINGS TO THINK ABOUT TO REMAIN INDEPENDENT

- Market relevance
- Geographic advantages (barriers to entry)
- Alt funding source
- Cooperative, partnership-oriented medical community
- Philanthropic opportunity

MUST HAVES

- > Cash flow to build integrated delivery system
- > Population health management
- > Critical mass, access to capital, pricing

FURTHER THOUGHTS

1



Don't give your
hospital away

2



Consider other options
to merger or sale
(partnerships)

3



Act while you are
strong financially



THINGS TO CONSIDER ALONG THE JOURNEY

- > Learn
- > Resilience
- > Perseverance
- > Self confidence
- > Stamina
- > Focus

THE BIGGEST CHALLENGE MAY BE
A CRISIS OF CONFIDENCE

A NEVER-ENDING CHALLENGE!