Emerus, The Nation’s Innovator of Micro-Hospitals
VIC SCHMERBECK

Executive Vice President of Strategy and Business Development

- 20+ yrs. Exp. Investment & Merchant Banking
- Healthcare & emerging markets specialization
- Frequent speaker & panelist
- Numerous public & private boards
- Salesmanship Club of Dallas
- Children’s Medical Center of Dallas
- The Rise School of Dallas
- Southern Methodist University Alumni
TOPICS COVERED

• Introduction

• Who is Emerus

• Why Micro-hospitals

• Why Partner
WHO IS EMERUS
HEALTH CARING IS A CALLING.
AN ACTION. A FOCUS EVERY DAY TO POSITIVELY IMPACT THE PEOPLE WE TOUCH. IT’S ABOUT HELPING OTHERS GET BACK TO LIVING THEIR LIVES FULLY. IT’S CARING ABOUT PEOPLE.

Excellence  Community  Innovation  Integrity  Empathy
EXPERIENCE

Emerus is the nation’s first, largest and most experienced operator of micro-hospitals

• 10 joint-venture partnerships

• 21 micro-hospitals in operation

• 25+ new facilities currently under development

• Over 130 years of combined, executive-level healthcare/business experience

• 4 consecutive years winning Press Ganey Guardian of Excellence

• 5 board-certified, ER-trained physicians on executive team

• 31 national marketing awards

• ENTIRE BUSINESS BUILT ON PARTNERSHIPS – we know how to integrate in market
MAP OF LOCATIONS
WHY MICRO-HOSPITALS
PROTOTYPE FACILITY

- Independently licensed hospitals
- 30,000-60,000 sf. – Including hospital and MOB space
- 8 ER beds, 8 - 10 in-patient beds
- 24/7 and staffed with board-certified ER physicians
- On-site x-ray, CT, ultrasound and lab
- Transfer Agreements with partner hospitals
- Facility becomes a hospital and healthplex with ancillary services to include imaging, physical therapy, primary care, rotating specialists, surgery centers…etc
MICRO-HOSPITAL LONG-TERM STRATEGY

Provide care at the right place and cost, where people live, work and play, in a capital-efficient manner

- Single access point for multiple levels of care and specialty
- Differentiated to prepare for population health initiatives
- Provide value to patient, provider and payor
- Focus on industry-leading clinical quality and patient satisfaction
- Test bed for innovation – pricing, quality and efficiency
- Clinical and capital-efficient facilities
CONTINUUM OF HEALTHCARE

Provide efficient, cost-effective care by combining services of Community ED, Outpatient Ambulatory Center and Physician Services in one healthplex conveniently located close to home.

Pre-Acute
- Retail Clinic
- Primary Care
- Urgent Care
- Ambulatory Procedure Center

Acute
- Community Hospital / Ambulatory Pavilion
- Campus Hospital

Post-Acute
- Inpatient Rehab
- Outpatient Rehab
- Extended Care / Skilled Nursing
- Home Health / Hospice

Access gaps filled with capital-efficient, small hospital / ambulatory pavilion – all branded by health system

Single access point for multiple levels of care
- Micro-hospital
- Consolidation of other service lines
MICRO-HOSPITAL CAPABILITY

- Acuity on par with community-based hospitals
- Higher level of care capabilities than FSED (Observations and Inpatient)
- Micro-hospitals see a distinct and different patient population than UCCs

*Source: Truven Health Analytics, CMS, McKinsey Research*
WHY PARTNER
## VALUE PROPOSITION

<table>
<thead>
<tr>
<th>Partner/Provider</th>
<th>Payor</th>
<th>Patient</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Coordinated transfers to higher level of care</td>
<td>- Provide clinical access points for patient populations</td>
<td>- Exceptional quality and patient satisfaction levels</td>
</tr>
<tr>
<td>- Coordinated transfers to primary/specialty care providers</td>
<td>- Reduced costs through lowered re-admission rates</td>
<td>- Reduced wait times</td>
</tr>
<tr>
<td>- Assist to build patient/provider relationship, get the patient to the right place the first time</td>
<td>- Quality care</td>
<td>- Faster discharge times</td>
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<tr>
<td>- Brand promotion</td>
<td>- Improved outcomes</td>
<td>- Shorter length of stay</td>
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<tr>
<td>- Fill market gaps</td>
<td>- Minimal litigation rate</td>
<td>- Compassionate and patient-friendly care model</td>
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<tr>
<td>- Clinical and quality improvement</td>
<td></td>
<td>- Access both primary and secondary care at single location</td>
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<tr>
<td>- Reduce overcrowding</td>
<td></td>
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<tr>
<td>- Ability to co-locate primary and specialty care in MOB space in facilities</td>
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<tr>
<td>- Pop. Health Mgt focused</td>
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SERVICES WE PROVIDE

**Construction**
- National Developer
- Real Estate Capital Funding
- Site Selection (with Business Development)
- Construction, Design, Build
- Architectural Planning
- State & Local Permitting with Hospital & Healthcare Experience
- Project Management

**Clinical**
- Protocols, Policies & Procedures
- Governing Body, Medical Executive Committee
- Admissions & Transfer Management
- Quality, Core Measures, HCAHPS
- Compliance, HIPAA (Shared with Clinical)
- Physician Credentialing

**Finance**
- Annual Operating & Capital Budgeting
- Central Billing Office Management
- Financial Auditing & Reporting
- Purchasing & Supply Management
- Managed Contract Review (with Business Development)

**Business Development**
- New Market Opportunity
- Hospital Partner Relations
- Site Selection
- Analytics: Demographics, Payer Mix, Managed Contracts Rates
- Legal Review

**Information Technology**
- Network (Wired & Wireless), Telecommunications, and Infrastructure
- Electronic Health Records & Revenue Cycle System
- Integration, Interoperability, Interfaces, Health Information Exchange
- Cloud Hosted PACs & Radiology Portal
- Business Intelligence & Analytics

**Marketing**
- Opening Ceremony
- Traditional: Billboard, Print, Radio, TV
- Patient Relationship Management / Customer Satisfaction, Yelp Reviews
- Innovation: Social Networking, YouTube, Facebook
- Physician Referrals
- Employer Group Relationships
- Competitor Maps
- Website, Press Releases, Media Events

**Human Resources**
- Payroll
- Benefits
- Company Culture & Employee Satisfaction
- Recruiting & Talent Management

**Operations**
- Client Services
- Facility Openings
- Strategy / Planning / Execution
- Lab / Radiology Oversight
- Front Office Oversight
- Clinical Training Development
DEVELOPMENT PROCESS

• Multi-step process that distills broad market analysis to hard corner site selection, development and management

• As experts in our field Emerus continually evaluates new and existing markets

• One stop shop for long-term development and management
GEO-INTELLIGENCE

Internal Data Analytics
• Multiple Market experience
• 550,000+ unique patient visits
• Patient trade area analysis
• 2,600 psychographic variables
• Tapestry Segmentation Analysis
• Demographics
• Competitive Analysis
• Market Opportunity analysis

Secondary Analysis
• Analyzed unique patient data from 20+ major health systems
• Market analytics spanning the nation
• Advisory Board partnership
• Definitive Health Care
• ESRI Geo-Analytics
• Payscale
• Truven Health Analytics
• Dean & Co
• Welsh, Carson, Anderson and Stowe Partnership

Site Selection
• Site selection based on Internal and Secondary data analytics and factors unique to Micro-hospitals™ and Satellite EDs
• Market analysis heat maps developed by focusing on key performance indicators
• Proprietary multivariate regression modeling for Volume opportunity
• Retail Orientation to target where patients live and work
• Utilize in-market real estate professionals to secure property

Identifies distinct patient populations that over-utilize Micro-hospital and Satellite EDs
## MICRO-HOSPITAL PERFORMANCE

<table>
<thead>
<tr>
<th>Performance Metric</th>
<th>Emerus</th>
<th>National Average</th>
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<tbody>
<tr>
<td>OP4C. Aspirin at Arrival (chest pain) Percent of Patients Receiving</td>
<td>90%</td>
<td>97%</td>
</tr>
<tr>
<td>OP5. Average Time to ECG - Chest Pain</td>
<td>3 minutes</td>
<td>7 minutes</td>
</tr>
<tr>
<td>OP18. Median Time from ED Arrival to ED Departure for Discharged Patients</td>
<td>86 minutes</td>
<td>162 minutes</td>
</tr>
<tr>
<td>OP20. Door to Diagnostic Evaluation to Qualified Medical Personnel</td>
<td>11 minutes</td>
<td>28 minutes</td>
</tr>
<tr>
<td>OP 21. Average Time to Pain Management for Long Bone Fracture</td>
<td>41 minutes</td>
<td>53 minutes</td>
</tr>
<tr>
<td>OP22. Left Without Being Seen (percent)</td>
<td>1.2%</td>
<td>2.0%</td>
</tr>
<tr>
<td>ED1. Average Time from ED Arrival to ED Departure for Admitted ED Patients</td>
<td>182 minutes</td>
<td>296 minutes</td>
</tr>
<tr>
<td>ED2. Average Time from Admit to ED Departure for Admitted ED Patients</td>
<td>44 minutes</td>
<td>114 minutes</td>
</tr>
<tr>
<td>EDBB. Unscheduled 72 hour ER Readmission Rate (bounce-backs)</td>
<td>1.2%</td>
<td>15.6%</td>
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<table>
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<tr>
<th>Satisfaction Metric</th>
<th>Emerus</th>
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<tr>
<td>PG Overall Score</td>
<td>91.1%</td>
</tr>
<tr>
<td>MD Complaints as a percentage of visits</td>
<td>0.04%</td>
</tr>
<tr>
<td>Overall Physician Satisfaction</td>
<td>90.0</td>
</tr>
<tr>
<td>Overall Nursing Satisfaction</td>
<td>92.7</td>
</tr>
<tr>
<td>Likelihood to Recommend</td>
<td>88.7</td>
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1. Includes all facilities Emerus owns and manages across multiple markets and brands 12/2015 – 12/2016
2. In Emerus’ case, # of minutes to see ER physician NOT other clinician
Press Ganey Guardian of Excellence Award is given to organizations that have achieved the **95th percentile or higher** for the composite overall rating based on the standard Press Ganey Quarterly Reports during the course of the year.
PARTNER OF CHOICE

National Network of Micro-hospitals

Emerus - Partner of Choice

Baylor Scott & White Health

The Hospitals of Providence

SCL Health

Saint Alphonsus Health System

Baptist Health System

MultiCare

Dignity Health

St. Rose Dominican