Driving Change and Transformation at CommonSpirit

Wright Lassiter III, Chief Executive Officer
Daniel Morissette, SEVP, Chief Financial Officer

January 8, 2024
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CommonSpirit Health Today

24 states and hundreds of communities served

162 hospitals

2,250+ care sites

$5 billion community benefit

20 million annual patient encounters

~25 thousand physicians and APPs

Community benefit includes unpaid cost of Medicare and is as of fiscal year end June 30, 2023. All other data as of December 31, 2023. Total hospitals includes hospitals operated through unconsolidated joint ventures.
Provider Healthcare is at an Inflection Point

Real change in market dynamics has to occur if providers are expected to continue to deliver high quality care to our communities.
Implementing Traditional and Next Level Solutions

**Foundational**
- Merger integration
- Workforce
- Care models
- Synergies
- Portfolio 1.0

**NEXT Level**
- Organization structure and leadership
- Models of care and technology solutions
- Economic initiatives
- Portfolio 2.0
Leadership Team in Place

Wright Lassiter III
Chief Executive Officer

Lilicia Bailey, Ph.D.
SEVP, Chief People Officer

Daniel Barchi
SEVP, Chief Information Officer

Thomas Kopfensteiner
SEVP, Chief Mission Officer

Thomas McGinn, MD, MPH
EVP, Physician Enterprise

Mitch Melfi, Esq., JD
SEVP, Chief Legal Officer

Daniel Morissette
SEVP, Chief Financial Officer

Terika Richardson
SEVP, Chief Operating Officer

Kathleen Sanford,
DBA, RN, FAAN, FACHE
EVP, Chief Nursing Officer

Sheri Shapiro
SEVP, Chief Strategy Officer

Michelle Johnson Tidjani
SEVP, Chief Administrative Officer

Robert Wiebe, MD
EVP, Chief Medical Officer
Streamlining the Organization - One CommonSpirit

- Consistent patient experience
- Uniform clinical standards
- Leverage systemness
- Unified operating structure
- Aligned strategy
- One culture and identity
Delivering High Quality Care Starts with our Workforce

- Care quality
- Workforce resilience
- Retention and engagement
- Workforce pipeline

**FUTURE Facing**

- Scaling innovative programs
- Implementing new care models
- Leveraging technology
## Leveraging Technology and Innovation to Improve Care

### Virtual Care Models

<table>
<thead>
<tr>
<th>Model</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virtual Visits</td>
<td>3.6 million</td>
</tr>
<tr>
<td>Virtual Companion</td>
<td>42 facilities in 10 states</td>
</tr>
<tr>
<td>Virtually Integrated Care</td>
<td>29 units, 900 beds by 2024</td>
</tr>
</tbody>
</table>

### Patient Connection Centers

<table>
<thead>
<tr>
<th>Centers</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>serve 1,100 locations</td>
</tr>
<tr>
<td>~40,000 calls annually</td>
<td></td>
</tr>
</tbody>
</table>

### Clinical Command Centers

<table>
<thead>
<tr>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>~450,000 patient hours monitored</td>
</tr>
<tr>
<td>$9.2 million in savings</td>
</tr>
<tr>
<td>50,000 patient adverse events prevented</td>
</tr>
</tbody>
</table>

CommonSpirit
“We successfully use AI at CommonSpirit, running approximately **60 AI-based systems** which support clinical and operations processes... We should save human discernment for questions best decided by humans, and use tools for the parts where we fall short... Humanity is the beginning and end of healthcare.”

Daniel Barchi
SEVP, Chief Information Officer

**RESULTS**

<table>
<thead>
<tr>
<th>SEPSIS</th>
<th>STROKE</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 million sepsis patients</td>
<td>23% decrease in disability</td>
</tr>
<tr>
<td>monitored</td>
<td>caused by stroke</td>
</tr>
<tr>
<td>4.7% reduction in sepsis</td>
<td>$8 million potential</td>
</tr>
<tr>
<td>mortality rate</td>
<td>revenue increase in CA, AZ</td>
</tr>
<tr>
<td>1600 lives saved</td>
<td>and NV alone</td>
</tr>
<tr>
<td>33 ICU hours reduction for</td>
<td></td>
</tr>
<tr>
<td>each sepsis case</td>
<td></td>
</tr>
<tr>
<td>$8 million potential revenue</td>
<td></td>
</tr>
<tr>
<td>increase in CA, AZ and NV</td>
<td></td>
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</tbody>
</table>
Shifting the Equation

1. Revenue levers
2. Cost levers
3. Traditional portfolio adjustments
4. Portfolio optimization
## Shifting the Equation

### Revenue Levers

<table>
<thead>
<tr>
<th>Revenue cycle performance</th>
<th>Payer performance</th>
<th>Payer strategies</th>
<th>Accretive growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve vendor performance</td>
<td>Negotiate payer arbitration and settlement disputes</td>
<td>Negotiate for appropriate rate structures</td>
<td>Network integrity</td>
</tr>
<tr>
<td>Reduce clinical denials</td>
<td>Payment integrity and contract compliance</td>
<td>Redesign upfront processes</td>
<td>Transfer centers</td>
</tr>
<tr>
<td>Improve clinical documentation</td>
<td></td>
<td>Enhanced analytics</td>
<td>Grow ambulatory care sites</td>
</tr>
<tr>
<td>Improve patient collections at service site</td>
<td></td>
<td>Improve Managed Medicare and Medicaid agreements</td>
<td>Selective inpatient growth</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partnerships</td>
</tr>
<tr>
<td>Traditional synergies</td>
<td>Operating efficiency</td>
<td>Leveraging scale</td>
<td>Acceleration</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------------------------------------------</td>
<td>--------------------------------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Material initial synergies</td>
<td>Productivity</td>
<td>Standardization</td>
<td>Finance command center</td>
</tr>
<tr>
<td>Vendor consolidation</td>
<td>Care management and care coordination</td>
<td>Supply chain 2.0</td>
<td>Reducing cycle times</td>
</tr>
<tr>
<td>Real estate portfolio rationalization</td>
<td></td>
<td>Pharmacy</td>
<td></td>
</tr>
<tr>
<td>IT application rationalization</td>
<td></td>
<td>Purchased services</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nursing registry and physician locums</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Service line optimization</td>
<td></td>
</tr>
</tbody>
</table>

**Shifting the Equation**

**Cost Levers**
Shifting the Equation

Traditional Portfolio Adjustments

**ADDITIONS**

- 20 urgent care & FSEDs
- 16 imaging centers
- ~800 physicians and APPs (net)
- St. Elizabeth Hospital, CO
- Virginia Mason, WA

**DIVESTITURES**

- QualChoice
- MercyOne
- KentuckyOne
- Saint Francis, St. Mary’s
- Yavapai, AZ
- St. Catherine Hospital, KS
- Holy Cross, UT

Urgent care, imaging or primary care may be co-located at a single site.
Shifting the Equation
Innovative Partnerships Advance Care Continuum

1. High Access & Integrated Delivery Model Extensions
   - Early Detection (Cancer IQ)
   - Care in Home (Contessa, Current Health)
   - Women’s Health (Tia, Millie)
   - Urgent Care (Go Health, Intuitive)

2. Serving Unique & Vulnerable Populations
   - Behavioral Health (Concert, Xferall)
   - Social Drivers of Health (UniteUs)
   - Enabling Rare Disease Research (Truveta)
   - Culturally Sensitive Care (Clever Care)

3. Diversified Growth
   - Next-Gen PBM & Specialty Pharmacy (Capital Rx)
   - Staffing Support (Medical Solutions, USACS)
   - Diversified Access (One Medical)

4. Life Sciences Innovation
   - Commercialization of CSH Intellectual Property (Globus Medical, Saccadous)
   - Precision Medicine (Freenome)

5. Automation & Efficiency
   - Optimizing Training (Amplifire)
   - Quality & Efficiency (Viz Ai, Leiters)
   - Triaging & Follow up (Vital)
   - DME Delivery (Parachute Health)
   - Consumer Centered Care (Notable)
Shifting the Equation

Portfolio Optimization

Define path to **essentiality** in key markets

Implement specific market-based strategies for success

Breadth vs **depth**

Align and **focus capital** accordingly
“Companies that change may survive, but companies that transform thrive. Change brings incremental or small-scale adaptations, while transformation brings great improvements that ripple through the future of an organization.”

Nick Candito, Entrepreneur & Investor
Thank you