



+ SITKA COMMUNITY HOSPITAL

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QUORUM | HEALTH RESOURCES®

Creating a Sustainable Future for Healthcare Organizations

What QHR Stands For

Vision

A dynamic, integrated professional services company delivering innovative and executable solutions through experience and thought leadership

Mission

Creating a sustainable future for healthcare organizations

Values

Trust
Respect
CustomercentriQ

Quorum By the Numbers

700

management clients served over four decades

200

Community and Rural hospital clients

100+

years of hospital operations experience among Quorum Leadership Team

80

Over 80 Critical Access Clients

\$4.8 Billion
2017 CLIENT HOSPITAL NET REVENUE

What Quorum Offers – System Support

Management Services for Independent Community Hospitals

- Support for locally focused CEO and CFO
- Discipline and structured approach to Hospital Operations and Finance
- Specialized support for CAHs

Consulting Services

- Experts focused on the community hospital
- Consultant who provide practical recommendations with structure needed for implementation
- Service and resources focusing on your hospitals needs

Group Purchasing & Strategic Service Partner Discounts

- GPO pricing 8-10% better than market
- Corporate Supply Chain Support

Education - Quorum Learning Institute – Webinars & Seminars

- Board
- Hospital leadership
- Department heads

Vantage Suite of Management Tools

- Vantage CAH Modeling
- Vantage Productivity
- Vantage Comparative Data
- Vantage MyQuorum

Consulting Services



Clinical Operations



Compliance



Process Improvement



**Healthcare Finance
& Reimbursement**



Technology Optimization



Market Positioning



Physician Services



Strategic Affiliation



Strategy & Marketing



Supply Chain



Workforce Efficiency



Revenue Cycle



**Hospital Development and
Turnaround Projects**

Sitka Market

- Population base of 9,000 with minimal growth projected
- Population is aging
- Medicare % expected to increase
- Less than 50% of Medicare inpatients receive care in the community for inpatient care
- Hospital evenly split inpatient volume
- Outpatient volume is expected to increase
- Sitka Community has a slight advantage providing outpatient care

Operations

- Operations have improved
- Most operating key indicators are reasonable
- Productivity – some room for improvement
- Supply cost 6-8% savings opportunity
- PERS is a major restraint to profitability
- Payor mix is declining
- Positive margin projected for 2018
- 2018 skewed by cost report adjustment made for 2017

Balance Sheet

- Days cash on hand is low and has been declining
- Days in Account Payable is increasing
- Minimal Debt
- Significant capital needs in the near future
 - IT system
 - Imaging equipment
- Significant PERS liability



Touchstones to Sustainability

At Quorum, we believe to be successful in the evolving landscape of value-based healthcare, hospitals and health systems must execute under these six touchstones to sustainability.



Quorum Proposal

- Offering two alternatives after completing review

Long-term
management
agreement

Short-term
agreement to
facilitate a smooth
transition

Why two proposals?



Management Option-Terms

- 01 5-year management agreement
- 02 \$454,000 per year
- 03 Reimbursement of travel cost
- 04 CEO and CFO salary & benefits directly billed to the hospital

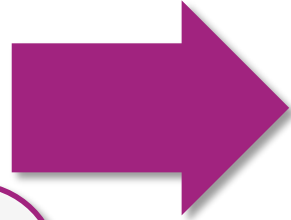
Management Option-Services

- Interim and regular placement of the CEO and CFO
- “Supported Leadership” and operations oversight
- Critical Access reimbursement support
 - Cost report modeling and reimbursement advisory advice
- Operational consulting and support
- Purchasing and supply management
- Educational Support

Management Option

Benefits

- CEO and CFO recruitment and support
- Oversight of operations
- Experienced experts providing ongoing business and strategic planning
- Reimbursement expertise
- Consulting support
- Supply chain savings
- Staff and Board education



Challenges

- No capital infusion
- Market remains challenging and highly competitive
- Does not address PERS issue

Transition Management and Advisory Services – Terms

One-year management agreement

- Terminated upon sale closing

\$480,000 fee

- Payable \$40,000 per month with balance due upon closing

Reimbursement of travel cost

CEO and CFO salary and benefits plus 10% directly billed to the hospital

Transition Management and Advisory Services – Services

Interim Executive management during a transition

Supported leadership and oversight

Consulting support as needed

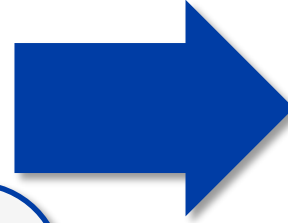
Compliance assessment

Assistance with the ownership transition

Transition Management and Advisory Services

Benefits

- Interim Executive management during a transition
- Supported leadership and oversight
- Consulting support as needed
- Compliance assessment
- Assistance with the ownership transition



Challenges

- Potential issues that arise during compliance review and due diligence
- Factoring pension liability into final decisions
- Possible loss of other key staff during transition

Questions

Contact Us



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THANK YOU

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