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Hendrick Health

Quarterly Report for Quarter 4 of Fiscal Year 2021

Reporting Period: 6/1/2021—8/31/2021

Submission Date: November 30, 2021

Certificate of Public Advantage ("COPA")

Quarterly Performance Report for Quarter 4 of Fiscal Year 2021

This Quarterly Performance Report (the “Report”) is submitted pursuant to the revised Terms and Conditions of Compliance (dated August 3, 2021) governing the Certificate of Public Advantage (“COPA”) issued to Hendrick Health System on October 2, 2020 (“COPA Approval Date”) with respect to the purchase of substantially all of the assets used in the operation of Abilene Regional Medical Center (“ARMC”, subsequently to be known as “HMC-S”) (collectively, the “Merger”). The underlying transaction closed on October 26, 2020 (the “Transaction Closing Date”). Information related to Hendrick Medical Center and Hendrick (Medical Center South are collectively referred to herein as “Hendrick Health” or “HH”).

This Report reflects the performance of HMC and HMC-S (formerly ARMC) for the fourth quarter of fiscal year 2021 (“Quarter 4 FY2021” or “Fourth Quarter FY2021”), the period of June 1, 2021 to August 31, 2021.¹ Where applicable, this Report includes information or refers to information provided in the Baseline Performance Report that was submitted to HHSC on January 15, 2021, and reflects the pre-Merger baseline period of FY2018 – FY2020 (the “Baseline Performance Report”).

¹ Hendrick Health expects to submit its future quarterly reports within 90 days of the previous fiscal quarter end date.

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I. Abbreviation Key

Abbreviation	Full Name
ARMC	Abilene Regional Medical Center
CDM	Charge Description Master
CMS	Center for Medicare & Medicaid Services
COPA	Certificate of Public Advantage
HH	Hendrick Health
HMC	Hendrick Medical Center
HMC-S	Hendrick Medical Center South (formerly ARMC)
HHSC	Texas Health and Human Services Commission

II. Quarterly Performance Report - Quarter 4 FY2021

C. Summary of Requirements

As required by Texas Health and Safety Code § 314A.103, Texas Admin. Code § 567.32, and the revised COPA Terms and Conditions of Compliance, Hendrick Health must submit quarterly and annual reports regarding the Merger.

This Report and the associated attachments are based directly on the requirements listed in the guidance documents published by HHSC: “Revised COPA Terms and Conditions - Hendrick Health - 2nd Revision 8.3.21.pdf.”

D. Description of Process

Hendrick Health’s senior management team, assisted by outside consultants and counsel, worked closely with relevant department heads to collect, analyze, and prepare for submission the information and data detailed in the HHSC guidance documents. Leaders of each department gathered the required information and validated the summaries and responses included in this Report to ensure accuracy and completeness to the fullest extent possible.

Hendrick Health Leadership

Name	Position
Brad D. Holland, FACHE	President and Chief Executive Officer
Mike Murphy	Interim Chief Operating Officer
Jeremy Walker	System Vice President & Chief Financial Officer
Norm Archibald	System Vice President, Foundation
Susan Greenwood, BSN, RN, FACHE	System Vice President & Chief Nursing Officer
R. David Evans, Esq.	System Vice President, General Counsel
America Farrell, FACHE	System Vice President, Strategic Integration
David Stephenson, FACHE	System Vice President, Hendrick Clinic & Hendrick Anesthesia Network
Susan Wade, FACHE	System Vice President, Infrastructure & Support
Kirk Canada	System Assistant Vice President, Business Dev. & Post-Acute Services
Mike Hart, BSN, MS, RN-BC	System Assistant Vice President, Information Technology
Courtney Head	System Assistant Vice President, Human Resources
Mark Huffington	System Assistant Vice President, Analytics
Tave Kelly	System Assistant Vice President, Revenue Cycle
Adam Wood	System Assistant Vice President, Supply Chain
Tim Riley	System Integration Consultant

III. Terms and Conditions for COPA-Approved Health System

A. Quality

1. Evidence demonstrating how health care quality has improved.

- CMS Star Ratings:** In July 2021, HMC earned an overall rating of four (4) stars, while legacy ARMC (now HMC-S) also earned four (4) stars (see **Table 1a** below). As noted in the Quarter 3 Performance Report, Hendrick Health notes that CMS made significant changes to its CMS Star Rating methodology and reporting schedule between the 2020 and April 2021 ratings, including changes to weighting measures within a measure group; reducing the number of measure groups by combining Timeliness of Care, Effectiveness of Care, and Efficient Use of Medical Imaging into one measure group; changes to the methodology for calculating the scoring of the Patient Experience measure group; and introducing the use of peer grouping for the assignment of star ratings, which affected the star rating of approximately fifty percent (50%) of hospitals. Because different measures are now weighted differently, these changes in methodology make it difficult to compare the April and July 2021 star rating to historical ratings.

Table 1a: Overall CMS Star Ratings²

Location	Pre-Merger Period						Post-Merger Period	
	FY2018		FY2019		FY2020		FY2021	
	January	July	March	July	January	August	April	July
HMC	4	4	3	3	5	5	4	4
ARMC (HMC-S)	3	3	2	2	2	2	4	4

- Leapfrog Hospital Safety Grades:** HMC earned a “B” overall in the most recent Leapfrog Hospital Safety Grade release (from Fall of 2021) (see **Table 1b** below), which is consistent with ratings from previous releases. Legacy ARMC received an overall designation of “Not Graded” as there was no data available for Leapfrog to use to complete a Safety Grade because ARMC/CHS chose not to report CMS data during the COVID waiver period in 2020. The timeframe used for data reporting on the survey was January through December 2020 (per survey instructions).

Table 1b: Leapfrog Safety Grades³

Location	Pre-Merger Period						Post-Merger Period	
	FY2018		FY2019		FY2020		FY2021	
	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall
HMC	A	A	A	A	A	B	B	B
ARMC (HMC-S)	C	C	C	B	C	C	C	Not Graded ⁴

² Source: Care Compare: <https://www.medicare.gov/care-compare/#search>.

³ Source: Leapfrog Research Group: <https://ratings.leapfroggroup.org/>.

⁴ Legacy ARMC received an overall designation of “Not Graded” as there was no data available for Leapfrog to use to complete a Safety Grade because ARMC/CHS chose not to report CMS data during the COVID waiver period in 2020. The timeframe used for data reporting on the survey was January through December 2020 (per survey instructions).

- **Patient Admissions & Medicare Cost Report Data:** Inpatient admissions and outpatient volumes are provided below in Item 2 of this Report. Hendrick Health is in the process of finalizing its 2019 Cost Report for HMC, and will provide the cost report once finalized, likely in 2022. Similarly, Hendrick Health will also provide 2020 cost reports once finalized.
- **Patient Satisfaction Ratings:** During Quarter 4 FY2021, both HMC and HMC-S maintained its rating of three (3) stars on the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey of patient satisfaction. On November 10, 2020, CMS announced that due to the COVID-19 public health emergency, it would not update the HCAHPS survey for the January, April and July 2021 public reports, and instead, the previously reported data would carry forward. As such, the Quarter 4 FY2021 ratings (see **Table 1c** below) were awarded during Quarter 1 FY2021 and carried forward for Quarters 2, 3, and 4 FY2021, respectively. Updates to the patient satisfaction ratings will be reflected accordingly in future quarterly reports, once released by CMS.

Table 1c: Patient Satisfaction Rating Results⁵

Location	Pre-Merger Period												Post-Merger Period			
	FY2018				FY2019				FY2020				FY2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
HMC	3	3	3	4	3	3	3	3	4	3	5	3	3	3	3	3
ARMC (HMC-S)	3	3	3	3	3	3	3	3	3	3	2	3	3	3	3	3

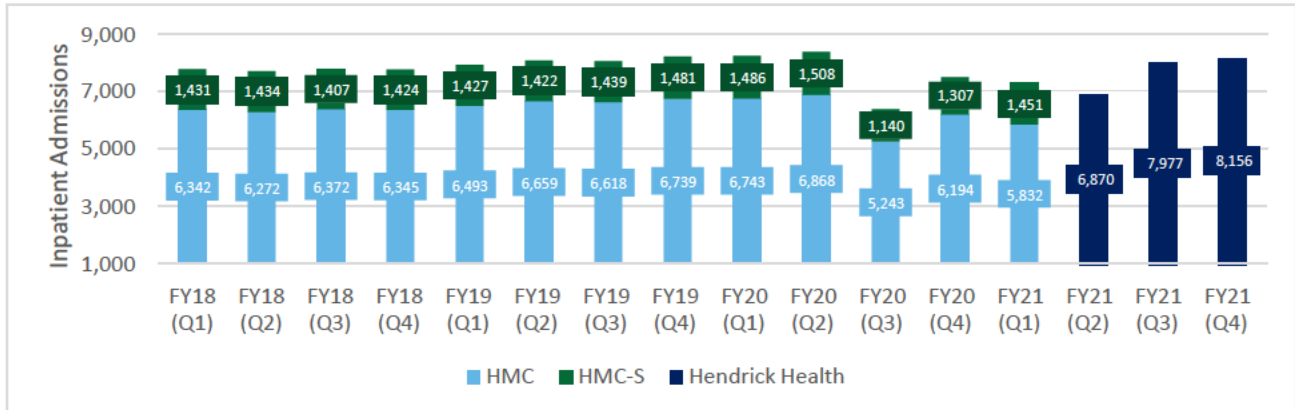
2. Inpatient and outpatient numbers before the merger and the current quarter.

- **Inpatient Volumes⁶:** Overall, inpatient admissions for Hendrick Health increased by 2.2% from Quarter 3 FY2021 to Quarter 4 FY2021, from 7,977 to 8,156. As mentioned in previous reports, HMC and legacy ARMC (HMC-S) experienced significant declines in patient volumes in 2020, largely as a result of the COVID-19 pandemic, followed by gradual increases toward historical rates. **Table 2a** shows quarterly inpatient admissions for HMC and HMC-S. Volume numbers are shown on a combined basis for Hendrick Health post-Merger (Quarter 2 FY2021 and beyond) as both hospitals will be reported under a single National Provider Identifier (“NPI”).

⁵ Source: HCAHPS Patient Satisfaction Survey: [HCAHPS Survey Results](#).

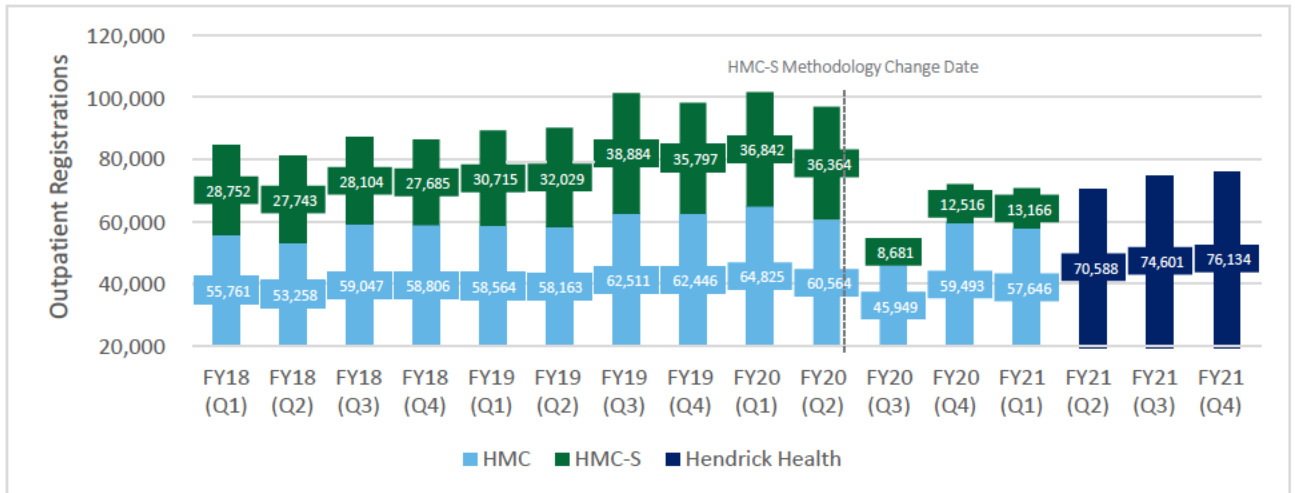
⁶ Prior to the Transaction Closing Date, ARMC operated on a calendar fiscal year of January 1 – December 31. Post-Merger, ARMC’s fiscal year was adjusted to reflect Hendrick Health’s fiscal year of September 1 – August 31. As such, ARMC’s historical volume information has been adjusted to reflect a fiscal year of September 1 – August 31 for the purposes of this Report.

Table 2a: Inpatient Admissions



- Outpatient Volumes⁷:** Overall, outpatient registrations for Hendrick Health increased by 2.1% from Quarter 3 FY2021 to Quarter 4 FY2021, from 74,601 to 76,134. **Table 2b** below displays the quarterly outpatient volumes for HMC and HMC-S. Volume numbers are shown on a combined basis for Hendrick Health post-Merger (Quarter 2 FY2021 and beyond) as both hospitals will be reported under a single National Provider Identifier (“NPI”).

Table 2b: Outpatient Registrations⁸



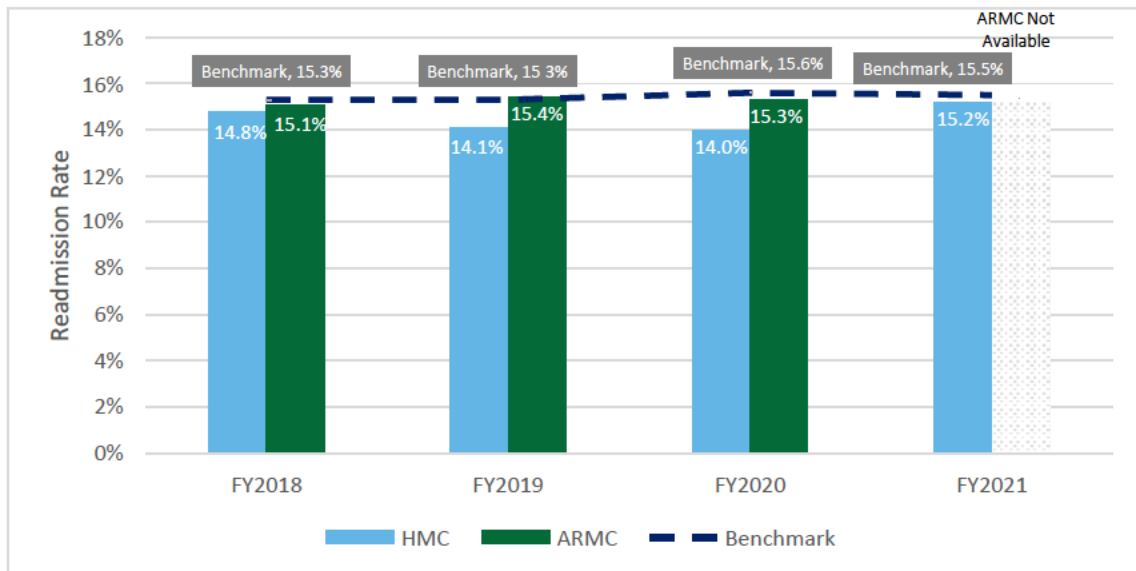
⁷ Prior to the Transaction Closing Date, ARMC operated on a calendar fiscal year of January 1 – December 31. Post-Merger, HMC-S’s (legacy ARMC) fiscal year will be adjusted to reflect Hendrick Health’s fiscal year of September 1 – August 31. As such, HMC-S’s historical volume information has been adjusted to reflect a fiscal year of September 1 – August 31 for the purposes of this Report.

⁸ The calculation of outpatient registrations at HMC-S was slightly revised from the Baseline Performance Report to be more consistent with the calculation of outpatient registrations at HMC starting in Quarter 3 FY2020 (see dotted line on **Table 2b** delineating the time the methodology was changed). Post-Merger, Hendrick Health aligned the calculation of outpatient registrations at HMC-S (legacy ARMC) to the HMC methodology, which excludes clinic and ED visits.

3. Patient readmission numbers before and after the merger.

- Patient Readmission Numbers:** As described in previous Performance Reports, the reported readmission rates during the Baseline Period included all unplanned readmissions⁹ within 30 days of a hospital stay or inpatient procedure, and are not adjusted to reflect underlying differences in acuity or co-morbidities. CMS typically reports readmission data on an annual basis, in July or August. The most recently released readmission numbers were reported in **Table 3** under year 2021. Updates to the readmission rates will be reflected accordingly in future quarterly reports. As a result of the Merger in October 2020, legacy ARMC’s (now HMC-S) CMS Certification Number (CCN) was retired, therefore, no data would be in CMS’s database to report for legacy ARMC. Going forward, all data on CMS’s website for Hendrick Medical Center (1900 Pine Street) will be combined performance for both HMC and HMC-S.

Table 3: Patient Readmissions^{10 11}



⁹ Per CMS, the overall rate of unplanned readmission after discharge from the hospital (also called “hospital-wide readmission”) focuses on whether patients who were discharged from a hospital stay were hospitalized again within 30 days. All medical, surgical and gynecological, neurological, cardiovascular, and cardiorespiratory hospital patients are included in this measure. Patients may have returned to the same hospital or to a different hospital. They may have been readmitted for a condition that is related to their recent hospital stay, or for an entirely different reason.

¹⁰ Source: Care Compare “Unplanned Hospital Visit” benchmark ([Medicare.gov](https://www.medicare.gov)). The following represents the reporting periods by fiscal year: 7/1/2016 to 6/30/2017 for FY2018, 7/1/2017 to 6/30/2018 for FY2019, 7/1/2018 to 6/30/2019 for FY2020, and a partial year 7/1/2019 to 12/1/2019 for FY2021 (the latest data available for FY2021 was as of October 2021).

¹¹As a result of the Merger in October 2020, legacy ARMC’s (now HMC-S) CMS Certification Number (CCN) was retired, therefore, no data would be in CMS’s database to report for legacy ARMC. Going forward, all data on CMS’s website for Hendrick Medical Center (1900 Pine Street) will be combined performance for both HMC and HMC-S.

4. Any association between increased patient volumes and better patient outcomes.

- **Protocols and treatments.** After the Transaction Closing Date, Hendrick Health started to standardize evidence-based protocols and treatment plans throughout the system for various conditions, such as COVID-19 Inpatient and ICU Management, Sepsis, Stroke, and Massive Transfusion Protocol. Hendrick Health also intends to continue to expand capacity of the HMC-S Emergency Department, transfer fewer patients out of the region, and allow patients to receive complex specialty care locally through Hendrick Health’s surgeons and proceduralists. During Quarter 4 FY2021, Hendrick faced capacity limits at both HMC and HMC-S, and relieved capacity by transferring patients to the other campus for care. This benefitted the community by increasing access to care when patients otherwise may have been waiting at one campus for services. Additionally, the COVID Medicine Committee, which contains medical staff and support staff from both campuses, continued to consider best practices for the treatment of hospitalized COVID-19 patients by researching and discussing treatment options and medical alternatives together. The Evidence-Based Medicine (EBM) Committee, which also contains physicians and support staff from both campuses, has become increasingly active in researching and discussing treatments and protocols and making strides to review, update, and standardize order sets for the organization. Additional information will be reported in future submissions as post-Merger changes continue to occur and new information becomes available.
- **Combined Quality of Care committees.** Hendrick Health believes its larger, post-Merger combined medical staff has led to better planning and improvement in system-wide mechanisms for quality of care. In Quarter 4 FY2021, Hendrick Health has continued to utilize its combined medical staff to establish and execute various committees, described below, tasked with reviewing and improving quality of care procedures. The integration of these quality of care committees support quality of care initiatives across the system.
 - The COVID Medicine Committee, comprised of staff from both HMC and HMC-S, met on an as-needed basis to discuss COVID-19 protocols and standardized care for patients at both campuses, as well as research and treatment options for COVID-19 patients.
 - The Evidence-Based Medicine Committee continued its review of current order sets and protocols, such as Acute Cardiac Syndrome Admission Orders, Chest Pain Observation Orders, Post Cardiac Catheterization Order Set for Radial Axis, and Alteplase Order Set for HMC and HMC-S.
 - The Patient Safety Committee continued to meet monthly to discuss risk management, patient safety, and medical equipment issues.
 - The consolidated members of the Performance Improvement Committee and the Physician Review Committee continued reviewing and addressing various system-wide quality of care concerns by procedures and by providers.
 - The Joint Quality Committee of the Board of Trustees over the system continued to meet and discuss general quality of care concerns, performance improvement projects, and high-impact monitoring across HMC and HMC-S.

- Inpatient Diabetes education for new-onset diabetics expanded to include HMC-S, to provide in-house comprehensive education from a navigator or pharmacist at the bedside prior to discharge. As mentioned in the Quarter 3 FY2021 Performance Report, Hendrick Health established a task force comprised of experts in Diabetes Education, Pharmacy, Director and VP of Pharmacy, Director of Quality, Quality Manager, and Case Management to discuss various processes for the HMC Diabetes Education Navigator to ensure that newly-diagnosed Diabetics at HMC-S could receive one-on-one teaching by a Certified Diabetic Educator. In Quarter 4 FY2021, the process was completed and education to leadership provided at Management Council, while the Hospitalist group of physicians at HMC-S was educated during their morning huddle with Case Management. This program is working well.
- Hendrick Health’s BMI > 50 Committee reconvened to update the processes at HMC and is planning to roll out the same process at HMC-S in the coming months. The purpose of this initiative is to identify patients with high BMI and ensure the needs for this population are being met early in their inpatient stay. The project includes specialty beds as needed and consults for Physical Therapy, Nutrition, and Case Management/Social Work. The Health System Director of Patient Safety and the Director of Hendrick Health Club are also involved in the Committee, which is rolling out education to primary care physicians with apps that can be used to encourage mobility and movement. This will be integrated across both campuses in the coming months. Additionally, in Quarter 4 FY2021, wound care/ostomy nurses were added to the Committee because they had expertise in commonly occurring skin issues, and several ideas have been discussed about the best way to encourage this population to increase movement and maintain and improve their physical abilities. The Committee determined to test a pilot program using a “MyZone” monitor, which patients can use at home to track movement, connect with others through an app, and earn “badges.” A small set of patients will be identified for the trial before rolling out the program more broadly to patients with high BMI at either facility.
- The Quality Council includes leaders from across the system and focuses on quality of care concerns, Performance Improvement projects, and data from regulatory-required and high-impact monitoring. In Quarter 4 FY2021, this Committee began receiving and sharing data from various departments at HMC-S as it continues to integrate processes across the two campuses.

5. Explanation of how patient services were optimized since the merger and how service optimization impacted patient care.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- After the Transaction closed in October 2020, Hendrick Health immediately began the process of evaluating opportunities across the combined system with the goal of optimizing patient services and enhancing the overall patient experience. During the Fourth Quarter FY2021, Hendrick Health implemented the following initiatives:
 - Hendrick Health completed the migration of all hospital services to Allscripts EMR on June 1, 2021, which created “single inpatient medical record” system for Hendrick Health to

provide greater connected care between facilities and enhance overall patient experience. A single EMR across Hendrick Health allows for a single record system for staff and physician use, one repository for the patient record, and a streamlined approach to increase safety and continuity of care.

- The Hendrick Anesthesia Network began offering full Anesthesia services at HMC-S in Quarter 4, FY2021, integrating care, providers, and processes across both HMC and HMC-S. Having a single Anesthesia provider is expected to enhance patient experience by increasing standardization of these services across Hendrick Health's campuses and increasing the level of physician (MD/DO) oversight.
- [REDACTED]
- Hendrick Health completed the Joint Commission extension (3-day) survey¹² with strong results. The survey indicated a strong coordination of clinical-based services and a strong pathway for continued integration between the two Abilene campuses. Such documentation is included in **Attachment 5**.
- Continued improvement of patient care through upgrading technology and replacing older equipment. For example, Hendrick Health successfully installed 10 additional Pyxis A-systems in the Main OR at HMC-S and at the Surgery center in August 2021. These projects ensure adequate and timely supply of medications, increased patient safety, accuracy of medication administration documentation and charges, and increased productivity of staff and efficiency of operations.
- During Quarter 4 FY2021, Hendrick faced capacity limits, particularly emergency room and intensive care unit (ICU) capacity, at both HMC and HMC-S, and relieved capacity by transferring patients to the other campus for care. The community had increased access to care when they may otherwise have been waiting at one of the campuses.
- Continued development of the new, centralized patient transfer process, which has streamlined patient transfers and increased access to care. This program continues to allow for smoother in-bound transfers from surrounding cities such as Brownwood, Eastland, Anson, Rotan, Comanche, and Winters. In addition, the centralized patient transfer process allowed for quicker and smoother transitions between HMC and HMC-S as needed to help alleviate capacity constraints (mentioned above).
- Continued recruitment for critical staff underway (permanent and temporarily) to provide the needed care for our community. Working as a team with our other campuses, HMC-S received many State personnel during the initial peak/surge of COVID and is currently tapping into all available resources during this current COVID surge.

¹² According to the Joint Commission, an extension survey is a survey of limited scope conducted to assure that a previously demonstrated level of compliance is being maintained under changed circumstances.

- Continued strategic planning for a nursing organizational chart with a more intuitive structure for integration and cultural development. During Quarter 4, the Emergency Departments were unified under a single Director position with a manager at HMC-S and a supervisor at the plaza site. This change was made in this service line to integrate emergency services in the Abilene market and make a seamless approach to patient transfers. In addition, the organizational chart was finalized placing the existing nursing Directors at HMC in a Director of Abilene Market role. In this role, they will be leading the service line shared governance council and will be responsible for integrating policies, protocols, order sets, and evidence based care for their patient populations.
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] During Quarter 4 FY2021, Hendrick Health hired an additional Clinical Pharmacist with ICU training to support the HMC-S campus and furthered its goals to provide more in-person, onsite coverage in the ICU.
- Engaged in ongoing discussions with Global Medical Response d/b/a MetroCare, the ground and air transportation company in Taylor County, Texas, regarding ongoing process improvements.
- Facilitated expedited process for obtaining emergency detention orders from local Justice of the Peace in order to appropriately treat inpatients who, because of that mental illness, are substantial risk of serious harm to themselves or to others

6. A summary of quality improvement measures for each hospital to address performance in meeting quality performance standards.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- During the Fourth Quarter FY2021, Hendrick Health continued implementing a number of quality improvement measures, which are intended to further enhance quality at all of Hendrick Health's hospitals. For example, for FY2021, as discussed in the Quarter 1 FY2021 Performance Report¹³, the post-Merger organization established system-wide quality goals for the following five specific quality measures: (1) Overall Care for Sepsis; (2) Inpatient 30-Day Readmission Reduction; (3) Hospital-Acquired Condition (HAC) Reduction Domain 1 PSI-90 Composite; (4) HAC Reduction Domain 2 HAI SIR (which consists of five (5) underlying quality metrics); and (5) Achieving Patient Satisfaction HCAHPS VBP Domains. In establishing the system-wide quality measures, Hendrick Health set specific quality goals or benchmarks for each measure as follows:

¹³ Certain specific quality metric goals/benchmarks have been updated since the previous Report to reflect corrected amounts.

- Overall Care of Sepsis¹⁴: 70.0% or greater.
- Inpatient 30-Day Readmission Reduction¹⁵: O/E < 1.0 in 3 of 6 conditions.
- HAC Reduction Domain 1 PSI-90 Composite¹⁶: 0.9000 or less.
- HAC Reduction Domain 2 HAI SIRs¹⁷: Achieve 1.00 or less for each of the five (5) underlying measures, which are:
 - Central Line Associated Bloodstream Infection (CLABSI): 1.00 or less.
 - Catheter-Associated Urinary Tract Infection (CAUTI): 1.00 or less.
 - Surgical Site Infection (SSI): 1.00 or less.
 - Methicillin-Resistant Staphylococcus Aureus Bacteremia (MRSA): 1.00 or less.
 - Clostridium Difficile Infection (CDI): 1.00 or less.
- Achieving Patient Satisfaction HCAHPS VBP in 4 of 8 Domains.
- In establishing and working toward the goals in these key areas, Hendrick Health continues to work collaboratively across HMC and HMC-S to drive quality improvement performance for the system. Hendrick Health tracks these quality measures internally to develop strategies and understand current performance. This is a proactive approach to understand and potentially impact the data that will be later publicly reported; Hendrick Health anticipates needing more than a year of post-Merger data before it has usable data to report. Hendrick Health will provide updates in future reports as additional information becomes available.
- The quality measures referenced in this Report are summarized below in **Table 6**.

¹⁴ Definition: Compliance to the Sepsis Bundle Measure, which includes all elements of the measure being met within the specified timeframes (Higher is better).

¹⁵ Definition: Inpatient all cause 30-day readmission (Lower is better).

¹⁶ Definition: CMS-defined Patient Safety Indicators composite of PSI-03 Pressure Ulcer, PSI-06 Iatrogenic Pneumothorax, PSI-08 In Hospital Fall with Hip Fracture, PSI-09 Perioperative Hemorrhage or Hematoma, PSI-10 Postoperative Acute Kidney Injury Requiring Dialysis, PSI-11 Postop Respiratory Failure, PSI-12 Perioperative PE or DVT, PSI-13 Postop Sepsis, PSI-14 Postop Wound Dehiscence, PSI-15 Unrecognized Abdominopelvic Accidental Puncture or Laceration. The calculation for this rate is the number of events occurring within the total population for the measures included in the composite (Lower is better).

¹⁷ Definition: CMS defined performance thresholds for five specific Hospital Acquired Infections (HAIs) and their associated Standardized Infection Ratio (SIR).

Table 6: Hendrick Health Summary of Quality Measure Performance

Quality Metrics	Page Ref.	Pre-Merger								Post-Merger						
		FY2018		FY2019		FY2020		FY2021								
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4							
CMS Star Rating - HMC	Pg. 8	4	4	3	3	5	5	Not Applicable (rating to be released in Q3)		4	4					
CMS Star Rating - HMC-S	Pg. 8	3	3	2	2	2	2	Not Applicable (rating to be released in Q3)		4	4					
Leapfrog Safety Grades - HMC	Pg. 8	A	A	A	A	A	B	Not Applicable (rating to be released in Q3)		B	B					
Leapfrog Safety Grades - HMC-S	Pg. 8	C	C	C	B	C	C	Not Applicable (rating to be released in Q3)		C	Not Graded					
Pt. Satisfaction Rating - HMC	Pg. 9	3	3	3	4	3	3	3	3	4	3	5	3	3	3	3
Pt. Satisfaction Rating - HMC-S	Pg. 9	3	3	3	3	3	3	3	3	3	3	2	3	3	3	3
Inpatient Volumes - HMC	Pg. 9	25k		27k		25k		6k	7k	8k	8k					
Inpatient Volumes - HMC-S	Pg. 9							1k								
Outpatient Volumes - HMC	Pg. 10	227k		242k		231k		59k	71k	75k	76k					
Outpatient Volumes - HMC-S ¹⁸	Pg. 10							13k								
Patient Readmissions - HMC	Pg. 10	14.8%		14.1%		14.0%		15.2%								
Patient Readmissions - HMC-S	Pg. 10	15.1%		15.4%		15.3%		Not Available ¹⁹								

¹⁸ [REDACTED]

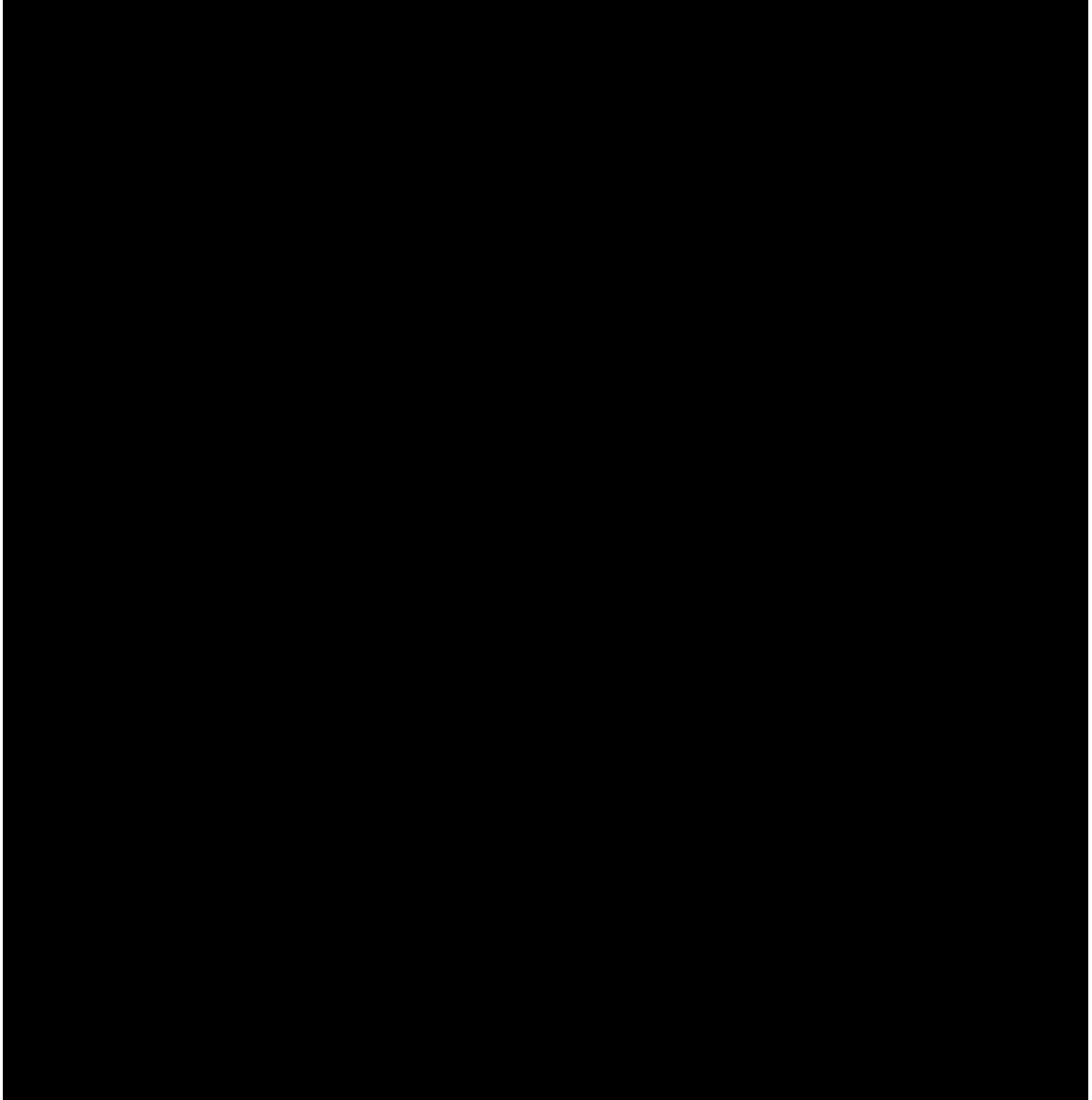
¹⁹ As a result of the Merger in October 2020, legacy ARMC's (now HMC-S) CMS Certification Number (CCN) was retired, therefore, no data would be in CMS's database to report for legacy ARMC. Going forward, all data on CMS's website for Hendrick Medical Center (1900 Pine Street) will be combined performance for both HMC and HMC-S.

B. Efficiencies

7. A description of steps taken to reduce costs and improve efficiency.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- Steps Taken to Reduce Costs: Hendrick Health continues to adhere to the structured process, as outlined in previous Performance Reports, to reduce costs and improve efficiency. In Quarter 4 FY2021, Hendrick Health undertook the additional steps to reduce costs and improve efficiency:



8. Data regarding emergency department closures since the merger.

- Current Emergency Department Locations: During Quarter 4 FY2021, there were no changes in the number of Emergency Departments that Hendrick Health operated. As such, Hendrick Health still

operates two Emergency Departments at HMC and one Emergency Department at HMC-S, as reported in the Baseline Performance Report. Each location is listed in **Table 8a** and **Table 8b** below.

Table 8a: HMC Emergency Departments

Emergency Department Location	Address	Status
Waters Emergency Care Center (HMC)	1900 Pine Street, Abilene, TX 79601	Open
Hendrick Emergency Care Center Plaza	5302 Buffalo Gap Road, Abilene, TX 79606	Open

Table 8b: HMC-S Emergency Department

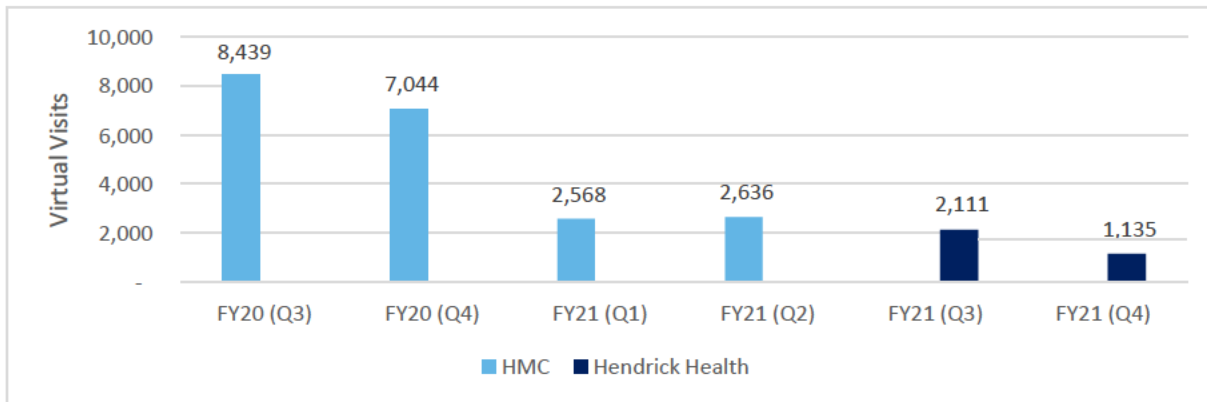
Emergency Department Location	Address	Status
Hendrick Emergency Care Center South (HMC-S)	6250 US-83, Abilene, TX 79606	Open

- Emergency Department Closures: Hendrick Health has no plans to close any Emergency Departments as of the date of this Report.
9. A description of how the hospitals have expanded telehealth and an explanation of how the expansion has improved access to healthcare for the rural community by: (1) Providing data demonstrating the expansion of telehealth and technology; and (2) Explaining how the expansion of telehealth and technology improved the hospitals' ability to treat a larger patient population.
- Telehealth: During Quarter 4 FY2021, Hendrick Health (including HMC and HMC-S) provided telehealth services, including primary and other non-emergency care services, to 1,135 patients through its virtual care platforms. The number of telehealth patients decreased as compared to Quarter 3 FY2021 (as shown in **Table 9**), as patients continued to visit clinics in-person due to patient preference. For comparison, the volume of in-person physician clinic visits was 57,581 in Quarter 4 FY2021, and the following represents historical data on in-person physician clinic visits:
 - Q3 FY2020: 37,244
 - Q4 FY2020: 50,905
 - Q1 FY2021: 47,971
 - Q2 FY2021: 66,398
 - Q3 FY2021: 60,761
 - Q4 FY2021: 57,581
- Telehealth capabilities remain available and are utilized by patients choosing that method of care.
- Hendrick Health implemented a Tele-Sitter program at HMC South in August 2021. This program was extended to HMC-S to improve patient care and safety for confused patients in order to prevent falls, prevent treatment lines from being pulled out, and to improve nurses' ability to effectively manage patient loads. This is a portable camera system, already in place and well-established at HMC, which is centrally monitored, allows for verbal cues and reminders at the bedside to reorient patients and provide gentle reminders of safe, compliant behaviors. Additionally, those monitoring the cameras have lines of direct communication to assigned nursing

personnel to escalate the need for physical bedside presence and/or intervention. This program provides safe, evidence-based staffing supplementation for identified patient populations in a world of extreme nursing and unlicensed staffing shortages.

- As discussed in the Quarter 3 report, effective May 2021, Telehealth Maternal Fetal Medicine (MFM) services were added to provide remote MFM evaluation and treatment (including MFM ultrasound) in the Labor and Delivery department.
- Hendrick Health will continue to address how the expansion of telehealth and technology improved the hospitals’ ability to treat a larger patient population in future quarterly reports, as applicable. Volume numbers will be shown on a combined basis as both hospitals will be reported under a single National Provider Identifier (“NPI”).

Table 9: Number of Patients Treated via Telehealth²⁰



10. Progress reports regarding the adoption of the new IT Platform.

- **IT Platform:** HMC and HMC-S (legacy ARMC) completed its planned migration to Allscripts Acute EMR platform with a go-live date of June 1, 2021, providing the organization with a single EMR system across both campuses. During Quarter 2 FY2021, Hendrick Health decided to separate the migrations for hospital services and physician clinical services to reduce the potential for clinical disruption and overall risk to the migration process.
- For hospital services, the migration to a single EMR was completed on June 1, 2021. Hendrick Health upgraded HMC and migrated HMC-S to the Allscripts Sunrise EMR. HMC-S previously used the MedHost EMR platform. This migration established a “single inpatient medical record” system for Hendrick Health and provide greater connected care between facilities. In addition, the migration for outpatient therapy services to Allscripts was completed during Quarter 3 FY2021.

²⁰ Hendrick Health does not have access to legacy ARMC historical (FY2020 – Quarter 1 FY2021) telehealth data.

11. A description of any reduction in workforce since the issuance of the COPA based on occupation, i.e. doctors, nurses, support staff, etc. Include the numbers and job titles of any position eliminated, the total number of employees before and after the reduction, and any impact the reduction has on patient service delivery.
- Workforce: As of the Transaction Closing Date through the end of the Fourth Quarter FY2021, the only workforce reduction activity was related to the following:
 - Closure of Hendrick Hearing Healthcare in June 2021, which occurred due to lack of demand for hearing services at Hendrick Health. The preparation for the closure of Hendrick Hearing Healthcare occurred prior to the Merger with legacy ARMC and was not related to the Merger. This closure resulted in the elimination of three positions: Clinical Coordinator (Audiologist), Supervisor - Business Services, and Audiology Specialist. Among the three positions, one of the impacted employees was able to secure a comparable position in another Hendrick Health department, one employee retired, and one employee found a comparable position at a local physician office. The reduction is not expected to have any impact on patient service delivery and hearing healthcare services continue to be available to patients through a number of other providers in the area.
 - As noted in previous quarterly reports, neither HMC nor HMC-S reduced its workforce as a result of the pandemic. Rather, both facilities have experienced increased demand for staff.
 - Additionally, Hendrick Health was named as one of the “Best Places to Work in Healthcare” for 2021 by *Modern Healthcare*, resulting in the third year in a row that Hendrick has been named to this list. The “Best Places to Work” awards program was created to recognize companies that continuously strive to improve their work environment and increase employee engagement, satisfaction, and retention through innovative changes in the workplace.
 - As of August 31, 2021, Hendrick Health employed 4,220 employees, as compared to 4,172 employees as of May 31, 2021 (end of Quarter 3 FY2021) (see **Table 11** below). Hendrick Health continued to hire additional local staff within the region, as needed to provide necessary services at HMC-S that had been provided previously by out-of-state or third-party contracted workers before the Merger. For example, in Quarter 4 FY2021, Hendrick Health hired 429 new employees, including 6 new positions that were added to replace positions previously held by CHS corporate services.
 - Additionally, to support staffing needs from the increased COVID-19 cases in Quarter 4 FY2021, Hendrick Health contracted 100 travel healthcare professionals.
 - Please note from Quarter 3 FY2021 forward, employee counts for Hendrick Health (HMC and HMC-S) will be reported on a consolidated basis as both hospitals will be reported under a single NPI.

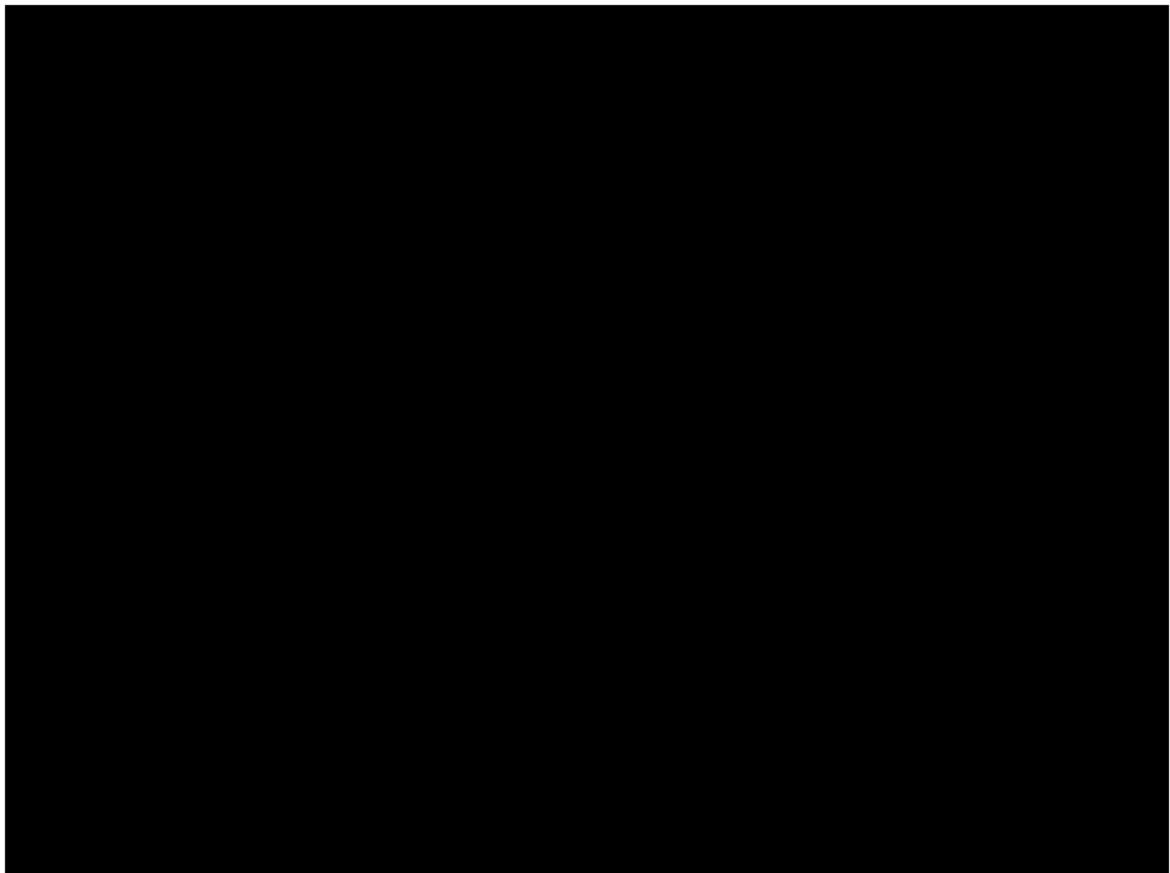
Table 11: Workforce as of Quarter 4 FY2021²¹

Location	Employees as of Transaction Closing Date ²²	Employees as of Q1 FY2021	Employees as of Q2 FY2021	Employees as of Q3 FY2021	Employees as of Q4 FY2021
HMC	3,493	3,461	3,547	4,172	4,220
HMC-S	667	621	607		
Total	4,160	4,082	4,154	4,172	4,220

12. Data and financial reports demonstrating savings from the reduction in duplication of resources.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- Hendrick Health has identified several potential opportunities and initiatives that it believes will generate efficiencies and reduce unnecessary costs. The following opportunities are specifically related to the reduction in the duplication of resources:



²¹ Please note that employee headcount includes employed physicians and advanced practice clinicians.

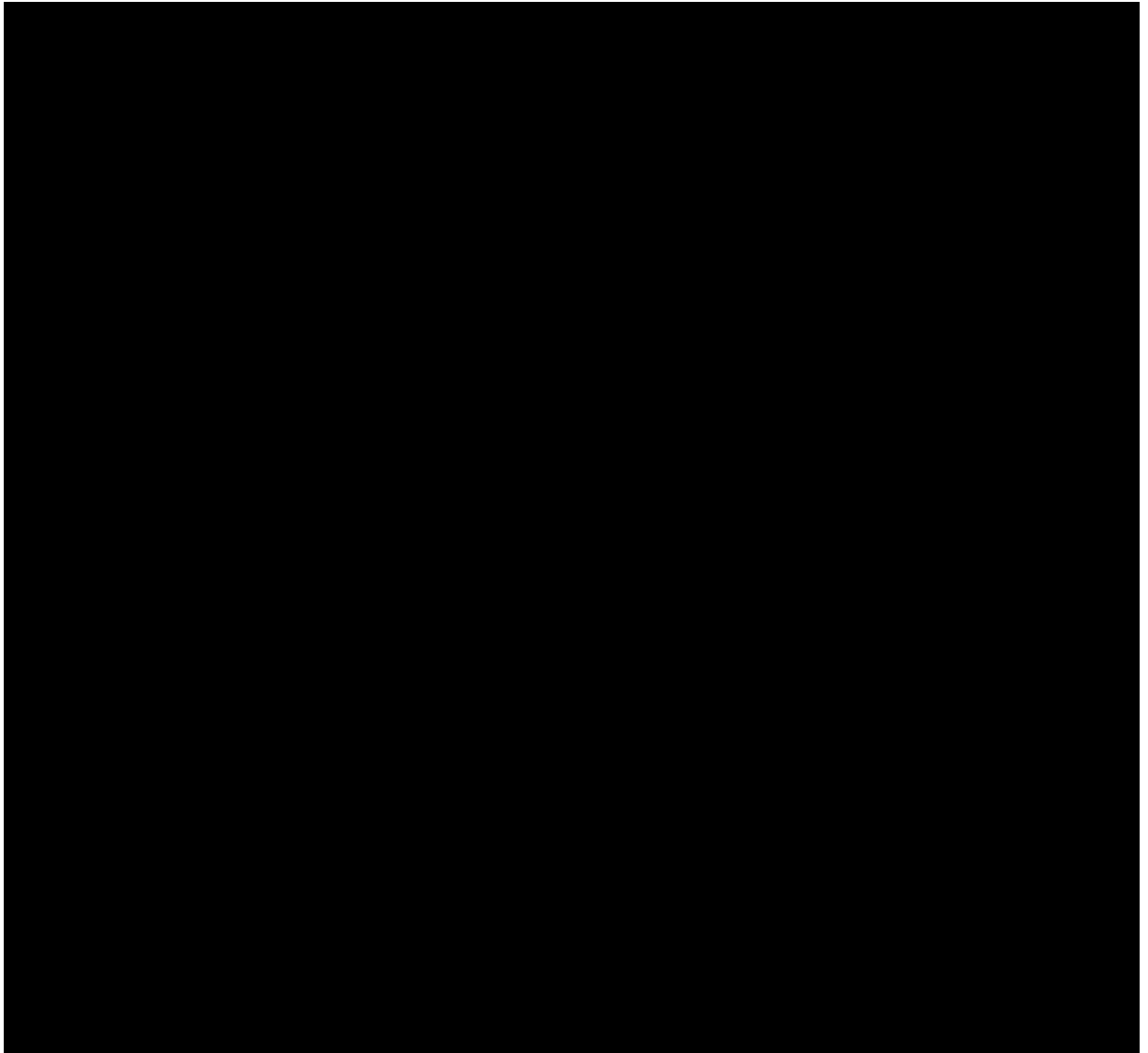
²² Please note that employee count as of Transaction Closing Date was slightly inflated, as there were 30 CHS employees included in Hendrick Health’s personnel tracking system that were not part of the Merger. As these employees remained with CHS, they were removed from the Hendrick Health personnel tracking system on October 27, 2020.

Hendrick Health intends to continue thoughtfully evaluating opportunities through the post-Merger integration process and will provide updates and estimated cost savings in subsequent reports once more information becomes available.

13. Data showing the coordination of services before and after the merger and evidence demonstrating how cost savings will be reinvested locally.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

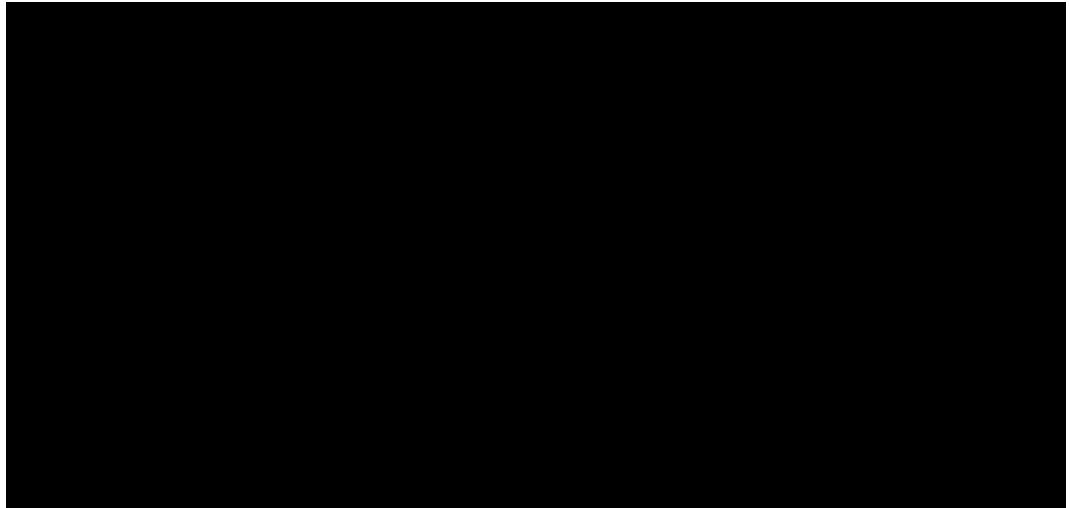
- Pre-Merger Coordination of Services: Please refer to the Baseline Performance Report.
- Post-Merger Coordination of Services: By thoughtfully combining the resources of HMC and legacy ARMC, Hendrick Health intends to better coordinate services, increase efficiencies, and optimize patient care. As of the end of Quarter 4 FY2021, Hendrick Health continued to enhance the coordination of services through the following:



- **Expansion of Tele-Sitter Program to HMC-S:** Hendrick Health implemented a Tele-Sitter program, a portable camera system, at HMC South in August 2021. This program was extended to HMC-S to improve patient care and safety for confused patients in order to prevent falls, prevent treatment lines from being pulled out, and to improve nurses' ability to effectively manage patient loads. This system was already in place and well-established at HMC. The camera is centrally monitored, allows for verbal cues and reminders at the bedside to reorient patients and provide gentle reminders of safe, compliant behaviors. Additionally, those monitoring the cameras have lines of direct communication to assigned nursing personnel to escalate the need for physical bedside presence and/or intervention. This program provides safe, evidence-based staffing supplementation for identified patient populations in a world of extreme nursing and unlicensed staffing shortages.
- **Facility Management Department Integration:** Hendrick Health increased integration of the Facility Management department across HMC and HMC-S; the Facility Management departments across both campuses now report to a single Director, which has resulted in increased resources, knowledge base, and staff flexibility among both campuses.
- **Coordination of Inpatient Capacity:** During Quarter 4 FY2021, Hendrick Health faced capacity limits, particularly emergency room and intensive care unit (ICU) capacity, at both HMC and HMC-S, and relieved capacity by transferring patients to the other campus for care. The community had increased access to care when they may otherwise have been waiting at one of the campuses.
- **Expansion of Inpatient Diabetes Education for New-Onset Diabetes to HMC-S:** Inpatient Diabetes education for new-onset diabetics expanded to include HMC-S, to provide in-house comprehensive education from a navigator or pharmacist at the bedside prior to discharge. As mentioned in the Quarter 3 FY2021 report, Hendrick established a task force comprised of Diabetes Education, Pharmacy, Director and VP of Pharmacy, Director of Quality, Quality Manager, and Case Management to discuss various processes for the HMC Diabetes Education Navigator to ensure to ensure that newly diagnosed Diabetics at HMC-S could receive one-on-one teaching by a Certified Diabetic Educator. In Quarter 4 FY2021, the process was completed and education to leadership given at Management Council, while the Hospitalist group of physicians at HMC-S were educated during their morning huddle with Case Management. This program is working well.
- **Joint Commission Extension Survey:** Hendrick Health completed the Joint Commission extension (3-day) survey²³ in August 2021. The Joint Commission issued strong results. The survey indicated a strong coordination of clinical-based services and a strong pathway for continued integration between the two Abilene campuses.

²³ According to the Joint Commission, an extension survey is a survey of limited scope conducted to assure that a previously demonstrated level of compliance is being maintained under changed circumstances.

- **Combined Operations and Executive Staff Meetings:** Weekly Joint Abilene Operations Meetings and Joint Abilene Executive Staff Meetings began in order to streamline leadership reporting, communication, and responsibilities across both campuses.
- **Unified Organizational Structure:** Hendrick Health continued to integrate the organizational chart across HMC and HMC-S in order to provide increased integration of staffing, policy/procedures, and processes across both campuses. More specifically:



- **House Supervisor Integration across HMC and HMC-S:** House Supervisor integration began between both Abilene campuses to provide ability to float/flex staff and increase vital communication between two facilities and the centralized transfer center.
- **Quality of Care Committees:** In Quarter 4 FY2021, Hendrick Health has continued to utilize its combined medical staff to establish and execute various committees. The committees are responsible with reviewing and improving quality of care procedures. The integration of these quality-of-care committees support quality of care initiatives across the system.
- **Operating Room (OR)/Surgical Committee:** An OR/Surgical Committee was created at HMC-S and established a process for evaluating metrics and efficiencies related to surgical services. This committee rolls up to the Medical Advisory Committee at HMC-S, which rolls to the Medical Executive Committee for the Abilene market, increasing communication and streamlining processes across both campuses under the same medical model.
- **Clinical labor float pool:** Hendrick Health has continued to develop a pool of shared clinical employees across HMC and HMC-S, i.e., a float pool, to address the staffing needs of each campus. The float pool will ensure the resources are available across both campuses.
- **Centralized Transfer Center:** Hendrick Health continued use of its centralized Transfer Center, developed post-Merger, to better coordinate patient transfer requests from surrounding hospitals. The centralized process allows Hendrick Health to better

coordinate services and access across its campuses as well as increase patient transfers into the system. Below is the count of transfers from the region for Quarter 4 FY2021:

- June 2021: Accepted [REDACTED] transfers
 - July 2021: Accepted [REDACTED] transfers
 - August 2021: Accepted [REDACTED] transfers
- **Nursing Organizational Chart Alignment and Optimization:** Continued strategic planning for a nursing organizational chart with a more intuitive structure for integration and cultural development. During Quarter 4, the Emergency Departments were unified under a single Director position with a manager at HMC-S and a supervisor at the plaza site. This change was made in this service line to integrate emergency services in the Abilene market and make a seamless approach to patient transfers. In addition, the organizational chart was finalized placing the existing nursing Directors at HMC in a Director of Abilene Market role. In this role, they will be leading the service line shared governance council and will be responsible for integrating policies, protocols, order sets, and evidence based care for their patient populations.
 - **Coordination of additional clinical staffing at HMC-S:** Through the affiliation with Hendrick Health, HMC-S now has access to increased Texas STAR²⁴ nurses, and other traveling providers which equipped both HMC and HMC-S to better handle the surge of COVID-19 patients throughout the system. For example, during Third Quarter FY2021, Hendrick Health contracted with 100 travel healthcare professionals. HMC and HMC-S engaged in significant coordination to ensure traveling nurses and providers were evenly staffed between both campuses. Hendrick Health anticipates additional opportunities to enhance clinical staffing at HMC-S in order to optimize patient services.
- Cost Savings Reinvestment Evidence: Hendrick Health plans to and has reinvested cost savings to various local initiatives, such as the Hendrick Service Center, automated medication dispensing systems, physician dining refresh, and other capital expenditures.

14. Data demonstrating reinvestment in the combined healthcare system.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- Reinvestment: As discussed in this Report, the Merger allows for the better coordination of resources and decision-making, resulting in improved efficiency, elimination of waste, and the achievement of cost savings. Hendrick Health is committed to reinvesting these savings in its operations and community, with the goal of improving the overall patient experience and patient care. The following are examples of how Hendrick Health began reinvesting in the combined healthcare system during Quarter 4 FY2021:
 - **COVID-19 clinics and vaccine distribution:** In coordination with the local community, state and local representatives and authorities, Hendrick Health organized clinics at

²⁴ STAR is a Texas Medicaid managed care program.

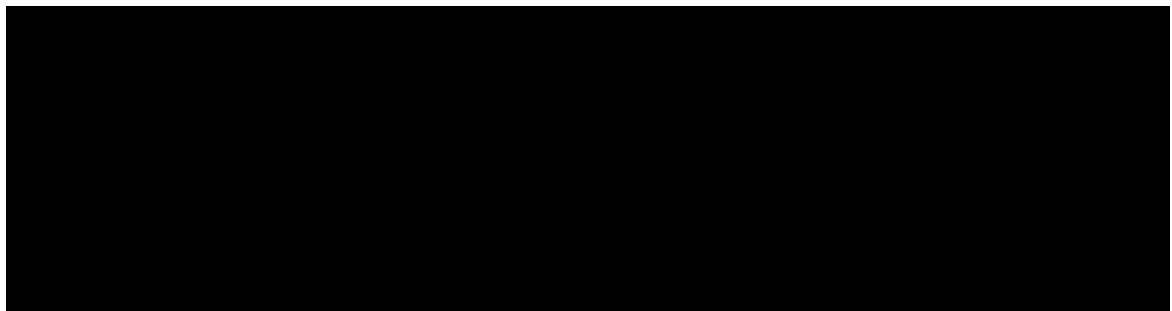
both HMC and HMC-S campuses, and at schools within the community, to support COVID vaccine distribution. Many Hendrick Health pharmacy and nursing staff volunteered to administer 1,443 doses.

- **Planned opening of Hendrick Service Center:** In Quarter 3 FY2021, Hendrick Health announced its plans to open a new shared service center in the former Sears building, located in the Mall of Abilene in Abilene, Texas. Hendrick Service Center was purchased to provide a centralized accessible hub for patient services. By relocating existing administrative and retail services currently housed in and around the campuses, Hendrick Health will be able to reallocate valuable space to expand clinical services for patients. During Quarter 4 FY2021, Hendrick Health began the planning process for the development of the facility. Capital spend was approximately \$350,000 for the quarter. The estimated timeframe for opening is 15 months.
- **Installation of automated medication dispensing systems at HMC-S:** At a cost of approximately \$17,000, Hendrick Health successfully installed 10 additional Pyxis A-systems in the Main OR at HMC-S and at the Surgery center in August 2021. These projects ensure adequate and timely supply of medications, increased patient safety, accuracy of medication administration documentation and charges, and increased productivity of staff and efficiency of operations.
- **Physician dining refresh completed:** Hendrick Health completed a refresh of the physician dining area of HMC-S during Quarter 4, FY2021, including several improvements to the space (e.g., carpet, lighting, etc.) as well adding a physician lounge. The refresh cost approximately \$100,000.
- **Capital expenditures:** In Quarter 4 FY2021, Hendrick Health spent \$7.1M in capital expenditures across both HMC and HMC-S. [REDACTED]

15. Data and financial reports reflecting the savings in each area referenced above.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- ***Post-Merger Operating Efficiencies:*** After the Merger closed, Hendrick Health developed a process to identify, track, and report data and financial reports reflecting efficiencies achieved post-Merger. In Quarter 4 FY2021, Hendrick Health identified several potential opportunities or initiatives that are likely to generate efficiencies and reduce unnecessary costs, as summarized below.



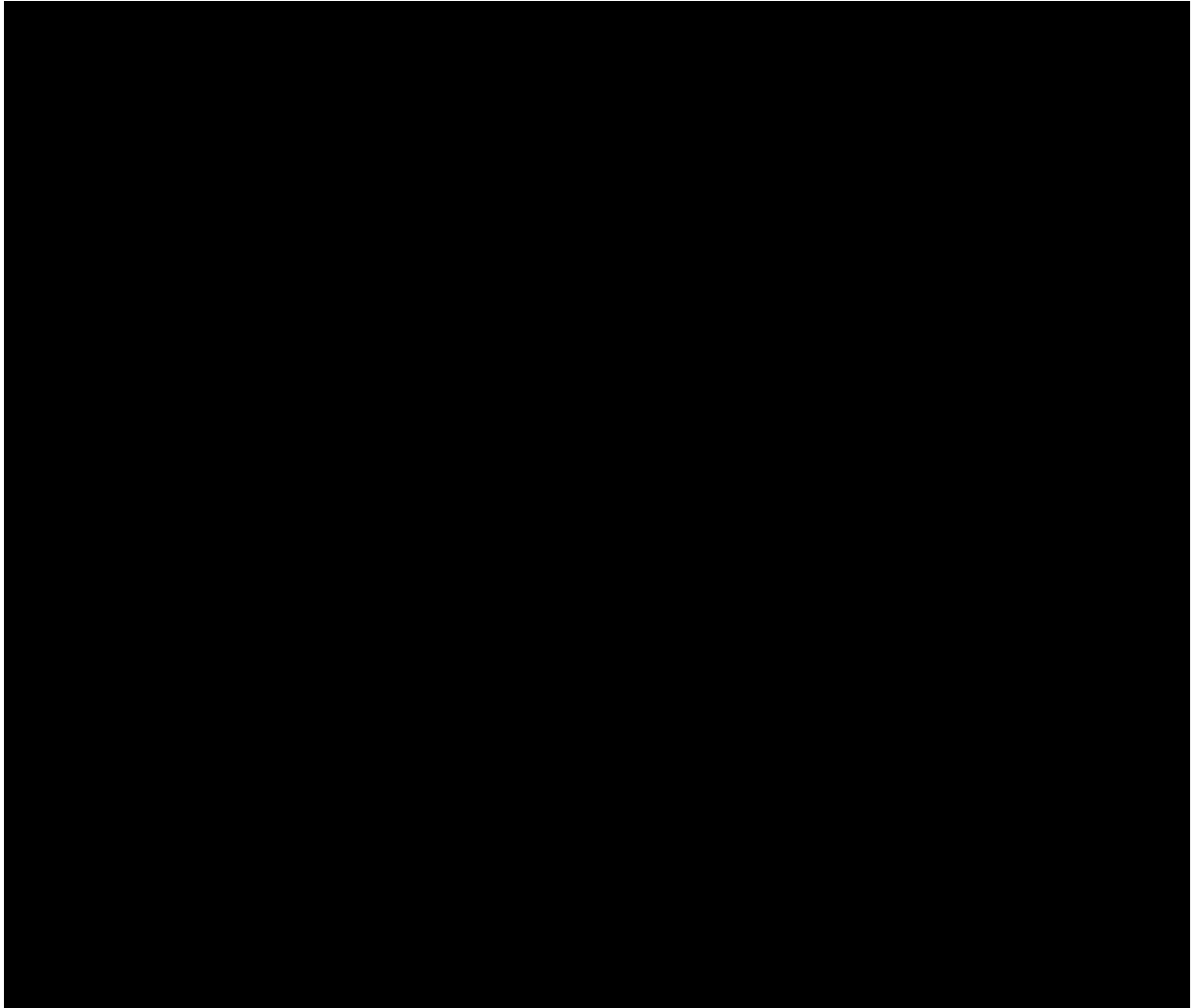
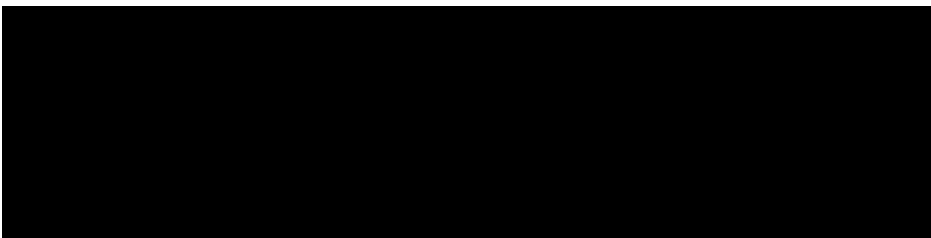


Table 15: Hendrick Health Purchased Services and Supply Contract Savings



Hendrick Health intends to continue thoughtfully evaluating ongoing opportunities through the post-Merger integration process and will provide updates and estimated cost savings in subsequent reports once more information becomes available.

16. Operating deficiencies that existed before the merger and how any operating efficiencies have been achieved since the merger.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- *Pre-Merger Operating Deficiencies:* [REDACTED]

17. An explanation of how any operating efficiencies achieved have impacted healthcare service delivery, patient care, staff, the local community, and counties served.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- Hendrick Health has used current operating efficiencies, including clinical and SG&A efficiencies, to positively impact healthcare service delivery, patient care, staff, the local community, and counties served. For example:
 - **Standardization of protocols and treatments.** After the Transaction Closing Date, Hendrick Health started to standardize evidence-based protocols and treatment plans throughout the system for various conditions, such as COVID-19 Inpatient and ICU Management, Sepsis, Stroke, and Massive Transfusion Protocol. Hendrick Health also intends to continue to expand capacity of the HMC-S Emergency Department, transfer fewer patients out of the region, and allow patients to receive complex specialty care locally through Hendrick Health’s surgeons and proceduralists. During Quarter 4 FY2021, Hendrick faced capacity limits at both HMC and HMC-S, and relieved capacity by transferring patients to the other campus for care. This benefitted the community by increasing access to care when patients otherwise may have been waiting at one campus for services. Additionally, the COVID Medicine Committee, which contains medical staff and support staff from both campuses, continued to consider best practices for the treatment of hospitalized COVID-19 patients by researching and discussing treatment options and medical alternatives together. The Evidence-Based Medicine (EBM) Committee, which also contains physicians and support staff from both campuses, has become increasingly active in researching and discussing treatments and protocols and making strides to review, update, and standardize order sets for the organization. Additional information will be reported in future submissions as post-Merger changes continue to occur and new information becomes available.
 - **Combined Quality of Care Committees.** Hendrick Health believes its larger, post-Merger combined medical staff has led to better planning and improvement in system-wide mechanisms for quality of care. In Quarter 4 FY2021, Hendrick Health has continued to utilize its combined medical staff to establish and execute various committees, described below, tasked with reviewing and improving quality of care procedures. The integration of these quality of care committees support quality of care initiatives across the system.
 - The COVID Medicine Committee, comprised of staff from both HMC and HMC-S, met on an as-needed basis to discuss COVID-19 protocols and standardized care for patients at both campuses, as well as research and treatment options

for COVID-19 patients.

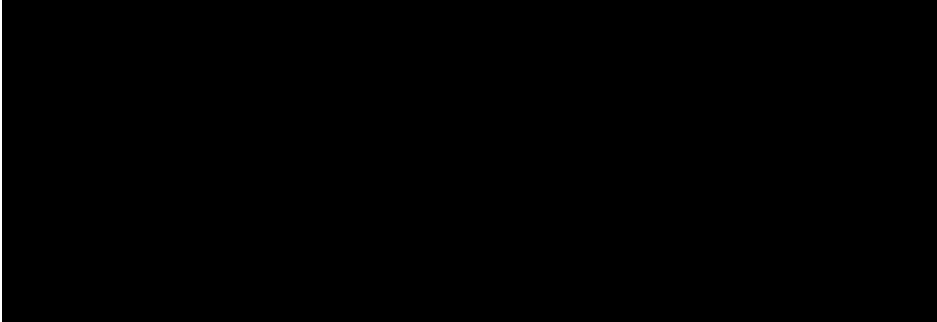
- The Evidence-Based Medicine Committee continued its review of current order sets and protocols, such as Acute Cardiac Syndrome Admission Orders, Chest Pain Observation Orders, Post Cardiac Catheterization Order Set for Radial Axis, and Alteplase Order Set for HMC and HMC-S.
- The Patient Safety Committee continued to meet monthly to discuss risk management, patient safety, and medical equipment issues.
- The consolidated members of the Performance Improvement Committee and the Physician Review Committee continued reviewing and addressing various system-wide quality of care concerns by procedures and by providers.
- The Joint Quality Committee of the Board of Trustees over the system continued to meet and discuss general quality of care concerns, performance improvement projects, and high-impact monitoring across HMC and HMC-S.
- Inpatient Diabetes education for new-onset diabetics expanded to include HMC-S, to provide in-house comprehensive education from a navigator or pharmacist at the bedside prior to discharge. As mentioned in the Quarter 3 FY2021 Performance Report, Hendrick Health established a task force comprised of experts in Diabetes Education, Pharmacy, Director and VP of Pharmacy, Director of Quality, Quality Manager, and Case Management to discuss various processes for the HMC Diabetes Education Navigator to ensure that newly-diagnosed Diabetics at HMC-S could receive one-on-one teaching by a Certified Diabetic Educator. In Quarter 4 FY2021, the process was completed and education to leadership provided at Management Council, while the Hospitalist group of physicians at HMC-S was educated during their morning huddle with Case Management. This program is working well.
- Hendrick Health’s BMI > 50 Committee reconvened to update the processes at HMC and is planning to roll out the same process at HMC-S in the coming months. The purpose of this initiative is to identify patients with high BMI and ensure the needs for this population are being met early in their inpatient stay. The project includes specialty beds as needed and consults for Physical Therapy, Nutrition, and Case Management/Social Work. The Health System Director of Patient Safety and the Director of Hendrick Health Club are also involved in the Committee, which is rolling out education to primary care physicians with apps that can be used to encourage mobility and movement. This will be integrated across both campuses in the coming months. Additionally, in Quarter 4 FY2021, wound care/ostomy nurses were added to the Committee because they had expertise in commonly occurring skin issues, and several ideas have been discussed about the best way to encourage this population to increase movement and maintain and improve their physical abilities. The Committee determined to test a pilot program using a “MyZone” monitor, which patients can use at home to track movement, connect with others through an app, and earn “badges.” A small set of patients will be identified for the trial before rolling out the program more broadly to patients

- with high BMI at either facility.
- The Quality Council includes leaders from across the system and focuses on quality of care concerns, Performance Improvement projects, and data from regulatory-required and high-impact monitoring. In Quarter 4 FY2021, this Committee began receiving and sharing data from various departments at HMC-S as it continues to integrate processes across the two campuses.
- **Optimization of patient services.** After the Transaction closed in October 2020, Hendrick Health immediately began the process of evaluating opportunities across the combined system with the goal of optimizing patient services and enhancing the overall patient experience. During the Fourth Quarter FY2021, Hendrick Health implemented the following initiatives:
 - Hendrick Health completed the migration of all hospital services to Allscripts EMR on June 1, 2021, which created “single inpatient medical record” system for Hendrick Health to provide greater connected care between facilities and enhance overall patient experience. A single EMR across Hendrick Health allows for a single record system for staff and physician use, one repository for the patient record, and a streamlined approach to increase safety and continuity of care.
 - The Hendrick Anesthesia Network began offering full Anesthesia services at HMC-S in Quarter 4, FY2021, integrating care, providers, and processes across both HMC and HMCS. Having a single Anesthesia provider is expected to enhance patient experience by increasing standardization of these services across Hendrick Health’s campuses and increasing the level of physician (MD/DO) oversight.
 - [REDACTED]
 - Continued improvement of patient care through upgrading technology and replacing older equipment. For example, Hendrick Health successfully installed 10 additional Pyxis systems in the Main OR at HMC-S and at the Surgery center in August 2021. These projects ensure adequate and timely supply of medications, increased patient safety, accuracy of medication administration documentation and charges, and increased productivity of staff and efficiency of operations.
 - Continued development of the new, centralized patient transfer process, which has streamlined patient transfers and increased access to care. This program continues to allow for smoother in-bound transfers from surrounding cities such as Brownwood, Eastland, Anson, Rotan, Comanche, and Winters. In addition, the centralized patient transfer process allowed for quicker and smoother transitions between HMC and HMC-S as needed to help alleviate capacity constraints.
 - [REDACTED]

[REDACTED]

. During Quarter 4 FY2021, Hendrick Health hired an additional Clinical Pharmacist with ICU training to support the HMC-S campus and furthered its goals to provide more in-person, onsite coverage in the ICU.

- Facilitated expedited process for obtaining emergency detention orders from local Justice of the Peace in order to appropriately treat inpatients who, because of that mental illness, are substantial risk of serious harm to themselves or to others.
- Expansion of Tele-Sitter Program to HMC-S: Hendrick Health implemented a Tele-Sitter program, a portable camera system, at HMC South in August 2021. This program was extended to HMC-S to improve patient care and safety for confused patients in order to prevent falls, prevent treatment lines from being pulled out, and to improve nurses' ability to effectively manage patient loads. This system was already in place and well established at HMC. The camera is centrally monitored, allows for verbal cues and reminders at the bedside to reorient patients and provide gentle reminders of safe, compliant behaviors. Additionally, those monitoring the cameras have lines of direct communication to assigned nursing personnel to escalate the need for physical bedside presence and/or intervention. This program provides safe, evidence-based staffing supplementation for identified patient populations in a world of extreme nursing and unlicensed staffing shortages.
- [REDACTED]
- Addition of Peripheral Artery Disease (PAD) Rehab at HMC-S: [REDACTED]
[REDACTED] This additional service increases access to a less invasive approach for fighting PAD for their patients.
- Addition of Cardiology Outreach Clinic: Hendrick Health established a Cardiology Outreach Clinic in Ballinger to increase access to care in the region. Previously, patients would have had to drive outside the community in order to access these services.
- Expansion of Peripherally Inserted Central Catheter (PICC) Services to HMC-S: [REDACTED]
[REDACTED]
- A centralized Hendrick Health team implemented a community-wide COVID-19 vaccine distribution strategy, administering over 1,400 doses to community members.

- Planned opening of Hendrick Service Center: In Quarter 3 FY2021, Hendrick Health announced its plans to open a new shared service center in the former Sears building, located in the Mall of Abilene in Abilene, Texas. Hendrick Service Center was purchased to provide a centralized accessible hub for patient services. By relocating existing administrative and retail services currently housed in and around the campuses, Hendrick Health will be able to reallocate valuable space to expand clinical services for patients. During Quarter 4 FY2021, Hendrick Health began the planning process for the development of the facility.
- Staffing/organizational impact.
 - 
 - Facility Management Department Integration: Hendrick Health increased integration of the Facility Management department across HMC and HMC-S; the Facility Management departments across both campuses now report to a single Director, which has resulted in increased resources, knowledge base, and staff flexibility among both campuses.
 - Combined Operations and Executive Staff Meetings: Weekly Joint Abilene Operations Meetings and Joint Abilene Executive Staff Meetings began in order to streamline leadership reporting, communication, and responsibilities across both campuses.
 - Unified Organizational Structure: Hendrick Health continued to integrate the organizational chart across HMC and HMC-S in order to provide increased integration of staffing, policy/procedures, and processes across both campuses.
 - Continued strategic planning for a nursing organizational chart with a more intuitive structure for integration and cultural development. During Quarter 4, the Emergency Departments were unified under a single Director position with a manager at HMC-S and a supervisor at the plaza site. This change was made in this service line to integrate emergency services in the Abilene market and make a seamless approach to patient transfers. In addition, the organizational chart was finalized placing the existing nursing Directors at HMC in a Director of Abilene Market role. In this role, they will be leading the service line shared governance council and will be responsible for integrating policies, protocols, order sets, and evidence based care for their patient populations.
 - Coordination of additional clinical staffing at HMC-S: Through the affiliation with Hendrick Health, HMC-S now has access to increased Texas STAR nurses,

and other traveling providers which equipped both HMC and HMC-S to better handle the surge of COVID-19 patients throughout the system. For example, during Third Quarter FY2021, Hendrick Health contracted with 100 travel healthcare professionals. HMC and HMC-S engaged in significant coordination to ensure traveling nurses and providers were evenly staffed between both campuses. Hendrick Health anticipates additional opportunities to enhance clinical staffing at HMC-S in order to optimize patient services.

- **Other community impact.** Hendrick Health provided support to rural hospitals through affiliation agreements, including assistance with physician recruitment, continuing education opportunities, leadership training and mentoring, staff training opportunities, and program development assistance and advice.

18. Data on the pricing, quality, and availability of ancillary health care services.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- ***Ancillary Health Services Pricing and Availability:*** The gross charges²⁵ for Hendrick Health’s ancillary health services are set forth in the HMC Charge Description Master (“CDM”). Hendrick Health contracts with various commercial health plans, which generally reimburse ancillary health services based on a negotiated fee schedule or percentage discount of gross charges. However, less than [REDACTED] of Hendrick Health’s patients are insured by commercial payors. The majority of Hendrick Health’s patients are insured by government payors which set the reimbursement rates for those patients without negotiations. **Table 18a** below identifies Quarter 4 FY2021 volumes and CDM charges for select tests, treatments, or procedures for the following categories of ancillary health services: Laboratory, Imaging, Pharmacy, and Respiratory Therapy. Please note that legacy ARMC (or HMC-S) data is not included in the table below for FY2020 or for the first two months of Quarter 1 FY2021 as legacy ARMC data was not available to Hendrick Health pre-Merger. Beginning in Quarter 2 FY2021 (the first full quarter post-Merger) and going forward, the ancillary health services data include both HMC and HMC-S combined.

²⁵ Gross charges are charges prior to any contractual discount allowance for various payor classes.

Table 18a: HMC Ancillary Health Services

Ancillary Service	Volume					Gross CDM Charges				
	FY20 ²⁶	Q1 FY21 ²⁷	Q2 FY21	Q3 FY21	Q4 FY21	FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21
Laboratory Services²⁸										
<i>Routine Venipuncture</i>	277,465	71,721	82,199	83,165	93,264		\$19.54	\$19.54	\$19.54	\$19.54
<i>Blood Glucose Monitor</i>	176,460	53,369	71,606	59,016	58,756		\$32.70	\$32.70	\$32.70	\$32.70
<i>CBC With Diff</i>	144,129	37,576	43,715	46,185	49,135		\$173.65	\$173.65	\$173.65	\$173.65
<i>Comp. Metabolic Panel</i>	106,789	29,060	35,295	37,175	39,146		\$491.19	\$491.19	\$491.19	\$491.19
<i>Basic Metabolic Panel</i>	38,365	9,322	10,666	11,947	11,519		\$360.70	\$360.70	\$360.70	\$360.70
Imaging Services										
<i>SCR Mammography</i>	11,064	3,138	3,649	3,695	4,151		\$499.71	\$499.71	\$499.71	\$499.71
<i>Breast Tomo Screening</i>	10,503	3,026	3,601	4,036	4,447		\$109.66	\$109.66	\$109.66	\$109.66
<i>Vascular Ultrasound</i>	2,958	869	881	916	1,174		\$6,723.27	\$6,723.27	\$6,723.27	\$6,723.27
<i>Renal Ultrasound</i>	2,370	567	654	678	759		\$1,149.48	\$1,149.48	\$1,149.48	\$1,149.48
<i>Gallbladder Ultrasound</i>	2,287	473	491	671	741		\$1,159.20	\$1,159.20	\$1,159.20	\$1,159.20
Pharmacy										
<i>Sodium Chloride 0.9%</i>	507,539	127,525	134,331	125,793	126,249		\$1.43	\$1.43	\$1.44	\$1.44
<i>Insulin Injection (1 Unit)</i>	448,408	145,870	210,552	148,083	162,183		\$3.51	\$3.51	\$3.51	\$3.51
<i>Iodine Contrast (LOCM)</i>	401,327	159,108	216,805	192,696	109,747		\$4.44	\$4.44	\$4.44	\$4.44
<i>Iodine Contrast (Visipaque)</i>	280,579	69,301	70,546	99,250	108,902		\$2.24	\$2.24	\$2.24	\$2.24
<i>Insulin Injection (5 Units)</i>	110,294	44,387	60,211	44,424	34,427		\$5.29	\$5.29	\$5.29	\$5.29
Respiratory Therapy										
<i>SVN-MDI Airway Treatment</i>	74,606	27,075	46,666	26,859	31,038		\$699.43	\$699.43	\$699.43	\$699.43
<i>Arterial Puncture</i>	6,653	1,939	2,621	1,859	2,997		423.53	\$423.53	\$423.53	\$423.53
<i>Full Body Chamber (30 min)</i>	5,785	1,606	2,134	2,394	2,953		\$640.07	\$640.07	\$640.07	\$640.07
<i>Ventilation Assist²⁹</i>	4,552	1,621	3,304	1,619	1,796		\$5,878.87	\$5,878.87	\$5,878.87	\$5,878.87
<i>CPAP</i>	4,254	1,582	2,808	1,870	2,058		\$2,467.57	\$2,467.57	\$2,467.57	\$2,467.57

- ***Ancillary Health Services Quality:*** Table 18b and Table 18c below show the CMS Care Compare and Leapfrog Safety Group quality measures specifically related to ancillary health services for HMC and legacy ARMC (now HMC-S), respectively. The Use of Medical Imaging measures were last refreshed by CMS using January 2021 data to calculate July 2021 (shown below in Quarter 4 FY2021). The Medication Safety measure (Safe Medication Ordering) is refreshed by Leapfrog in the Spring and Fall, and as such, the 100 for HMC and the 45 for legacy ARMC reported in Spring 2021, shown in Table 18b and Table 18c respectively, reflect the most recently available scores. Hendrick Health will report updated information as it becomes available.

²⁶ Excludes legacy ARMC (or HMC-S) as this data was not available to Hendrick Health pre-Merger.

²⁷ Volume amounts include three months of data for HMC and one month of data (November) for HMC-S as volume data from legacy ARMC was not available to Hendrick Health pre-Merger.

²⁸ Volumes for Lab and Imaging Services may appear lower than in the Baseline Performance Report because data related to Hendrick-owned locations in Brownwood were previously reported under HMC, but are now reported separately under Hendrick Medical Center Brownwood.

²⁹ Due to the COVID-19 pandemic, Ventilation Assist treatments increased by approximately 17% between FY2019 and FY2020.

Table 18b: HMC Ancillary Health Services Quality Scores³⁰

Experience	Baseline Period												Post-Merger Period			
	FY2018				FY2019				FY2020				FY2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Use of Medical Imaging ³¹																
OP-8. MRI Lumbar Spine – Low Back Pain	44.8%	44.8%	44.8%	36.4%	36.4%	36.4%	36.4%	35.1%	35.1%	35.1%	35.1%	31.8%	31.8%	31.8%	31.8%	N/A ³²
OP-10. Abdomen CT – Use of Contrast Material	9.0%	9.0%	9.0%	6.8%	6.8%	6.8%	6.8%	7.8%	7.8%	7.8%	7.8%	6.9%	6.9%	6.9%	6.9%	4.5%
Medication Safety																
Safe Medication Ordering ³³	N/A				N/A				N/A				100			

Table 18c: Legacy ARMC (now HMC-S) Ancillary Health Services Quality Scores³⁴

Experience	Baseline Period												Post-Merger Period			
	FY2018				FY2019				FY2020				FY2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 ³⁵
Use of Medical Imaging ³⁵																
OP-8. MRI Lumbar Spine – Low Back Pain	46.0%	46.0%	46.0%	44.8%	44.8%	44.8%	44.8%	43.7%	43.7%	43.7%	43.7%	34.2%	34.2%	34.2%	34.2%	N/A
OP-10. Abdomen CT – Use of Contrast Material	7.5%	7.5%	7.5%	11.1%	11.1%	11.1%	11.1%	5.9%	5.9%	5.9%	5.9%	5.4%	5.4%	5.4%	5.4%	N/A
Medication Safety																
Safe Medication Ordering ³⁷	N/A				N/A				N/A				45			

³⁰ Information reported by CMS Care Compare, and Leapfrog Safety Group agencies ([Medicare.gov](https://www.medicare.gov) and [Leapfrog Group](https://www.leapfroggroup.org)).

³¹ Please note that lower values are more favorable for measures OP-8 and OP-10 that are included within **Table 17b**. OP-8 measures the “[p]ercentage of outpatients with low-back pain who had an MRI without trying recommended treatments (like physical therapy) first.” As CMS explains, “[h]ospitals that are rated well on [OP-8] will have lower percentages. If a percentage is high, it may mean that the facility is doing unnecessary MRIs for low-back pain.” As for OP-10, it measures the “[p]ercentage of outpatient CT scans of the abdomen that were ‘combination’ (double) scans.” CMS explains that “[h]ospitals that are rated well on [OP-10] will have lower percentages. If a percentage is high, it may mean that the facility is doing unnecessary double/combo scans.”

³² [OP-8] Measure not reported for FY2021 Q4 data set as CMS noted this measure as “Not Available”.

³³ Please note that Leapfrog does not publicly provide past or historical Hospital Safety Grade reports on its website. As such, hospital scores on the underlying measures, such as “Safe Medication Ordering,” are not available for FY2018, FY2019, or Spring of FY2020.

³⁴ Information reported by CMS Care Compare, and Leapfrog Safety Group agencies ([Medicare.gov](https://www.medicare.gov) and [Leapfrog Group](https://www.leapfroggroup.org)).

³⁵ Please note that lower values are more favorable for measures OP-8 and OP-10 that are included within **Table 17b**. OP-8 measures the “[p]ercentage of outpatients with low-back pain who had an MRI without trying recommended treatments (like physical therapy) first.” As CMS explains, “[h]ospitals that are rated well on [OP-8] will have lower percentages. If a percentage is high, it may mean that the facility is doing unnecessary MRIs for low-back pain.” As for OP-10, it measures the “[p]ercentage of outpatient CT scans of the abdomen that were ‘combination’ (double) scans.” CMS explains that “[h]ospitals that are rated well on [OP-10] will have lower percentages. If a percentage is high, it may mean that the facility is doing unnecessary double/combo scans.”

³⁶ As a result of the Merger in October 2020, legacy ARMC’s (now HMC-S) CMS Certification Number (CCN) was retired, therefore, no data would be in CMS’s database to report for legacy ARMC. Going forward, all data on CMS’s website for Hendrick Medical Center (1900 Pine Street) will be combined performance for both HMC and HMC-S.

³⁷ Please note that Leapfrog does not publicly provide past or historical Hospital Safety Grade reports on its website. As such, hospital scores on the underlying measures, such as “Safe Medication Ordering,” are not available for FY2018, FY2019, or Spring of FY2020.

19. Data on the pricing, quality, and availability of physician services.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- **Physician Services Pricing and Availability:** The gross charges for HMC’s hospital-based physician services are set forth in the HMC CDM. HMC contracts with various commercial health plans, which generally reimburse physician services based on a negotiated fee schedule or percentage discount of gross charges. However, less than [REDACTED] of HMC’s patients are insured by commercial payors. The majority of HMC patients are insured by government payors which set the reimbursement rates for those patients without negotiations. **Table 19a** below identifies Quarter 4 FY2021 volumes and the CPT charges for select CPT codes for hospital-based emergency department physician services. The increase in emergency department visits in Quarter 4 FY2021 was likely due to increases in COVID-19 cases as well as patients feeling increasingly comfortable with returning to in-person care.
- Please note that legacy ARMC (HMC-S) data is not included in the pre-Merger period (FY2020 through the first two months of Quarter 1 FY2021) in **Table 19a** as pre-Merger data for legacy ARMC was not available to Hendrick Health. Beginning with the Second Quarter FY2021 (the first full quarter post-Merger) and going forward, the physician services data in **Table 19a** includes both HMC and HMC-S combined.

Table 19a: HMC Physician Services

CPT	Description	Volume					Average CPT Charge				
		FY20 ³⁸	Q1 FY21 ³⁹	Q2 FY21	Q3 FY21	Q4 FY21	FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21
99281	ED Visit and Evaluation – Level 1	2,430	617	631	662	1,433	\$428	\$480	\$480	\$480	\$480
99282	ED Visit and Evaluation – Level 2	7,614	2,018	1,531	1,613	2,705	\$807	\$901	\$901	\$901	\$901
99283	ED Visit and Evaluation – Level 3 ⁴⁰	22,120	4,690	4,872	5,409	7,467	\$1,185	\$1,327	\$1,327	\$1,329	\$1,329
99284	ED Visit and Evaluation – Level 4	17,905	5,077	6,081	5,727	7,190	\$2,391	\$2,667	\$2,667	\$2,667	\$2,667
99285	ED Visit and Evaluation – Level 5	11,406	5,706	6,382	5,091	7,116	\$5,210	\$5,836 ⁴¹	\$5,836	\$5,836	\$5,836

- **HMC Physician Services Quality:** The composite Merit-Based Incentive Program (MIPS) score serves as an indicator of the quality and cost of physician services. HMC received 94.4 as a composite MIPS score out of 100 possible points for FY2020 services. See below **Table 19b** for historical MIPS scores. In FY2020, due to IT systems issues resulting from the transition, Hendrick Health was not able to fully capture all available data thus reflecting the slight decline in score from FY2019. MIPS

³⁸ Excludes legacy ARMC (or HMC-S) as this data was not available to Hendrick Health pre-Merger.

³⁹ Volume amounts include three months of data for HMC and one month of data (November 2020) for HMC-S, as volume data from legacy ARMC was not available to Hendrick Health pre-Merger.

⁴⁰ CPT 99283 includes SANE (Sexual Assault Nurse Examiner) department charge which are set by the Texas Attorney General. The charge for ED Visit and Evaluation Level 3 is currently set at \$1,340 but due to volume fluctuations in the SANE charge mix, the resulting weighted average can fluctuate nominally from quarter to quarter.

⁴¹ FY2021 Q1 figure updated to reflect corrected amount.

scores for FY2021 are expected to be released in August 2022 and will be reported on when available.

Table 19b: MIPS Score

	FY2018	FY2019	FY2020
<i>Historical MIPS Score</i>			
Hendrick Provider Network	100/100	97/100	94/100

- The FY2020 MIPS score was based on four categories, each representing a specific weight of the final composite score: (i) Quality (55%); (ii) Promoting Interoperability (30%); (iii) Improvement Activities (15%); and (iv) Cost (0%).⁴² When reporting on the composite score, CMS does not report MIPS scores broken down by category. Additionally, Hendrick Health does not have access to historical MIPS scores for legacy ARMC.
20. Data on the consolidation of clinic services, identifying the types of services per county.
- Consolidation of Services: As of the end of Quarter 4 FY2021, Hendrick Health has not consolidated any services. Hendrick Health continues to evaluate opportunities for service line optimization or consolidation and will note any changes in subsequent reports. Services offered as of Quarter 4 FY2021 by Hendrick Health are outlined in **Attachment 1**.
21. Data indicating how the consolidation of these services improved patient outcomes.
- Impact on patient outcomes: As of the end of Quarter 4 FY2021, Hendrick Health has not consolidated any clinic services. Hendrick Health continues to evaluate opportunities for service line optimization or consolidation and will note any changes in subsequent reports.

⁴² Centers for Medicare Services, Quality Payment Program (<https://qpp.cms.gov/mips/overview>).

C. *Accessibility*

22. A list of the severe risks described in the application facing Taylor County and an explanation of how the merger led to the mitigation of these risks.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- The COPA application described the severe risks facing Taylor County in the context of Hendrick Health’s Community Health Needs Assessment (“CHNA”) from 2019. The CHNA report involved a year-long study to identify the more prevalent, unmet health needs of residents within Taylor County. Typically, Hendrick Health utilizes a CHNA to identify prevalent, unmet health needs in order to allocate resources to the areas of greatest need. Accordingly, Hendrick Health’s CHNA identified three predominant health needs in the community to be prioritized, as of 2019: (1) improving access to care (including mental health care, substance abuse support, primary care services, and affordable health care services); (2) establishing crisis services, such as crisis or emergency care programs, and early intervention programs for substance abuse; and (3) promoting awareness, prevention, and screening services for health care needs, as well as specifically for those recovering from substance abuse.
- The Merger has allowed Hendrick Health to continue focusing on impacting the predominant health needs in the community. In particular, during the Fourth Quarter FY2021, the following post-Merger initiatives show efforts in furtherance of mitigating the prioritized community health needs identified in the 2019 CHNA:
 - Increasing Access to Care: Hendrick Health implemented a Tele-Sitter program at HMC-S in August 2021 to provide safe, evidence-based staffing supplementation for identified patient populations in a world of extreme nursing and unlicensed staffing shortages. This program improves nurses’ ability to effectively manage patient loads and provides lines of direct communication to assigned nursing personnel to escalate the need for physical bedside presence and/or intervention. Additionally, a centralized Hendrick Health team implemented a community-wide COVID-19 vaccine distribution strategy, administering over 1,400 doses to community members. Additionally, in Quarter 4 FY2021, Hendrick Health established a Cardiology Outreach Clinic in Ballinger to increase access to care in the region, Peripherally Inserted Central Catheter (PICC) services were expanded at HMC-S, [REDACTED]. The additional service of PAD Rehab increases access to a less invasive approach for fighting PAD for their patients.
 - Coordination of Patient Care: Hendrick Health continued use of its new, centralized patient transfer process to streamline patient transfers, which allowed for over [REDACTED] inbound transfers during Quarter 4 FY2021 from surrounding cities. Hendrick Health has continued CNO/ACNO strategic planning for nursing organizational chart to address standardized on-boarding, orientation, education strategies, resources, and quality of care growth opportunities. During Quarter 4, the organizational chart was finalized placing the existing nursing Directors at HMC in a Director of Abilene Market role. In this role, they will be

leading the service line shared governance council and will be responsible for integrating policies, protocols, order sets, and evidence-based care for their patient populations.

- Promoting awareness, prevention, and education for health care needs: Hendrick Health expanded its Inpatient Diabetes education for new-onset diabetics to include HMC-S, to provide in-house comprehensive education from a navigator or pharmacist at the bedside prior to discharge. In Quarter 4 FY2021, the expansion process was completed and the Hospitalist group of physicians at HMC-S was educated to ensure that newly diagnosed Diabetics at HMC-S receive one-on-one teaching by a Certified Diabetic Educator. Additionally, during Quarter 4 FY2021, Hendrick Health's BMI > 50 Committee reconvened to work to identify patients with high BMI and ensure the needs for this population are being met early in their inpatient stay. In addition to specialty beds as needed and consults for Physical Therapy, Nutrition, and Case Management/Social Work, this project involves the Health System Director of Patient Safety and the Director of Hendrick Health Club, which is rolling out education to the primary care physicians with apps that can be used to encourage mobility and movement. This will be integrated across both campuses in the coming months.
- Hendrick Health completed the year-long study for the CHNA, and the resulting 2019 CHNA report, before the unprecedented COVID-19 pandemic and Merger. Hendrick Health has not yet, but intends to, conduct a CHNA refresh to identify the evolving health needs in the community.

23. A description of each patient service that changed or has been discontinued since the merger and an explanation of the impact to patient care.

- During the Fourth Quarter FY2021, Hendrick Health closed Hendrick Hearing Healthcare due to lack of patient demand for these services. This closure had been planned prior to the Merger. The reduction is not expected to have any impact on patient care and hearing healthcare services continue to be available to patients through a number of other providers in the area.
- Aside from that, Hendrick Health did not discontinue any patient services.
- Rather, Hendrick Health expanded patient services in the following ways during the Fourth Quarter FY2021:
 - Addition of Hendrick Anesthesia Services to HMC-S;
 - Expansion of dialysis services at Hendrick Health through the transition from a third-party provider to an in-house model;
 - Expansion of Peripheral Artery Disease (PAD) Rehab to HMC-S;
 - Addition of Cardiology Outreach Clinic in Ballinger to increase access to care in the region;
 - Expansion of Peripherally Inserted Central Catheter (PICC) Services at HMC-S;
 - Expansion of Clinical Pharmacy Services at HMC-S through the addition of an onsite Clinical Pharmacist;

- Expansion of Tele-Sitter Program to HMC-S;
- Expansion of inpatient diabetes education to HMC-S; and
- Continued use of a centralized Patient Transfer Center allowing for the acceptance of more patient transfers to Hendrick Health.

24. Data illustrating the impact to patient wait times, including emergency department wait times, before and after the merger.

- **Emergency Department Wait Times:** Average Emergency department (ED) wait times for the Fourth Quarter FY2021 (as reported by CMS in July 2021) for HMC and HMC-S are provided below in **Table 24a** and **Table 24b**, respectively. For the purposes of this Report, average ED wait times is defined as the median time from arrival at the ED until time of discharge for outpatient ED patients. HMC was considered a “Very High” volume hospital in Quarter 4 FY2021 because its ED patient volume is estimated to be over 60,000 annually. During Quarter 4 FY2021, HMC’s ED wait times remained below the national median time for “Very High” volume hospitals. As a result of the Merger in October 2020, legacy ARMC’s (now HMC-S) CMS Certification Number (CCN) was retired, therefore, no data would be in CMS’s database to report for legacy ARMC. Going forward, all data on CMS’s website for Hendrick Medical Center (1900 Pine Street) will now be combined performance for both HMC and HMC-S.
- Hendrick Health does not track any other patient wait times in the ordinary course of business.

Table 24a: HMC Average ED Wait Times

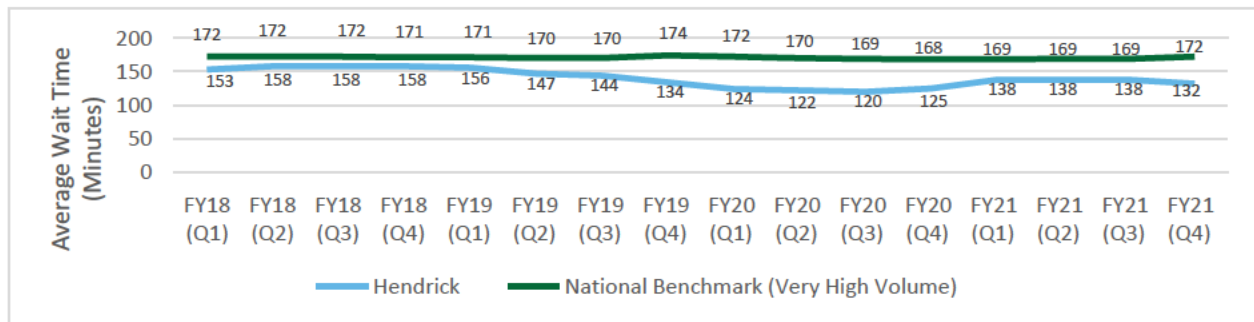
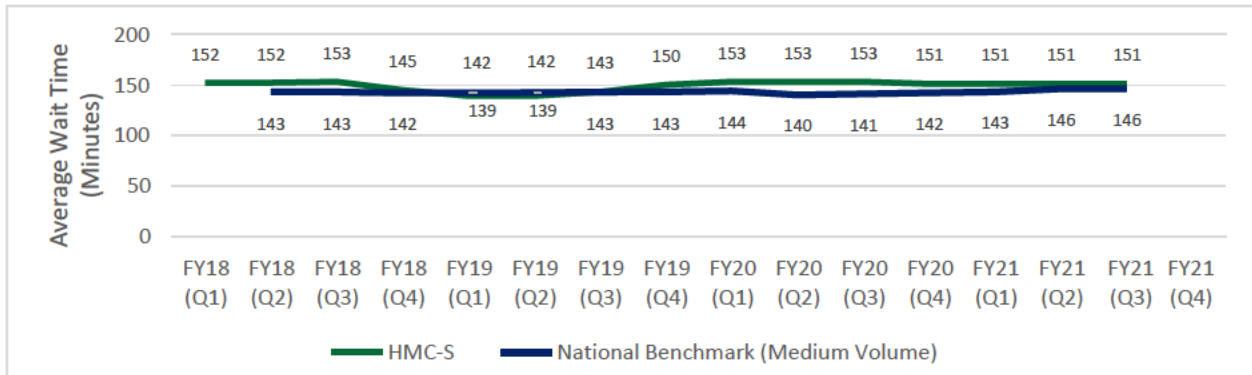


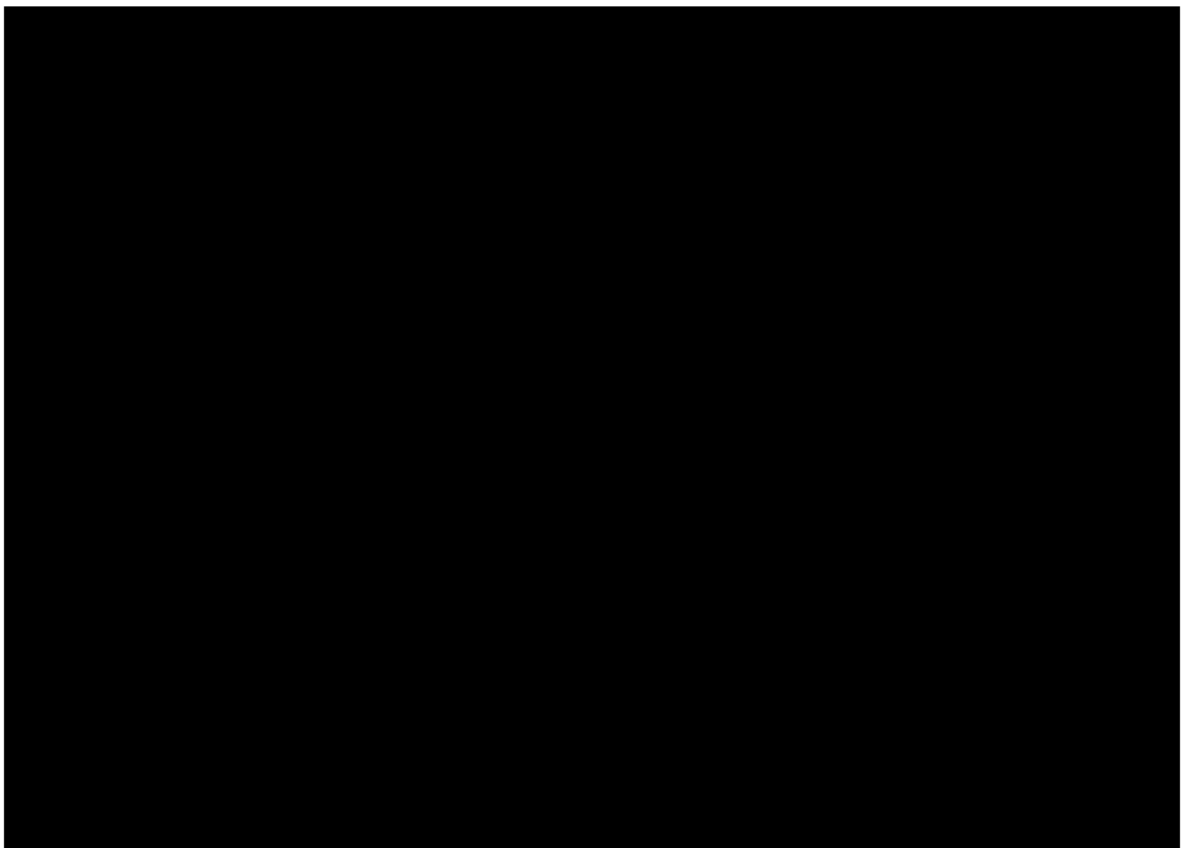
Table 24b: HMC-S Average ED Wait Times⁴³



25. Data demonstrating any expansion in service delivery since the merger.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- As of the end of the Fourth Quarter FY2021, Hendrick Health increased access to health care services for patients in its communities through the following initiatives to expand service delivery:



⁴³ As a result of the Merger in October 2020, legacy ARMC’s (now HMC-S) CMS Certification Number (CCN) was retired, therefore, no data would be in CMS’s database to report for legacy ARMC. Going forward, all data on CMS’s website for Hendrick Medical Center (1900 Pine Street) will be combined performance for both HMC and HMC-S.

- **Addition of Cardiology Outreach Clinic:** Hendrick Health established a Cardiology Outreach Clinic in Ballinger to increase access to care in the region. Previously, patients would have had to drive outside the community in order to access these services.
- **Expansion of Peripherally Inserted Central Catheter (PICC) Services to HMC-S:** [REDACTED]
[REDACTED]
[REDACTED] During Quarter 4, FY2021, Hendrick Health combined the PICC team at HMC-S and HMC for a total of 6 nurses for both campuses. The nurses rotate campuses, providing 7 days/week, 10 hours/day of coverage at HMC-S and HMC. PICC services are now under a combined leadership team, allowing Hendrick to standardize supplies and efficiencies.
- **Expansion of Clinical Pharmacy Services at HMC-S:** [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] During Quarter 4, an additional Clinical Pharmacist with ICU training was hired to support the HMC-S campus in order to further the goals to provide more in-person, onsite coverage in the ICU.
- **Planned opening of Hendrick Service Center:** In Quarter 3 FY2021, Hendrick Health announced its plans to open a new shared service center in the former Sears building, located in the Mall of Abilene in Abilene, Texas. Hendrick Service Center was purchased to provide a centralized accessible hub for patient services. By relocating existing administrative and retail services currently housed in and around the campuses, Hendrick Health will be able to reallocate valuable space to expand clinical services for patients. During Quarter 4 FY2021, Hendrick Health began the planning process for the development of the facility.
- **Patient transfers to Hendrick Health:** Through the continued use of a centralized Patient Transfer Center, Hendrick Health now has the ability to accept more patient transfers to both HMC and HMC-S than was possible prior to the Merger.

26. **Data and financial reports regarding infrastructure investment, capital expenditures, and operating costs since the merger.**

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- ***Infrastructure Investment and Capital Expenditures:*** As of the end of the Fourth Quarter FY2021, Hendrick Health invested approximately \$7.1 million in capital and infrastructure expenditures as a combined health system. **Table 26a** shows a combined summary of quarterly capital, infrastructure, and operating expenditures for FY2021. **Table 26b** shows the expenditures by facility. **Table 26c** shows a detailed breakout of capital expenditures for Fourth Quarter FY2021, by facility. Operating expenditures increased by 10.8%, or approximately \$15.0 million, from the Third Quarter to the Fourth Quarter. Hendrick Health experienced a significant upswing in COVID-19 hospitalizations in the Fourth Quarter FY2021 (1,077 COVID-19 related hospitalizations in Third Quarter to 3,097 in Fourth Quarter) and, as a result, incurred higher than expected contract labor

and supply costs attributable to addressing COVID-19 cases. Compared against FY2020, operating expenditures increased by \$36.9 million from \$508.0 million in FY2020 to \$545.6 million in FY2021.

Table 26a: Capital, Infrastructure and Operating Expenditures (Hendrick Health)

	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	FY2021
<i>Hendrick Health</i>					
Capital Expenditures	\$6,040,340	\$7,659,425 ⁴⁴	\$10,295,638	\$7,100,841	\$31,096,244
Infrastructure Expenditures ⁴⁵	\$1,986,273	\$770,391	\$349,032	\$1,193,002	\$4,298,698
Operating Expenditures	\$123,982,728 ⁴⁶	\$129,478,930 ⁴⁷	\$138,592,951	\$153,563,078	\$545,617,687

Table 26b: Capital, Infrastructure and Operating Expenditures (By Facility)

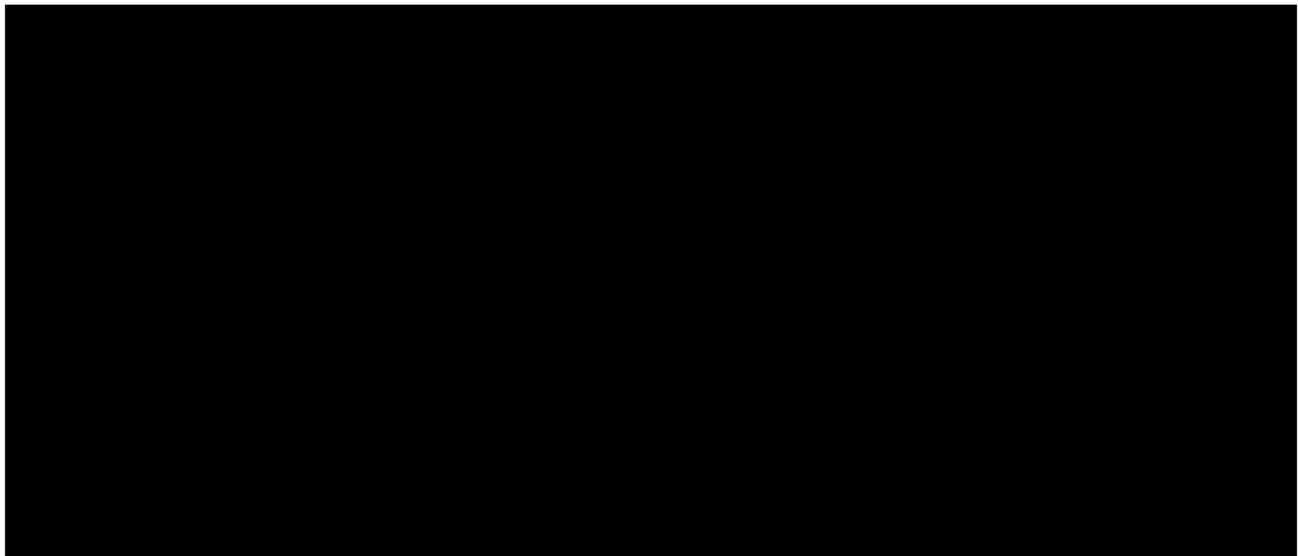


Table 26c: Q4 FY2021 Capital Expenditure Breakout (By Facility)



Total Capital Expenditures	\$7,100,841.29
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⁴⁴ "Capital Expenditures" for Q2 FY2021 have been restated to exclude capital expenditures for Hendrick Medical Center Brownwood, which were included erroneously (\$2,056,825 had been included in the Q2 FY2021 report).

⁴⁵ "Infrastructure Expenditures" are included within "Capital Expenditures" line in Table 26a.

⁴⁶ Operating Expenditures for Q1 FY2021 have been restated in this Report, from \$129,341,404 to \$123,982,728, to exclude depreciation expense that was incorrectly included.

⁴⁷ Operating Expenditures for Q2 FY2021 have been restated in this Report, from \$136,377,520 to \$129,478,930, to exclude depreciation expense that was incorrectly included.

27. Evidence of any expansion of clinical services.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- Hendrick Health is in the process of thoughtfully evaluating clinical services across HMC and HMC-S for clinical optimization and/or expansion opportunities. As of the end of Quarter 4 FY2021, Hendrick has identified the following potential opportunities:
 - **Addition of Peripheral Artery Disease (PAD) Rehab at HMC-S:** [REDACTED] This additional service increases access to a less invasive approach for fighting PAD for their patients.
 - **Expansion of Tele-Sitter Program to HMC-S:** Hendrick Health implemented a Tele-Sitter program at HMC South in August 2021. This program was extended to HMC-S to improve patient care and safety for confused patients in order to prevent falls, prevent treatment lines from being pulled out, and to improve nurses' ability to effectively manage patient loads. This is a portable camera system, already in place and well-established at HMC, which is centrally monitored, allows for verbal cues and reminders at the bedside to reorient patients and provide gentle reminders of safe, compliant behaviors. Additionally, those monitoring the cameras have lines of direct communication to assigned nursing personnel to escalate the need for physical bedside presence and/or intervention. This program provides safe, evidence-based staffing supplementation for identified patient populations in a world of extreme nursing and unlicensed staffing shortages.
 - **Addition of Cardiology Outreach Clinic:** Hendrick Health established a Cardiology Outreach Clinic in Ballinger to increase access to care in the region.
 - **Expansion of Peripherally Inserted Central Catheter (PICC) Services to HMC-S:** [REDACTED] During Quarter 4, FY2021, Hendrick Health combined the PICC team at HMC-S and HMC for a total of 6 nurses for both campuses. The nurses rotate campuses, providing 7 days/week, 10 hours/day of coverage at HMC-S and HMC. PICC services are now under a combined leadership team, allowing Hendrick to standardize supplies and efficiencies.

28. A copy of each hospital's charity care policy, identifying any changes to the policy in the previous quarter.

- The Charity Care policy for Hendrick Health was extended post-Merger to encompass both HMC and HMC-S. The policy is in the process of being revised, and any approved and implemented revised policy will be provided in future submissions as applicable.

29. The number of patients enrolled in each hospital's charity care program in the past quarter.

- During the Fourth Quarter FY2021, Hendrick Health enrolled 3,542 patients in charity care and financial assistance programs (see **Table 29**). Post-Merger, Hendrick Health's Charity Care Policy now applies to HMC-S. Because charity applications and payments are retroactive, certain patients will be re-classified as charity patients upon and after this transition and will be recorded and reported on in future submissions.

Table 29: Count of Patients Enrolled in Charity Care

	FY2020	Q1 FY2021 ⁴⁸	Q2 FY2021 ⁴⁹	Q3 FY2021 ⁵⁰	Q4 FY2021
Charity Care Patients					
HMC	5,382	2,729	3,103	3,773	3,542
HMC-S (legacy ARMC)	38	842			

- The Hendrick Health Charity Care Policy is more inclusive than the legacy ARMC policy due in part to the following reasons:
 - The Federal Poverty Level threshold of Hendrick Health’s Charity Care Policy is higher (400%) than legacy ARMC’s Charity Care Policy (300%).
 - Hendrick Health patients become eligible at 20% of annual gross income (“AGI”), whereas legacy ARMC patients became eligible at 50% of AGI.
 - Legacy ARMC’s Charity Care Policy only applied to uninsured patients, whereas Hendrick Health’s Charity Care Policy applies to uninsured and certain insured patients.

30. Data and financial reports for charity care services provided by each hospital in the previous quarter.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

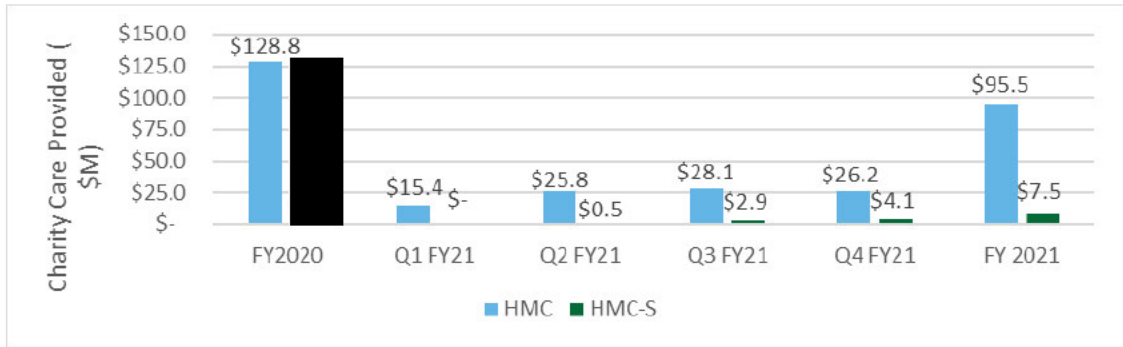
- The combined financial investment in charity care of \$30.4 million for both HMC and HMC-S for Quarter 4 FY2021 is shown below in **Table 30**. Notably, most of the charity care assigned occurs after care has already been provided, which means charity is typically approved 90 to 120 days post-discharge. The amount of charity care provided in Quarter 4 FY2021 increased as compared to Quarter 2 FY2021 but remains lower than historical figures due to the impact of COVID-19, which placed restrictions on patients coming to the Hendrick Health campus and limited non-care patient interactions.

⁴⁸ Q1 FY2021 charity care patients at HMC have been restated from 2,593 (per Q1 FY2021 Performance Report) to 2,729 due to retroactive reclassifications of charity patients.

⁴⁹ Q2 FY2021 charity care patients have been restated from 2,938 (per Q2 FY2021 Performance Report) to 3,103 due to retroactive reclassifications of charity patients.

⁵⁰ Q3 FY2021 charity care patients have been restated from 3,771 (per Q3 FY2021 Performance Report) to 3,773 due to retroactive reclassifications of charity patients.

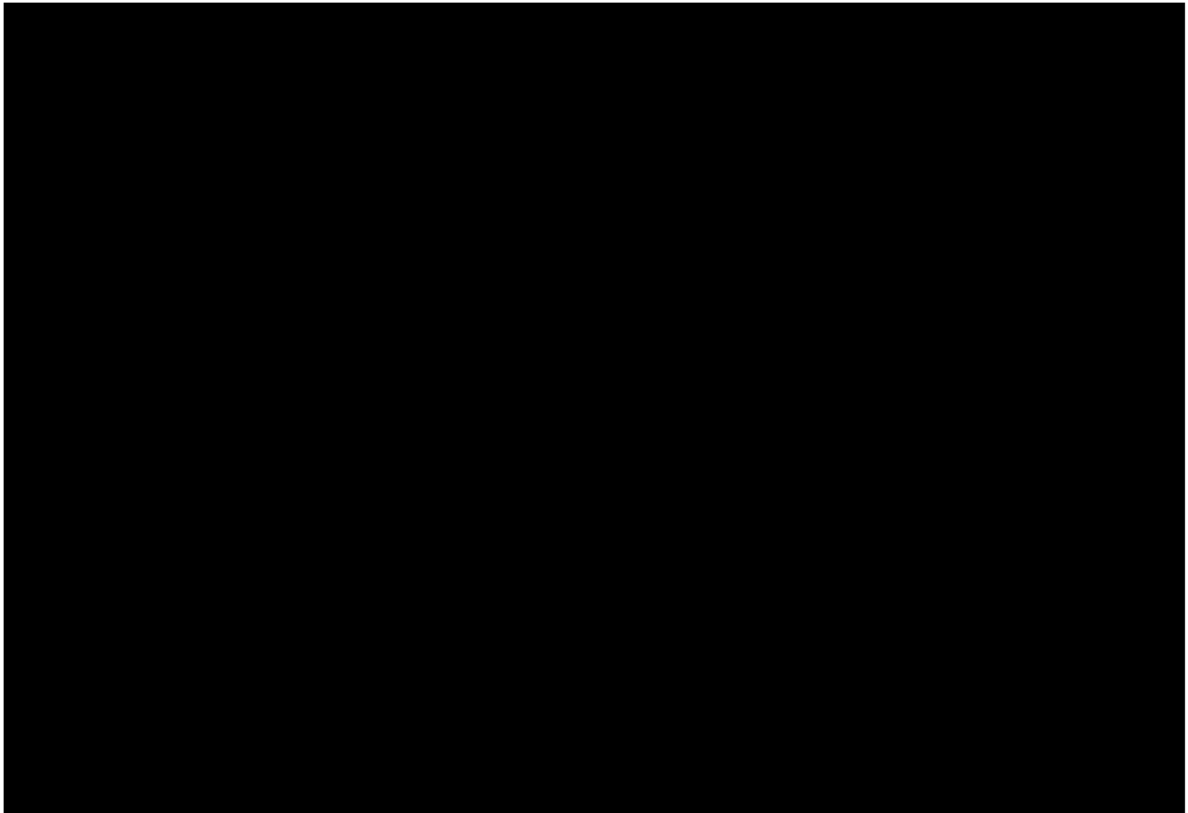
Table 30: Charity Care⁵¹



31. Data demonstrating clinical integration between facilities and providers and whether such integration led to cost savings and a reduction in medical errors.

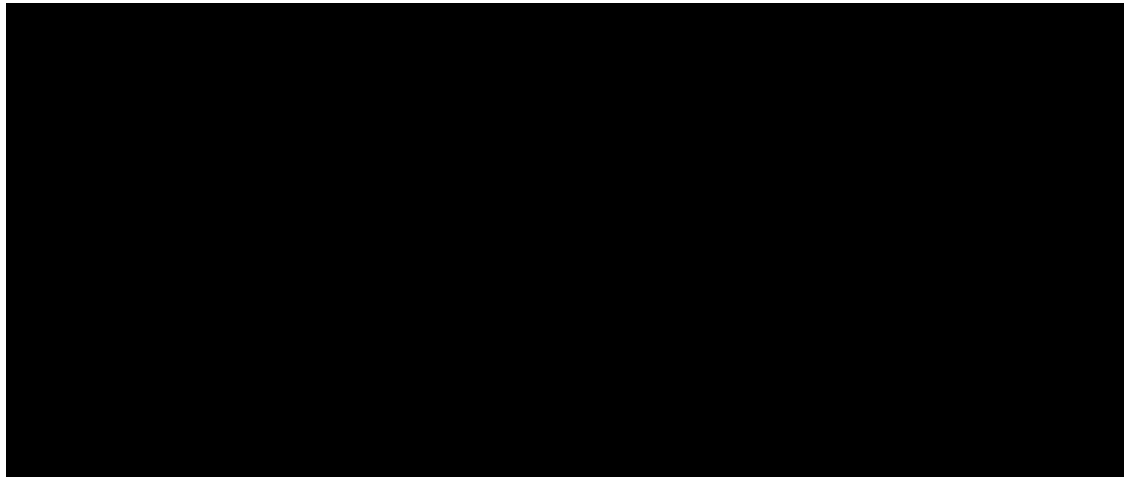
[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- As discussed in this Report, Hendrick Health is in the process of evaluating opportunities for clinical integration. As of the end of Quarter 4 FY2021, Hendrick Health has implemented the following initiatives that will increase clinical integration between the facilities and providers:



⁵¹ For legacy ARMC, Hendrick Health does not have access to the pre-Merger charity care data for September and October 2020.

- **Coordination of Inpatient Capacity:** During Quarter 4 FY2021, Hendrick faced capacity limits, particularly emergency room and intensive care unit (ICU) capacity, at both HMC and HMC-S, and relieved capacity by transferring patients to the other campus for care. The community had increased access to care when they may otherwise have been waiting at one of the campuses.
- **Joint Commission Extension Survey:** Hendrick Health completed the Joint Commission extension (3-day) survey⁵² in August 2021 with strong results. The survey indicated a strong coordination of clinical-based services and a strong pathway for continued integration between the two Abilene campuses.
- **Unified Organizational Structure:** Hendrick Health continued to integrate the organizational chart across HMC and HMC-S in order to provide increased integration of staffing, policy/procedures, and processes across both campuses. More specifically:



- **House Supervisor Integration across HMC and HMC-S:** House Supervisor integration began between both Abilene campuses to provide ability to float/flex staff and increase vital communication between two facilities and the centralized transfer center.
- **Expansion of Inpatient Diabetes Education for New-Onset Diabetes to HMC-S:** Inpatient Diabetes education for new-onset diabetics expanded to include HMC-S, to provide in-house comprehensive education from a navigator or pharmacist at the bedside prior to discharge. As mentioned In Quarter 3 FY2021, Hendrick established a task force comprised of Diabetes Education, Pharmacy, Director and VP of Pharmacy, Director of Quality, Quality Manager, and Case Management to discuss various processes for the HMC Diabetes Education Navigator to ensure to ensure that newly diagnosed Diabetics at HMC-S could receive one-on-one teaching by a Certified Diabetic Educator. In Quarter 4, the process was completed and education to leadership given at Management Council, while the Hospitalist group of physicians at HMC-S were educated during their morning huddle with Case Management.

⁵² According to the Joint Commission, an extension survey is a survey of limited scope conducted to assure that a previously demonstrated level of compliance is being maintained under changed circumstances.

- **Quality of Care Committees:** In Quarter 4 FY2021, Hendrick Health has continued to utilize its combined medical staff to establish and execute various committees, tasked with reviewing and improving quality of care procedures. The integration of these quality-of-care committees support quality of care initiatives across the system.
- **Operating Room (OR)/Surgical Committee:** An OR/Surgical Committee was created at HMC-S and met to establish a process for evaluating metrics and efficiencies related to surgical services. This committee rolls up to the Medical Advisory Committee at HMC-S which rolls to the Medical Executive Committee for the Abilene market, increasing communication and streamlining processes across both campuses under the same medical model.
- **Installation of Automated Medication Dispensing Systems at HMC-S:** Hendrick Health successfully installed 10 additional Pyxis A-systems in the Main OR at HMC-S and at the Surgery center in August 2021. These projects ensure adequate and timely supply of medications, increased patient safety, accuracy of medication administration documentation and charges, and increased productivity of staff and efficiency of operations.
- **Combined Operations and Executive Staff Meetings:** Joint Abilene Operations Meetings and Joint Abilene Executive Staff Meetings began in order to streamline leadership reporting, communication, and responsibilities across both campuses.
- [REDACTED]
- **Clinical labor float pool:** Hendrick Health continued developing a shared labor float pool to improve flexibility for employees, better address staffing needs of each campus, and improve continuity of care provided between campuses.
- **Nursing Organizational Chart Alignment and Optimization:** Hendrick health continued strategic planning for a nursing organizational chart with a more intuitive structure for integration and cultural development. During Quarter 4, the Emergency Departments were unified under a single Director position with a manager at HMC-S and a supervisor at the plaza site. This change was made in this service line to integrate emergency services in the Abilene market and enable a seamless approach to patient transfers. In addition, the organizational chart was finalized placing the existing nursing Directors at HMC in a Director of Abilene Market role. In this role, they will be leading the service line shared governance council and will be responsible for integrating policies, protocols, order sets, and evidence-based care for their patient populations.
- The areas noted above have increased clinical integration between HMC and HMC-S and have generated cost savings for the combined organization. As this report is based on seven months of post-Merger information, sufficient data is not yet available to comment on the longer-term impact to medical errors, but this data will be provided when available.

32. A description of how the merger has impacted rural healthcare in the hospitals' 24-county service area during the previous quarter, including any reduction in services.

- As a result of the Merger, during Quarter 4 FY2021, Hendrick Health was able to further enhance and increase the services offered to the hospitals' rural communities, including the following:
 - As discussed in this Report, Hendrick Health continued improving its Centralized Transfer Center to coordinate transfer requests from surrounding rural hospitals to any of the three Hendrick Health campuses. This unified process and single transfer line has improved access to more local care for patients and hospitals in Hendrick Health's service area. The Centralized Transfer Center allows Hendrick Health to accept more patient transfers, which enables patients to receive care more quickly and closer to home than they would have previously received. In Quarter 4 FY2021, Hendrick accepted 686 in-bound transfer patients.
 - Hendrick Health established a Cardiology Outreach Clinic in Ballinger to increase access to care in the region.
 - Hendrick Health provided support to rural hospitals through affiliation agreements, including assistance with physician recruitment, continuing education opportunities, leadership training and mentoring, staff training opportunities, and program development assistance and advice.
 - Combining resources has allowed Hendrick Health to develop a more efficient COVID-19 vaccine distribution process that has directly resulted in an increased number of residents in the 24-county region who have been able to receive the vaccine. A centralized Hendrick Health team continued to implement a comprehensive vaccine roll- out plan, concentrating on expanding access to doses the local and wider rural community. Hendrick Health's nursing, pharmacy, and other medical staff set up and distributed vaccines in clinics across Abilene. In Quarter 4 FY2021, through the combined entity, Hendrick Health distributed 1,443 COVID-19 vaccine doses.
 - Hendrick Health continued to provide telehealth services, including primary and other non-emergency care services, to patients in the surrounding area. In Quarter 4 FY2021, Hendrick Health provided care to 1,135 patients through its virtual care platforms. Although the number of telehealth patients decreased as compared to Quarter 3 FY2021, as patients continued to visit clinics in-person due to patient preference, telehealth capabilities remain available and are utilized by patients choosing that method of care.

33. A list of health plans each hospital contracted with before the merger, an explanation of any change to the accepted health care plans after the merger, and a list of health plan contracts terminated since the merger.

- **Table 38** of the Baseline Performance Report shows a list of the health plans each hospital contracted with during fiscal year 2019. **Table 33** of this Report lists the health plans Hendrick Health contracted with as of the Quarter 4 FY2021, which have remained unchanged from the previous report (the Quarter 3 FY2021 Performance Report).

Table 33: Health Plans Accepted by Hendrick Health as of Quarter 4 FY2021

Organization
Aetna
Amerigroup
Blue Cross Blue Shield of Texas
Cigna
First Health PPO
Firstcare Health Plans
HealthSmart Preferred Care
Humana Choicecare
Molina CHIP (via Texas True Choice)
MultiPlan
Omni Network
Private Healthcare Systems
Scott and White Health Plan
Superior Health Plan
Tricare (via Humana Military)
United Healthcare
Veterans Administration (via TriWest)

34. Data identifying changes to service levels at the hospitals and at other facilities, including service levels available to the public and any reduction in service levels available to the public.
- **Table 34** includes the pre- and post-Merger service levels for both HMC and HMC-S (legacy ARMC) for the Emergency Department (ED), Neonatal Intensive Care Unit (NICU), and Maternal Fetal Medicine (MFM) care. As of Quarter 4 FY2021, service levels at HMC have been maintained post-Merger. As of Quarter 4 FY2021, service levels at HMC-S are as follows:
 - **ED:** The post-Merger change of ownership process required HMC-S to re-apply for Level 4 ED status (which requires an on-site survey), which Hendrick Health is in the process of pursuing. Due to scheduled EMR conversion, Hendrick Health was advised to hold and have a minimum of six months of consistent EMR data for surveyors’ review. Pending re-survey, HMC-S may maintain its Level 4 designation and receive reimbursement.
 - **NICU:** As a result of the change in ownership through the Merger, the NICU at HMC-S moved from a Level 2 to a Level 1 designation. Hendrick Health continues to evaluate options for re-establishing the Level 2 NICU designation at HMC-S.
 - **MFM:** Hendrick Health had pursued a Level 1 MFM designation for HMC-S, as described in the Quarter 2 FY2021 Performance Report, and successfully received the designation in Quarter 3 FY2021. This level has been maintained in Quarter 4 FY2021. Achievement of Level 1 MFM designation allows Hendrick Health to be a better steward of ensuring all relevant policies and procedures are consistent with current standards of maternal practice, enabling early identification and diagnoses of at-risk populations, and providing treatments to reduce morbidity and mortality.

Table 34: Pre- and Post-Merger Key Service Levels

Location	Pre-Merger Service Level (FY2020)			Q2 FY2021 Service Level			Q3 FY2021 Service Level			Q4 FY2021 Service Level		
	ED	NICU	MFM	ED	NICU	MFM	ED	NICU	MFM	ED	NICU	MFM
HMC	3	3	3	3	3	3	3	3	3	3	3	3
HMC-S	4	2	N/A	4 (pursuing)	1	1 (pursuing)	4 (pursuing)	1	1	4 (pursuing)	1	1

35. Data illustrating the organizations’ payment models.

- Hendrick Health currently participates in the payment models listed in Table 35 below, which have remained unchanged from the Baseline Performance Report.

Table 35: Hendrick Health Payment Models as of Quarter 4 FY2021⁵³

Payment Models
APR-DRG/MS-DRG
Case Rate
Medicare Fee Schedules
Percent of Billed Charge
Per Diem
Texas Medicaid Fee Schedules

36. Data demonstrating the payment models established since the merger in comparison to payment models before the merger.

- As of Quarter 4 FY2021, no new payment models have been established since the Merger.

⁵³ Excludes workers compensation payment models.

D. Competition

37. Data demonstrating the merger did not reduce competition among physicians, allied health professionals, other health providers, or any other persons providing goods and services with the hospitals.

- HMC and HMC-S face competition from a number of hospitals and health systems in their primary and secondary service areas. Post-Merger, Hendrick Health continues to compete with large and significant health systems throughout the region, most of which are gaining strength. The robust competition for inpatient hospital services will continue from at least 19 other hospitals, listed below, all located in surrounding counties. Likewise, Hendrick Health also faces competition from freestanding emergency departments, urgent cares, ambulatory surgery centers, rural health clinics, and other healthcare providers located in Taylor County and the surrounding counties.

Hendrick Health will continue to compete with the large health systems in the region, including without limitation:

1. University Health System in San Antonio
2. Houston Methodist – The Woodlands
3. Parkland Health & Hospital System
4. Texas Health Harris Methodist Hospital Alliance
5. Texas Health Resources
6. Baylor Scott & White Health System
7. St. David’s HealthCare
8. UMC Health System
9. Covenant Health System
10. United Regional HealthCare System
11. Cook Children’s Health Care System

Hendrick Health competes with inpatient acute facilities within the primary and secondary service area, including without limitation:

1. AdventHealth Rollins Brook Community Hospital; 608 N Key Ave., Lampasas, TX 76550; Lampasas County
2. Anson General Hospital; 101 Ave. J, Anson, TX 79501; Jones County
3. Ballinger Memorial Hospital; District 608 Ave. B, Ballinger, TX 76821; Runnels County
4. Cogdell Memorial Hospital; 1700 Cogdell Blvd., Snyder, TX 79549; Scurry County
5. Coleman County Medical Center; 310 S Pecos St., Coleman, TX 76834; Coleman County
6. Comanche County Medical Center; 10201 TX-16, Comanche, TX 76442; Comanche County
7. Eastland Memorial Hospital; 304 S Daugherty Ave., Eastland, TX 76448; Eastland County
8. Encompass Health Rehabilitation Hospital of Abilene; 6401 Directors Pkwy., Abilene, TX 79606; Taylor County
9. Fisher County Hospital District; 774 TX-70, Rotan, TX 79546; Fisher County
10. Hamilton General Hospital; 400 N Brown Ave., Hamilton, TX 76531; Hamilton County

11. Haskell Memorial Hospital; 1 Avenue N, Haskell, TX 79521; Haskell County
12. Heart of Texas Healthcare System; 2008 Nine Rd., Brady, TX 76825; McCulloch County
13. Knox County Hospital District; 701 S E 5th St., Knox City, TX 79529; Knox County
14. Mitchell County Hospital; 997 W I-20, Colorado City, TX 79512; Mitchell County
15. North Runnels Hospital 7821 TX-153, Winters, TX 79567; Runnels County
16. Rolling Plains Memorial Hospital; 200 E Arizona Ave., Sweetwater, TX 79556; Nolan County
17. Stephens Memorial Hospital; 200 S Geneva St., Breckenridge, TX 76424; Stephens County
18. Stonewall Memorial Hospital; 821 N Broadway St., Aspermont, TX 79502; Stonewall County
19. Throckmorton County Memorial Hospital; 802 N Minter Ave., Throckmorton, TX 76483; Throckmorton County

Additionally, the following is a non-exhaustive list of “freestanding healthcare facilities” in the primary and secondary service area, sorted by county, that Hendrick Health will continue to compete with:

Primary Service Area

Callahan County

- Baird Community Health Center; 128 W 4th St., Baird, TX 79504

Jones County

- Anson Family Wellness Clinic; 215 N Ave. J, Anson, TX 79501
- Hamlin Medical Clinic; 350 NW Ave. F, Hamlin, TX 79520
- Stamford Family Health Clinic; 1303 Mabee St., Stamford, TX 79553

Taylor County

- Abilene Cataract & Refractive Surgery Center; 2120 Antilley Rd., Abilene, TX 79606
- Abilene Center for Orthopedic and Multispecialty Surgery, LLC; 6449 Central Park Blvd., Abilene, TX 79606
- Abilene Community Health Center; 1749 Pine St., Abilene, TX 79601
- Abilene Diagnostic Clinic; 1665 Antilley Rd. 314, Suite 200, Abilene, TX 79606
- Abilene Endoscopy Center; 1249 Ambler Ave., Suite 100, Abilene, TX 79601
- Abilene Surgery Center LLC; 5601 Health Center Dr., Abilene, TX 79606
- Abilene Taylor County Public Health District; 850 N 6th St., Abilene, TX 79601
- Abilene White Rock Surgery Center, LLC; 2401 N Treadaway Blvd., Abilene, TX 79604
- Affordacare Urgent Care Clinic; 4009 Ridgemont Dr., Abilene, TX 79606
- Affordacare Urgent Care Clinic; 3101 S 27th, Abilene, TX 79605
- ELM Place Ambulatory Surgical Center; 2217 S Danville Dr., Abilene, TX 79605

- Express ER; 4157 Buffalo Gap Rd., Abilene, TX 79605
- Fresenius Kidney Care – Abilene South; 2009 Hospital Pl., Abilene, TX 79606
- Fresenius Kidney Care – Abilene Lone Star; 349 S Danville Dr., Abilene, TX 79605
- Fresenius Kidney Care – Abilene; 1802 Pine St., Abilene, TX 79601
- Medical Diagnosing Imaging of Abilene; 4349 S Treadaway Blvd., Abilene, TX 79602
- My Emergency Room 24/7; 4438 S Clack St., Suite 100, Abilene, TX 79606
- NextCare/Dr. J's Urgent Care: Catclaw; 3802 Catclaw Dr., Abilene, TX 79606
- NextCare/Dr. J's Urgent Care: Highway 351; 1634 TX-351, Abilene, TX 79601
- Texas Midwest Endoscopy Center LLC; 14 Hospital Dr., Suite B, Abilene, TX 79606
- Texas Midwest Surgery Center; 751 N 18th St., Abilene, TX 79601
- Walk-In Care Clinic; 1665 Antilley Rd., Suite 120, Abilene, TX 79606

Secondary Service Area

Brown County

- Accel Health Clinic Brownwood; 3804 US-377, Brownwood, TX 76801
- Brownwood Women's Clinic; 98 S Park Dr., Brownwood, TX 76801
- Central TX Women's Clinic PA; 2201 Coggin Ave, Suite B, Brownwood, TX 76801
- Fresenius Kidney Care – Brownwood Renal Care Center; 110 South Park Dr., Brownwood, TX 76801
- One Source Health Center - Early; 2005 Hwy. 183 N, Early, TX 76802

Coleman County

- Coleman WIC Clinic; 303 E College Ave., Coleman, TX 76834
- Coleman Medical Associates; 310 S Pecos St., Coleman, TX 76834
- Hensely Family Health Clinic; 105 N 2nd St., Santa Anna, TX 79606

Comanche County

- Doctors Medical Center; 10201 Hwy. 16, Comanche, TX 76442

Eastland County

- Eastland Dialysis Center; 2300 W Commerce St., Eastland, TX 76448

Fisher County

- Clearfork Health Center; 774 TX-70, Rotan, TX 79546
- Roby Rural Health Clinic; 117 E North 1st St., Roby, TX 79543

Hamilton County

- Hamilton Family Practice Rural Health Clinic; 303 N Brown St., Hamilton, TX 76531
- Hico Clinic; 104 Walnut St., Hico, TX 76457

Haskell County

- Haskell Rural Health Clinic; 1417 N 1st St., Suite A, Haskell, TX 79521

Kent County

- Kent County Rural Health; 1447 N Main St., Jayton, TX 79528

Knox County

- Knox County Clinic; 712 SE 5th St., Knox City, TX 79529
- Munday Clinic; 120 E D St., Munday, TX 76371

Lampasas County

- AdventHealth Family Medicine Clinic - Lampasas; 187 Private Rd. 3060, Lampasas, TX 76550
- Fresenius Kidney Care – Lampasas; 1202 Central Texas Expressway, Lampasas, TX 76550
- Seton Lampasas Healthcare Clinic; 1205 Central Texas Expressway, Lampasas, TX 76550

McCulloch County

- Brady Medical Clinic; 2010 Nine Rd., Brady, TX 76825

Mills County

- Coryell Health Medical Clinic – Mills County; 1510 Hannah Valley Rd., Goldthwaite, TX 76844
- Family Practice Clinic of Mills County; 1501 W Front St., Goldthwaite, TX 76844

Mitchell County

- Family Medical Associates; 997 I-20, Colorado City, TX 79512

Nolan County

- Fresenius Kidney Care Rolling Plains; 100 E Arizona Ave., Sweetwater, TX 79556
- Rolling Plains Rural Health Clinic; 201 E Arizona Ave., Sweetwater, TX 79556

Runnels County

- Ballinger Hospital Clinic; 2001 Hutchins Ave., Suite C, Ballinger, TX 76821

- NRH Clinic; 7571 TX-153, Winters, TX 79567

San Saba County

- Baylor Scott & White Clinic – San Saba; 2005 W Wallace St., San Saba, TX 76877

Scurry County

- Cogdell Family Clinic; 1700 Cogdell Blvd., Snyder, TX 79549

Shackelford County

- Shackelford County Health Clinic; 450 Kenshalo St., Albany, TX 76430

Stephens County

- Breckenridge Medical Center; 101 S Hartford St., Breckenridge, TX 76424

Stonewall County

- Stonewall Rural Health Clinic; 821 N Broadway St., Aspermont, TX 79502

Throckmorton County

- Throckmorton Rural Health Clinic; 802 N Minter Ave., Suite B, Throckmorton, TX 76483

Hendrick Health may continue to compete with other health care facilities located in Taylor County, including without limitation:

Home Health Agencies

1. Abilene Home Health Professional Care Inc.; 265 S Leggett Dr., Suite 1 Abilene, TX 79605
2. Angels Care Home Health of San Angelo; 1961 Industrial Blvd., Abilene, TX 79602
3. Angels of Care Pediatric Home Health; 2585 S Danville Dr., Abilene, TX 79605
4. Beyond Faith Homecare & Rehab LLC; 1290 S Willis St., Suite 100, Abilene, TX 79605
5. Big Country Healthcare Services; 749 Gateway St., Suite 702, Abilene, TX 79602
6. Caprock Home Health Services Inc.; 749 Gateway St., Suite 101, Abilene, TX 79602
7. Educare Community Living Corporation; 749 Gateway St., Suite B-202, Abilene, TX 79602
8. Elara Caring; 749 Gateway St., Suite E-502A, Abilene, TX 79602
9. Encompass Health Home Health; 1 Village Dr., Suite 200, Abilene, TX 79606
10. Generations Home Health; 1290 S Willis St., Suite 209, Abilene, TX 79605
11. Home Instead Senior Care; 441 Lone Star Dr., Abilene, TX 79602
12. Kinder Hearts Home Health; 842 N Mockingbird Ln., Abilene, TX 79603
13. Kindred At Home; 100 Chestnut St., Abilene, TX 79602
14. Kindred At Home; 4400 Buffalo Gap Rd., Suite 2400, Abilene, TX 79606
15. Lifecare Home Care; 1290 S Willis St., Suite 107, Abilene, TX 79605

16. Outreach Home Care; 409 N Willis St., Abilene, TX 79603
17. Renew Home Health; 6382 Buffalo Gap Rd., Suite C, Abilene, TX 79606
18. Texas Home Health of America; 3303 N 3rd St., Suite A, Abilene, TX 79603
19. Theracare Services, LLC; 209 S Danville Dr., Suite B107, Abilene, TX 79605
20. Touching Hearts At Home; 3926 S. Treadway Blvd., Suite A-1, Abilene, TX 79602
21. Visiting Angels; 4090 S Danville Dr., Suite A, Abilene, TX 79605

Hospice Agencies

1. Encompass Health Hospice; 1 Village Dr., Suite 200a, Abilene, TX 79606
2. Hospice of the Big Country; 4601 Hartford, Abilene, TX 79605
3. Interim Healthcare; 4400 Buffalo Gap Rd., Suite 2500, Abilene, TX 79606
4. Kinder Hearts Hospice; 842 N Mockingbird Ln., Abilene, TX 79603
5. Kindred Hospice; 4400 Buffalo Gap Rd., Suite 1200, Abilene, TX 79606
6. Texas Home Health Personal Care Services; 3303 N 3rd St., Suite A, Abilene, TX 79603

Skilled Nursing Facilities

1. BeeHive Homes of Abilene; 5301 Memorial Dr., Abilene, TX 79606
2. Brightpointe at Lytle Lake; 1201 Clarks Dr., Abilene, TX 79602
3. Coronado Nursing Center; 1751 N 15th St., Abilene, TX 79603
4. Highland Assisted Living LLC; 2310 S 7th St., Abilene, TX 79605
5. Lyndale Abilene Senior Living; 6565 Central Park Blvd., Abilene, TX 79606
6. Merkel Nursing Center; 1704 N 1st, Merkel, TX 79536
7. Mesa Springs Healthcare Center; 7171 Buffalo Gap Rd., Abilene, TX 79606
8. Morada Abilene; 3234 Buffalo Gap Rd., Abilene, TX 79605
9. Northern Oaks Living & Rehabilitation Center; 2722 Old Anson Rd., Abilene, TX 79603
10. The Oaks at Radford Hills; 725 Medical Drive, Abilene, TX 79601
11. Silver Spring; 1690 N Treadway Blvd., Abilene, TX 79601
12. Wesley Court Health Center; 2617 Antilley Rd., Abilene, TX 79606
13. Willow Springs Health & Rehabilitation Center; 4934 S 7th St., Abilene, TX 79605
14. Windcrest Health & Rehabilitation; 6050 Hospital Rd., Abilene, TX 79606
15. Wisteria Place; 3202 S Willis St., Abilene, TX 79605

Select Other Health Care Facilities

1. Abilene Community Health Center; 1749 Pine St., Abilene, TX 79601
2. Cook Children's Pediatric Specialties Abilene; 410 Lone Star Dr., Abilene, TX 79602
3. Texas Oncology – Abilene; 1957 Antilley Rd., Abilene, TX 79606
4. Tim Martin M.D. (Independent Physician Office); 2110 N Willis St., Suite B, Abilene, TX 79603

38. Evidence of how patient choice is being preserved.

- The patient choice policy for Hendrick Health was extended post-Merger to encompass both HMC and HMC-S. The policy continues to conform with CMS mandated patient choice requirements. To the extent any revisions are made to this policy in the future, any approved and implemented revised policy will be provided in future submissions as applicable.

39. Evidence reflecting efforts to bring additional jobs to the area.

- Open positions: During Quarter 4 FY2021, Hendrick Health posted an additional 404 new job openings. These roles cover both clinical and non-clinical positions across the organization and indicate significant demand for talent within the combined Hendrick Health system. The list of open positions as of the end of the Fourth Quarter FY2021 is provided in **Attachment 2**, which includes a mix of vacant positions and new positions created by the merger.
- Recruitment efforts: Hendrick Health continues to use various resources to recruit medical providers to the community. In Quarter 4 FY2021, Hendrick Health continued to use multiple online recruitment platforms (Indeed, GasWorks, Ethesia, Doximity, PracticeLink, Practice Match, CareerMD, the Hendrick Health website, and other association websites) to disseminate job postings for physician and nursing positions. Hendrick Health also partnered with over 160 recruitment firms and circulated open job positions through email blasts to current employees.
- In Quarter 4 FY2021, the Medical Staff Development Committees of Hendrick Health continued to evaluate the physician to population ratios, ER call coverage, and appointment wait times to determine gaps in coverage and needs for the service area. Hendrick Health has set a goal to recruit 70 additional physicians within the next three years, of which, as of the end of Quarter 4 FY2021, 16 positions have been filled. These physicians will include additional primary care and subspecialties to allow better access to care within our communities. Hendrick Health has also hired a recruiter dedicated to hiring Registered Nurses.
- New hires: In addition, during Quarter 4 FY2021, Hendrick Health hired 429 new employees, 6 of which were new positions designed to support identified needs for the new combined system, including both administrative and clinical roles. For example, Hendrick Health added the following positions:
 - 2 Customer Service Representatives
 - 1 Registrar Administrator
 - 1 Biller
 - 1 Certified Coder I-HPN
 - 1 Systems & Training Specialist II

40. Any contracted services that have changed since the last report, with an explanation for each change.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- ***Changes to Contracted Services:*** As of the end of Quarter 4 FY2021, Hendrick Health is continuing the process of evaluating potential alignment opportunities related to the following contracted services, which would enable the combined organization to operate more efficiently and achieve cost savings:



Hendrick Health will continue to evaluate potential contract alignment opportunities through the post-Merger integration process and will provide updates in subsequent reports once more information becomes available.

41. Data illustrating physician contracts for each county in the region specifying the physician specialty or practice area for each contract.

- **Table 41** lists the specialty and county location for the 101 physicians Hendrick Health employed during Quarter 4 FY2021. The region is also served by a number of community physicians not employed by Hendrick Health. While Hendrick Health does not maintain a comprehensive directory of these community physicians beyond those with medical staff privileges at Hendrick Health (discussed in Item 44 of this Report), public sources that identify community physicians including the Texas Medical Board Healthcare Provider Search and health plan provider directories are available.

Table 41: Employed Physicians by County Location

Specialty	Facility		County Service Locations		
	HMC	HMC-S	Taylor	Brown	Nolan
Anesthesia	12	3	✓		
Cardiology	9	3	✓	✓	
Cardiovascular Surgery	3	-	✓		
Endocrinology	3	-	✓	✓	
Family Medicine	5	2	✓		✓
Gastroenterology	-	3	✓		
General Surgery	4	2	✓		
Hospice	1	-	✓		
Infectious Disease	2	-	✓		
Internal Medicine	8	3	✓		
Nephrology	2	-	✓	✓	
Neurology	2	-	✓		
Neurosurgery	1	-	✓		
OB/GYN	7	1	✓		
Oncology	4	-	✓	✓	
Ophthalmology	1	-	✓		
Orthopedic Surgery	1	1	✓		
Pain Medicine	2	-	✓	✓	

Palliative Care	3	-	✓		
Plastic Surgery	1	-	✓	✓	
Radiation/Oncology	3	-	✓		
Rehab	1	-	✓		
Rheumatology	3	-	✓		
Urology	3	-	✓		
Wound Care	2	-	✓		
Grand Total	83	18	✓	✓	✓

E. Other Requirements

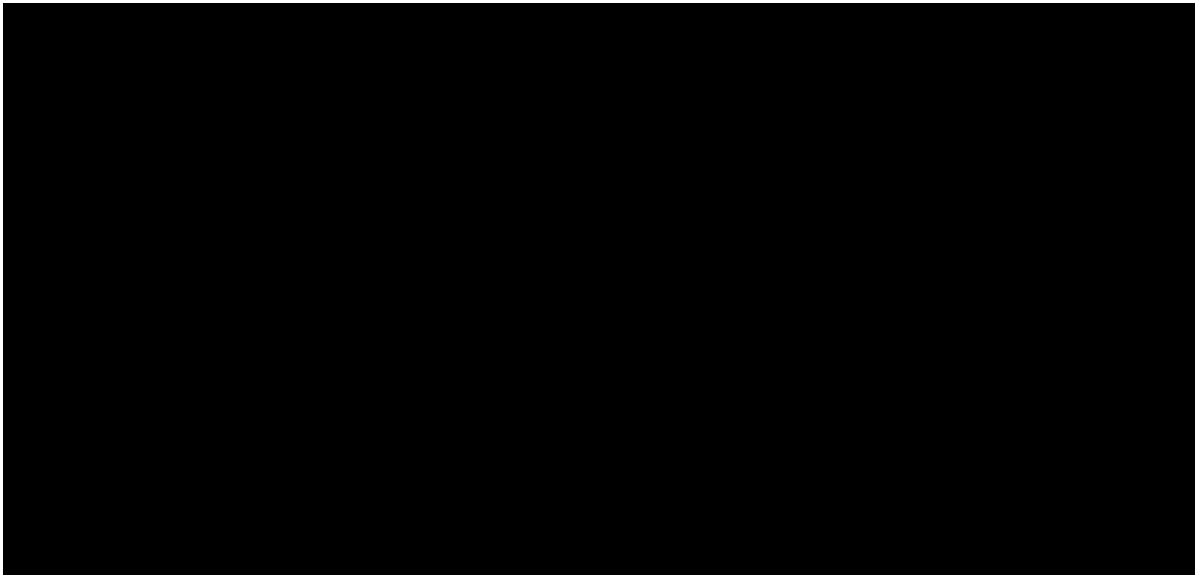
42. Any minutes or notes of meetings regarding the COPA and the portion of each hospital's governing body meeting minutes that discuss the COPA.

- Meeting Minutes: To the extent meeting minutes or notes regarding the COPA, including portions of governing body meeting minutes that discuss the COPA, are kept in the ordinary course of business, and to the extent no applicable privileges exist, such documentation has been provided in Attachment 3.

43. Any healthcare-related service contract changes in the previous quarter and the explanation for the change.

[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- Changes to Contracted Health Care Services: As noted in the Baseline Performance Report, HMC and legacy ARMC maintained agreements with a variety of third-party service providers to support their operations. Following the Merger, Hendrick Health began the process of evaluating such services in order to identify potential alignment opportunities across the legacy organizations. As of the end of Quarter 4 FY2021, Hendrick Health identified potential opportunities to consolidate each of the following services to a single contracted provider, which will enable the combined organization to operate more efficiently and achieve cost savings:



Hendrick Health will continue to evaluate potential healthcare-related service contract alignment opportunities through the post-Merger integration process and will provide updates in subsequent reports once more information becomes available.

44. The number of physicians, allied professionals, and other health care providers providing medical services that have privileges to practice at the hospital.

- Privileged Providers: A complete list of physicians, allied professionals, and other health care providers with privileges at Hendrick Health is provided in **Attachment 4** to this Report. As of the end of Quarter 4 FY2021, Hendrick Health provided privileges to 561 health care providers at HMC and 320 health care providers at HMC-S, as detailed in **Table 44** below.

Table 44: Hendrick Health Privileged Providers as of Quarter 4 FY2021

Privileged Provider Category	HMC	HMC-S
Physicians	393	247
Physician Assistants	33	20
Nurse Practitioners	68	26
Certified Registered Nurse Anesthetist	31	26
Other APC	36	1
Total	561	320

45. Information on additional investments regarding infrastructure, capital expenditures, and operating costs and how this affected patient care outcomes, population access to health care, and prevention services.

- As discussed in this Report, Hendrick Health continues to invest in the combined health system, thereby improving patient care and access, as illustrated by the following infrastructure, capital, and operating investments:
 - Infrastructure Investment and Capital Expenditures: As of the end of the Fourth Quarter FY2021, Hendrick Health invested approximately \$7.1 million in capital and infrastructure expenditures as a combined health system, including winter storm related repairs, as well as the purchase of equipment, routine maintenance (equipment and IT), software, infrastructure, additional completion of two Abilene Urgent Cares, and miscellaneous other projects.
 - Cost Savings Reinvestment: During Quarter 4 FY2021, Hendrick Health began reinvesting in the combined healthcare system, with the goal of improving the overall patient experience and patient care, including: COVID-19 clinics and vaccine distribution; continuing development of the new Hendrick Service Center to provide a centralized, accessible hub for patient services and reallocate valuable space to expand clinical services for patients; and investing in critical repairs and strategic investments at HMC-S in order to increase service levels available to patients.
 - Coordination of Services: Throughout the Fourth Quarter FY2021, Hendrick Health continued to enhance the coordination of services to increase clinical integration, standardization, and quality of care across both campuses through the following: successfully preparing for and completing the Joint Commission extension survey; coordination of anesthesia, neonatology, and dialysis services across HMC and HMC-S;

coordination of inpatient capacity across HMC and HMC-S to increase access to care and decrease patient wait times; integration of the Facility Management and Environmental Services departments to increase standardization and operating efficiencies across both campuses; expansion of the Tele-Sitter program to HMC-S to enhance patient care and safety; expansion of diabetes education for new-onset diabetes to HMC-S; strategic planning and reorganization for a unified organizational chart; installation of automated medication dispensing systems at HMC-S; development of Joint Abilene Operations Meetings and Joint Abilene Executive Staff Meetings; coordination of additional clinical staffing at HMC-S; continued development of clinical care committees; and continued development of a centralized transfer center.

IV. Attachments