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Hendrick Health

Quarterly Report for Quarter 1 of Fiscal Year 2024

Reporting Period: 9/1/23 – 11/30/23

Submission Date: February 26, 2024

Certificate of Public Advantage ("COPA")

Quarterly Performance Report for Quarter 1 of Fiscal Year 2024

This Quarterly Performance Report (the “Report”) is submitted pursuant to the revised Terms and Conditions of Compliance (effective October 1, 2023) governing the Certificate of Public Advantage (“COPA”) issued to Hendrick Medical Center *d/b/a* Hendrick Health 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 “Hendrick Medical Center South” or “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 first quarter of fiscal year 2024 (“Quarter 1 FY2024” or “First Quarter FY2024”), the period of September 1, 2023 to November 30, 2023. 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”).

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I. Abbreviation Key

Abbreviation	Full Name
ARMC	Abilene Regional Medical Center
CDM	Charge Description Master
CMS	Centers 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 1 FY2024

A. Summary of Requirements

As required by Texas Health and Safety Code § 314A.103, Texas Admin. Code § 567.34, 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: “Certificate of Public Advantage Terms and Conditions of Compliance for Hendrick Health System” effective October 1, 2023.

B. 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.

Name	Position
Brad D. Holland, FACHE	President and Chief Executive Officer
Robert Wiley, M.D.	Hendrick Health Vice President, Chief Medical Officer and Chief Quality Officer
Jeremy Walker	Hendrick Health Vice President, Chief Financial Officer
Bradley Benham, Esq.	Hendrick Health Vice President, Foundation
Susan Greenwood, BSN, RN, FACHE	Hendrick Health Vice President, Chief Nursing Officer
David Stephenson, FACHE	Hendrick Health Vice President, Hendrick Clinic
Susan Wade, FACHE	Hendrick Health Vice President, Abilene Market Chief Operating Officer
Kirk Canada, PT, ScD, DPT	Hendrick Health Vice President, Chief Operating Officer
Courtney Head	Hendrick Health Vice President, Human Resources
Brian Bessent, FACHE	Hendrick Health Vice President, Chief Strategy and Experience Officer
Judy LaFrance, MSN, RN, NE-BC	Chief Administrative Officer, Hendrick Medical Center South
Heater Ray, DNP, RN, CNRN	Hendrick Health Assistant Vice President, Abilene Market Chief Nursing Officer
Jesiree Driskell	Hendrick Health Assistant Vice President, Strategic Communication and Digital Experience
Chris Ford, FACHE	Hendrick Health Assistant Vice President, Support Services
Tave Kelly	Hendrick Health Assistant Vice President, Revenue Cycle
Adam Wood	Hendrick Health Assistant Vice President, Material Management
Mark Edwards	Hendrick Health Assistant Vice President, Information Technology
Mark Huffington	Hendrick Health Assistance Vice President, Analytics
Treva Broderick	Hendrick Health Assistant Vice President, Clinical Services
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:** The most recent CMS Star Rating is from July 2023. HMC (which includes HMC-S) earned an overall rating of three stars (see **Table 1a** below). The CMS Star Rating summarizes a variety of measures across five areas of quality (Mortality, Safety of Care, Readmission, Patient Experience, and Timely and Effective Care) into a single star rating. The time periods covered by each measure vary. For the July 2023 Star Rating, the data collection period for some measures goes back to April 1, 2018. Other measures have more recent data, going up through March 31, 2022. As noted in prior reports, CMS previously made significant changes to its Star Rating methodology and reporting schedule between the 2020 and April 2021 ratings. Because various measures are now weighted differently, these changes in methodology make it difficult to compare the April 2021 and beyond Star Rating to historical ratings.

Table 1a: Overall CMS Star Ratings¹

Location	Pre-Merger Period						Post-Merger Period			
	FY2018		FY2019		FY2020		FY2021		FY2022	FY2023
	Jan	July	Mar	July	Jan	Aug	Apr	July	July ²	July
HMC	4	4	3	3	5	5	4	4	4	3
ARMC (HMC-S)	3	3	2	2	2	2	4	4		

- Leapfrog Hospital Safety Grades:** HMC earned a “B” and HMC-S a “C” in the most recent Leapfrog Hospital Safety Grade release (from Fall of 2023) (see **Table 1b** below). Leapfrog evaluates performance by measures that gather data from various sources, including CMS and the Leapfrog Hospital Survey. The time periods covered by each measure may vary as well. For example, several measures from the most recent report include CMS data going back to July 1, 2019 and the 2023 Leapfrog Hospital Survey. Therefore, a portion of the data for the Fall 2023 update pre-dated the Merger.

¹ Source: Care Compare: <https://www.medicare.gov/care-compare/#search>.

² 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 1b: Leapfrog Safety Grades³

Location	Pre-Merger Period						Post-Merger Period					
	FY2018		FY2019		FY2020		FY2021		FY2022		FY2023	
	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall
HMC	A	A	A	A	A	B	B	B	A	B	C	B
ARMC (HMC-S)	C	C	C	B	C	C	C	Not Graded ⁴	C	C	C	C

- Patient Admissions & Medicare Cost Report Data: Inpatient admissions and outpatient volumes are provided below in **Item 2** of this Report. Hendrick Health most recently provided its 2019 Medicare Cost Report and will provide subsequent cost reports once it receives final settlement with a Notice of Program Reimbursement (“NPR”).
- Patient Experience Ratings: Using the CMS data reported in November 2023⁵ (data reporting period of January 1, 2022 through December 31, 2022), HMC and HMC-S (combined performance) maintained a rating of three stars on the Hospital Consumer Assessment of Healthcare Providers and Systems (“HCAHPS”) survey of patient satisfaction (see **Table 1c** below).

Table 1c: Patient Experience Rating Results⁶

Location	Pre-Merger Period												Post-Merger Period												
	FY2018				FY2019				FY2020				FY2021				FY2022				FY2023			FY2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
HMC	3	3	3	4	3	3	3	3	4	3	5	3	3	3	3	3	3	3	3	3	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 Volumes⁷: Hendrick Health’s inpatient admissions decreased slightly from 8,215 in Quarter 4 FY2023 to 7,964 in Quarter 1 FY2024. **Table 2a** shows quarterly inpatient admissions for HMC and HMC-S. 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. Volume numbers are shown on a combined basis for

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.

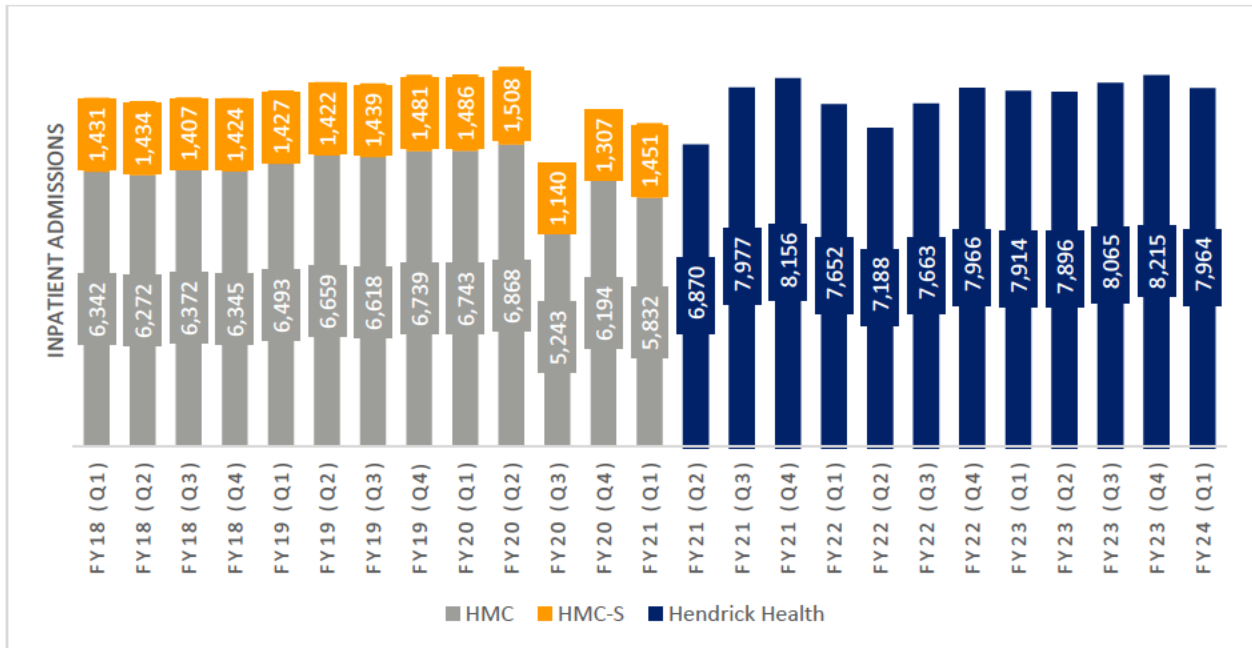
⁵ CMS released data in both October 2023 and November 2023. However, the October 2023 data, including the reporting period, was unchanged from the Q4 FY2023 Performance Report.

⁶ Source: HCAHPS Patient Experience Survey: [HCAHPS Survey Results](#). Due to the Merger, from Q4 FY2021 and forward, all data on CMS’s website for Hendrick Medical Center is combined performance for both HMC and HMC-S.

⁷ 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.

Hendrick Health post-Merger (Quarter 2 FY2021 and beyond) as both hospitals are reported under a single National Provider Identifier (“NPI”).

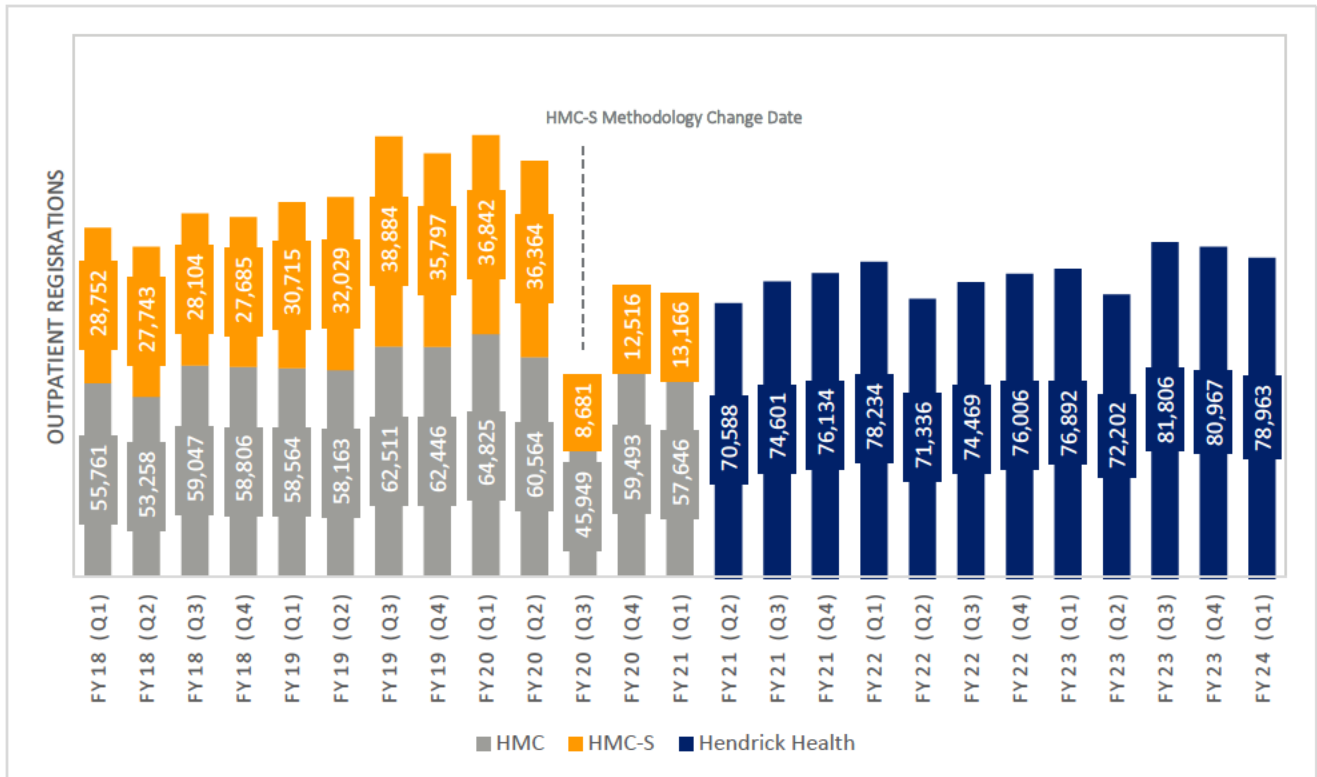
Table 2a: Inpatient Admissions



- Outpatient Volumes**⁸: Hendrick Health’s outpatient registrations decreased from 80,967 in Quarter 4 FY2023 to 78,963 in Quarter 1 FY2024. **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).

⁸ 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.

Table 2b: Outpatient Registrations⁹



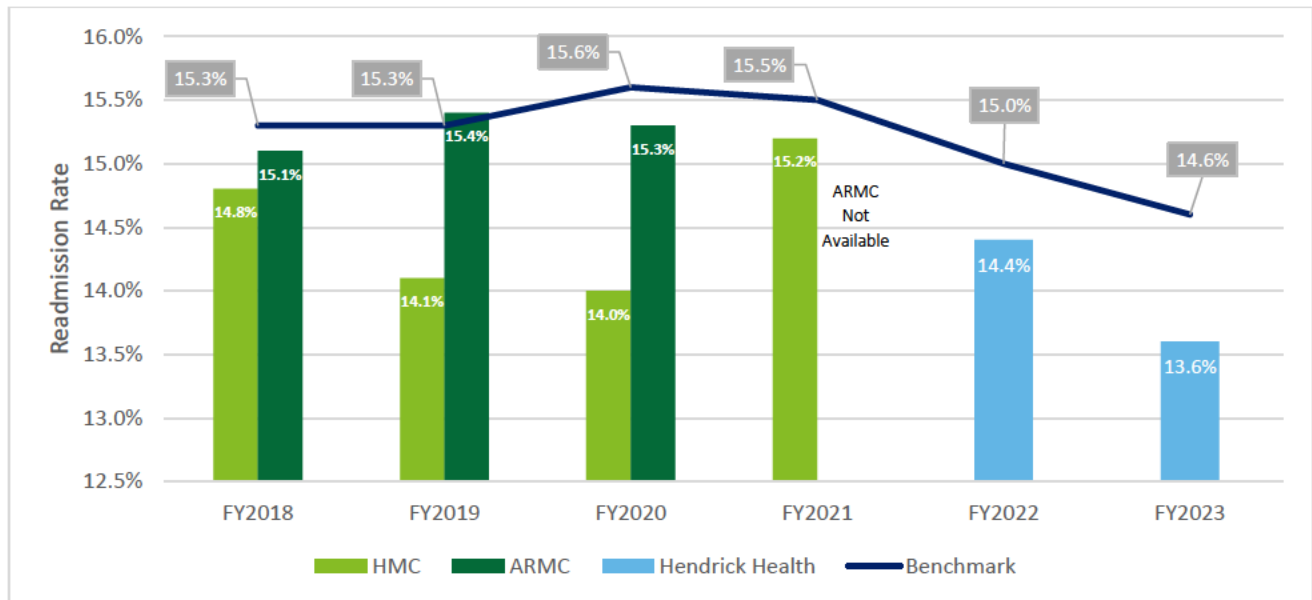
3. Patient readmission numbers before and after the merger.

- Patient Readmission Numbers:** As described in previous Performance Reports, the reported readmission rates during the Baseline Period included all unplanned readmissions¹⁰ within 30 days of a hospital stay or inpatient procedure and are not adjusted to reflect underlying differences in acuity or comorbidities. CMS typically reports readmission data on an annual basis, in July. See **Table 3.**

⁹ 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.

¹⁰ 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.

Table 3: Patient Readmissions^{11, 12}



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

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- Protocols and Treatments:** Continuing with previous reporting, Hendrick Health strives to keep patients in their local community with evidence-based, high-quality care. During Quarter 1 FY2024, Hendrick Health continued to face capacity limits at times. Regional transfer challenges have improved at both campuses. Having both campuses under the same operation has helped meet the community’s need for increased access to high-quality healthcare. If there is an issue at one campus (e.g., equipment being repaired), there are resources available at the other campus. Uniform oversight of both campuses has led to efficient staffing and direction of patients to the best care venue. Hendrick Health continues to further coordinate practices across both campuses to the benefit of patients in the community. For example, staff “float” between HMC and HMC-S, when needed, to ensure optimized staffing levels across the Abilene market. On the Hendrick Health daily huddle, which includes key leadership and staff from both HMC and HMC-S, capacity and staff issues are discussed, and often resolved as relevant stakeholders are part of the call. The same is true with other resources or concerns, such as equipment or technological problems,

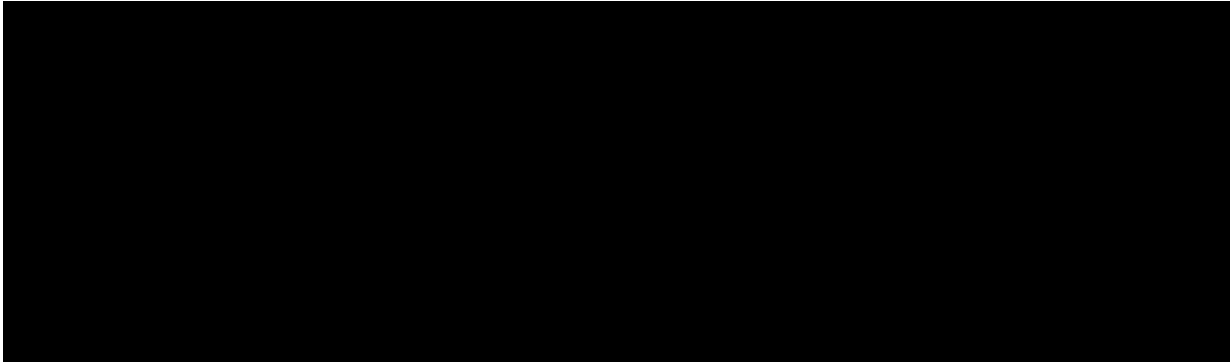
¹¹ Source: Care Compare “Unplanned Hospital Visit” benchmark ([Medicare.gov](https://www.medicare.gov)). The following represents the reporting periods by fiscal year: 7/1/2016 to 6/30/2017 for FY2018, 7/1/2017 to 6/30/2018 for FY2019, 7/1/2018 to 6/30/2019 for FY2020, a partial year 7/1/2019 to 12/1/2019 for FY2021, 7/1/2020 to 6/30/2021 for FY2022, and 7/1/2021 to 6/30/2022 for FY2023. CMS typically updates this data in July of each year. The graphic generally applies the July rate to the fiscal year in which it was released.

¹² 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.

safety, medication shortages, and Joint Commission readiness. Overall, Hendrick Health is better together, due to the ability to share resources and work together to resolve barriers to delivering high-quality care at both campuses.

- 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. Hendrick Health has further coordinated and unified its practices and processes in the emergency departments at HMC and HMC-S. In Quarter 1 FY2024, Hendrick Health continued to utilize its combined medical staff, nursing workforce, and ancillary staff to establish and execute various integrated committees, a few of which are described below, to improve the quality of care for the community and to strive toward integrated processes and procedures.
 - The Evidence-Based Medicine Committee continued its review of current order sets and protocols for the combined campuses for sepsis, stroke, AMI, chest pain, and DKA.
 - The Patient Safety Committee continued to meet monthly to discuss and examine current safety initiatives, sentinel event alerts, patient falls, and concerns regarding restraints, suicide risk, and emergency detention orders. The Patient Safety Committee and the Multi-Campus Fall Prevention Task Force have worked to streamline the process for when falls occur across the system, creating an algorithm to help educate staff on the process. Patient safety review included analysis of reported events, root cause data, and safety rounds.
 - The consolidated members of the Performance Improvement Committee and the Physician Review Committee continued reviewing and addressing various system-wide quality of care concerns related to procedural and provider issues and initiatives. With combined medical staff membership, perspectives on processes and standards of care allow for insightful discussions with increased involvement in decision-making for the organization.
 - Hendrick Health continued to offer inpatient diabetes education for new-onset diabetics at both campuses. Additionally, this program has continued to identify pre-diabetes patients in Hendrick Health’s surgical population and educate those patients about the condition/management of the same.
 - 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 1 FY2024, the committee’s process of receiving and sharing data from departments and programs from both campuses has continued, and templates have been provided for continuity and clarity of reported data. The focus of this committee continues to include a close watch on the executive quality goals. The Readmission Committee, which includes personnel from both HMC and HMC-S and reports to the Quality Council, continues to target Chronic Obstructive Pulmonary Disease (“COPD”) and heart failure populations to decrease readmissions and utilize best practices from each facility. The Readmission Committee and its subcommittees believe that utilizing best practices from each campus will improve system-wide issues, including readmission rates.

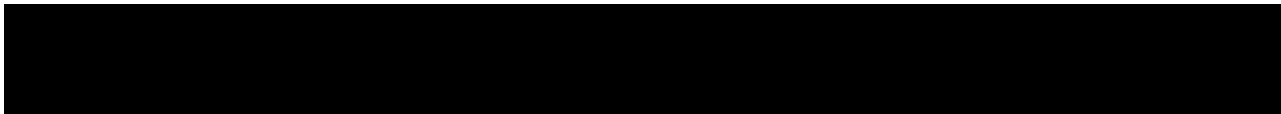
- Joint market perception of care and joint patient safety meetings continued. These meetings involve efforts between HMC and HMC-S to identify best processes, root cause analyses, and potential patient safety issues. Calls are conducted twice daily between HMC and HMC-S to prevent holds in the emergency departments and to address staff sharing to improve capacity across the system.
- Hendrick Health's Executive Patient Experience Committee continued to meet quarterly. This committee is comprised of executive leadership and key physicians to help drive strong patient experience in the emergency department and on the inpatient units.



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

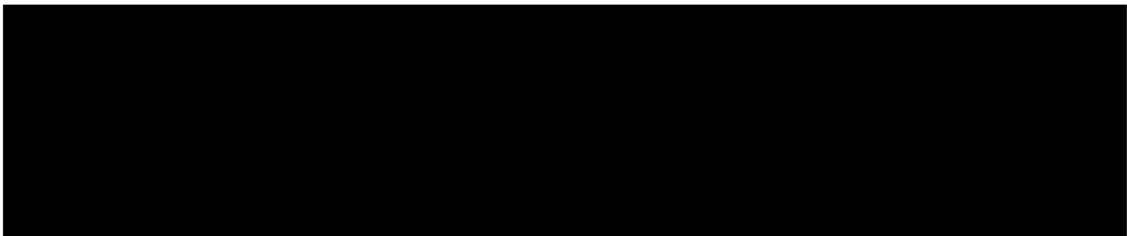
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- After the Transaction closed in October 2020, Hendrick Health immediately began the process of evaluating opportunities across the combined system with the goal of optimizing patient services and enhancing the overall patient experience. During the First Quarter FY2024, Hendrick Health implemented or continued the following initiatives:
 - Continued improvement of patient care through upgrading technology and replacing older equipment.
 - Continued to address capacity and staffing limitations. As previously reported, Hendrick Health has relieved capacity by transferring patients between campuses. The community now has increased access to care when they may otherwise have been waiting at one of the campuses or traveling outside the area for care.
 - Joint market perception of care and joint patient safety meetings continued. These meetings involve efforts between HMC and HMC-S to identify best processes, root cause analyses, and potential patient safety issues. Calls are conducted twice daily between HMC

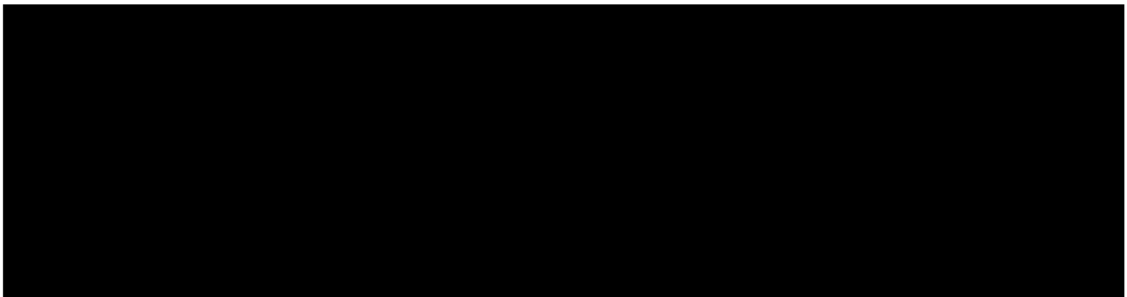
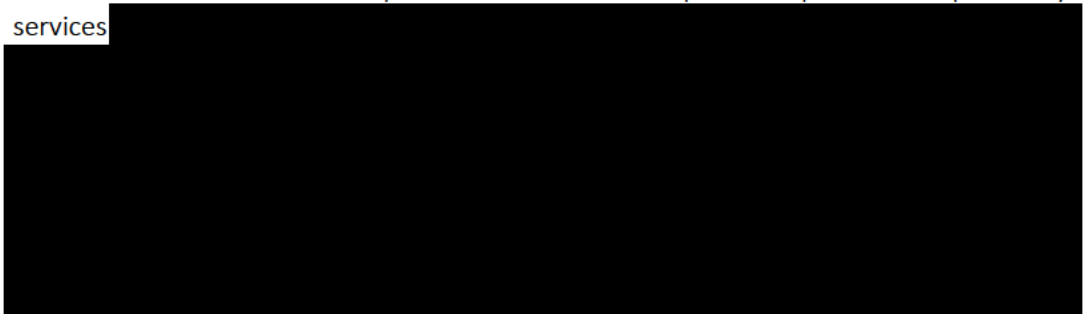


and HMC-S to prevent holds in the emergency departments and to address staff sharing to improve capacity across the system.

- Hendrick Health continued with quarterly Executive Patient Experience Committee meetings. This committee is comprised of executive leadership and key physicians to help drive strong patient experience in the emergency department and on the inpatient units.
- Clinical integration and physician integration team meetings continued to ensure all areas of the Abilene market (HMC and HMC-S) are continuously reviewed for best practices, coordinated efforts, and streamlined processes, policies, procedures, etc.
- The Risk/Safety “on call team” continued efforts to field calls 24/7 regarding patient safety and risk management issues, including the standardized approach to end of life decision-making consistent with Texas law, rules, and regulations.



- Hendrick Health previously established transportation services through the Lyft ride share program to ensure patients have access to hospital, physician visits, or other medical appointments after leaving the hospital. Hendrick Health is increasing the use of ride share options, when needed.
- Hendrick Health continued to optimize and enhance the patient experience for pharmacy services



6. A summary of quality improvement measures for each hospital to address performance in meeting quality performance standards.
- In Quarter 1 FY2024, Hendrick Health continued pursuing its quality goals, which were developed with input from the system-wide Quality Council. The fiscal year 2024 goals include:
 - Inpatient 30-Day Readmission Reduction: Observed Rate \leq Peer in 5 of 6 measures, which include:
 - Acute Myocardial Infarction (“AMI”)
 - Chronic Obstructive Pulmonary Disease (“COPD”)
 - Heart Failure (“HF”)
 - Pneumonia
 - Coronary Artery Bypass Graft (“CABG”) Surgery
 - Elective Primary Total Hip Arthroplasty and/or Total Knee Arthroplasty (“THA”/“TKA”)
 - HAC Reduction Domain 2 HAI SIRs: Achieve \leq 1.00 in 4 of 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
 - SUR – Central Line and Foley Usage Reduction: Achieve \leq 1.10 in 1 of 2 measures
 - HCAHPS: Care Transition – Understood Purpose of Medications: \geq 64% (CMS 85th percentile)
 - 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 on a continual basis, to develop strategies and understand current performance.
 - Quality measures for CMS Star Rating, Leapfrog Safety Grades, Patient Experience, and Readmissions are summarized below in **Table 6**.

Table 6: Hendrick Health Summary of Quality Measure Performance

Quality Metrics	Page Ref.	Post-Merger												
		FY2021				FY2022				FY2023				FY2024
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
CMS Star Rating, HMC	Pg. 8	Not Applicable (rating to be released in Q3)		4	4	Not Applicable (rating to be released in Q3)		4 ¹⁵				3 ¹⁶		
CMS Star Rating, HMC-S	Pg. 8			4	4			3 ¹⁶						
Leapfrog Safety Grades, HMC	Pgs. 8-9	Not Applicable (rating to be released in Q3)		B	B	Not Applicable (rating to be released in Q3)		A	B	Update expected in Spring 2023		C ¹⁷	B ¹⁸	Update expected in Spring 2024
Leapfrog Safety Grades, HMC-S	Pgs. 8-9	Not Applicable (rating to be released in Q3)		C	Not Graded	Not Graded ¹⁹ Not Applicable (rating to be released in Q3)		C	C	Update expected in Spring 2023		C ²⁰	C ²¹	Update expected in Spring 2024
Pt. Experience Rating, HMC	Pg. 9	3	3	3	3	3	3	3	3 ²²	3 ²³	3 ²⁴	3 ²⁵	3 ²⁶	3 ²⁷
Pt. Experience Rating, HMC-S	Pg. 9	3	3	3		3	3	3	3 ²²	3 ²³	3 ²⁴	3 ²⁵	3 ²⁶	3 ²⁷
Inpatient Volumes, HMC	Pgs. 9-10	6k	7k	8k	8k	8k	7k	8k	8k	8k	8k	8k	8k	8k
Inpatient Volumes, HMC-S	Pgs. 9-10	1k		8k	8k	8k	7k	8k	8k	8k	8k	8k	8k	8k
Outpatient Volumes, HMC	Pgs. 10-11	59k	71k	75k	76k	78k	71k	74k	76k	77k	72k	82k	81k	79k
Outpatient Volumes, HMC-S ²⁸	Pgs. 10-11	13k		76k	78k	71k	74k	76k	77k	72k	82k	81k	79k	

¹⁵ The CMS Star Rating summarizes a variety of measures across five areas of quality (Mortality, Safety, Readmission, Patient Experience, and Timely and Effective Care) into a single star rating. The time periods covered by each measure vary. For the July 2022 Star Rating, the data collection period for some measures goes back to July 1, 2017.

¹⁶ For the July 2023 Star Rating, the data collection period for some measures goes back to April 1, 2018 (update expected in July 2024).

¹⁷ Leapfrog evaluates performance by measures that gather data from different sources, including CMS and the Leapfrog Hospital Survey. The time periods covered by each measure may vary as well. Several measures from Spring 2023 report include CMS data going back to July 1, 2019 and Leapfrog Hospital Survey data from 2021 and 2022.

¹⁸ Several measures from the Fall 2023 report include CMS data going back to July 1, 2019 and Leapfrog Hospital Survey data from 2022 and 2023.

¹⁹ HMC-S will resume reporting Leapfrog data in 2022. When a new Safety Grade is released for HMC-S, it will be reflected in a future quarterly report.

²⁰ See Footnote 17.

²¹ See Footnote 18.

²² Data reporting period of October 1, 2020 through September 30, 2021.

²³ Data reporting period of January 1, 2021 through December 31, 2021.

²⁴ Data reporting period of April 1, 2021 through March 31, 2022.

²⁵ Data reporting period of July 1, 2021 through June 30, 2022.

²⁶ Data reporting period of October 1, 2021 through September 30, 2022.

²⁷ Data reporting period of January 1, 2022 through December 31, 2022.

²⁸ The calculation of outpatient volumes at HMC-S was revised starting in Quarter 3 FY2020 to align with Hendrick Health's reporting methods.

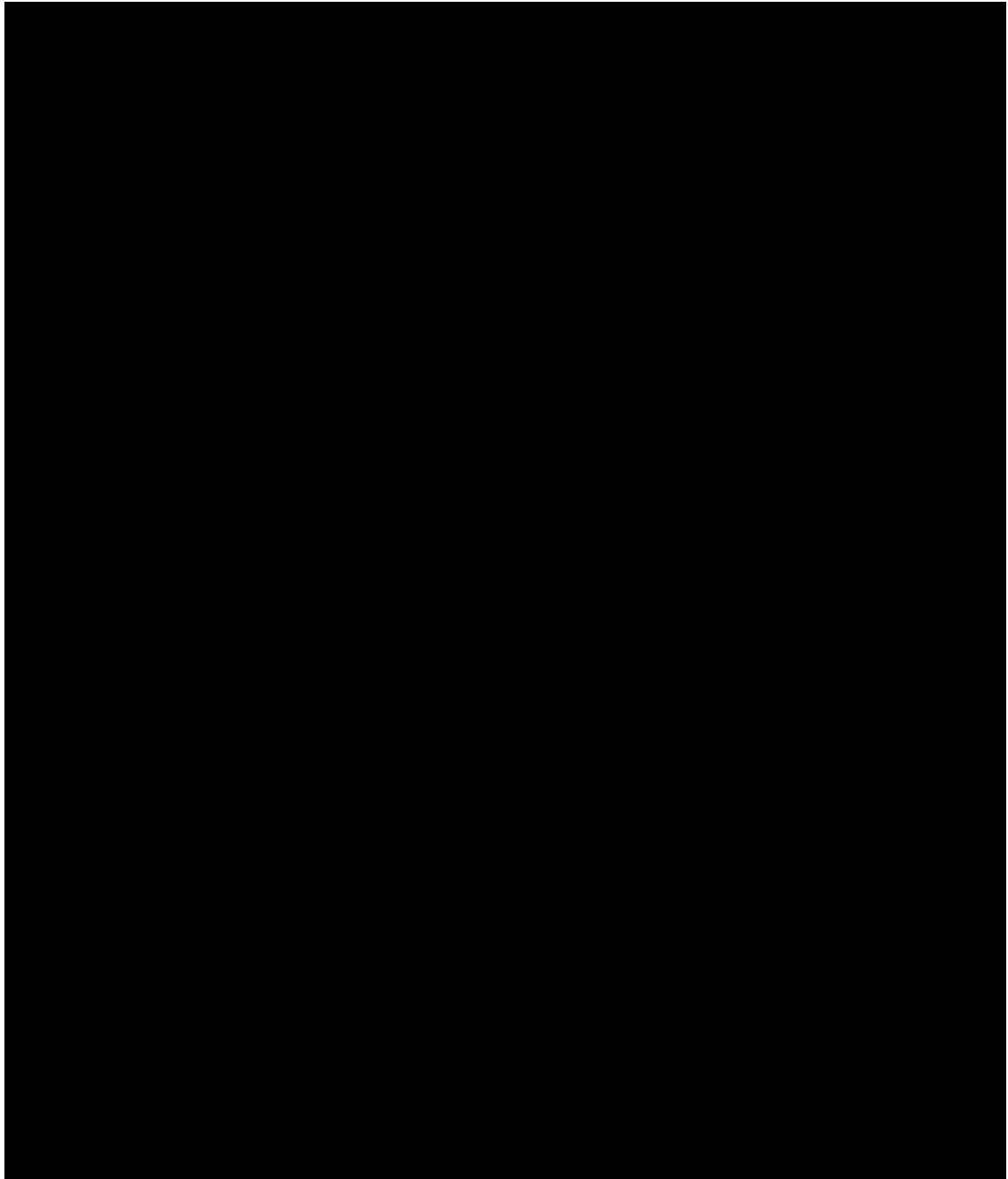
Patient Readmissions, HMC	Pgs. 11-12	15.2% (CMS update in July 2021 – applied the July rate to the fiscal year in which it was released)	14.4% (CMS update in July 2022 – applied the July rate to the fiscal year in which it was released)	13.6% (CMS update in July 2023 – applied the July rate to the fiscal year in which it was released)	Update expected in July 2024
Patient Readmissions, HMC-S	Pgs. 11-12				

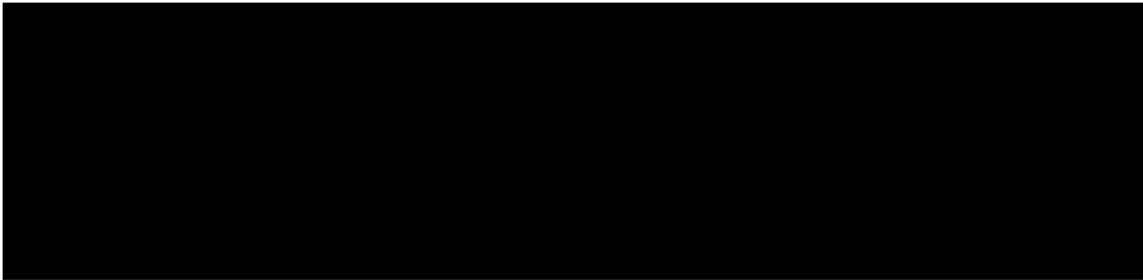
B. Efficiencies

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 1 FY2024, Hendrick Health undertook additional steps to reduce costs and improve efficiency:





8. Data regarding emergency department closures since the merger.

- Current Emergency Department Locations: During Quarter 1 FY2024, 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.

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

- Telehealth: During Quarter 1 FY2024, Hendrick Health provided ambulatory telehealth services, including primary and other non-emergency care services, to 1,942 patients through its virtual care platforms (see **Table 9**). For comparison, the volume of in-person physician clinic visits was 114,434 in Quarter 1 FY2024. 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
- Q1 FY2022: 58,691
- Q2 FY2022: 55,789
- Q3 FY2022: 79,862
- Q4 FY2022: 77,628
- Q1 FY2023: 82,420
- Q2 FY2023: 83,002
- Q3 FY2023: 81,299
- Q4 FY2023: 97,457
- Q1 FY2024: 114,434

Telehealth capabilities remain available and are utilized by patients choosing that method of care.

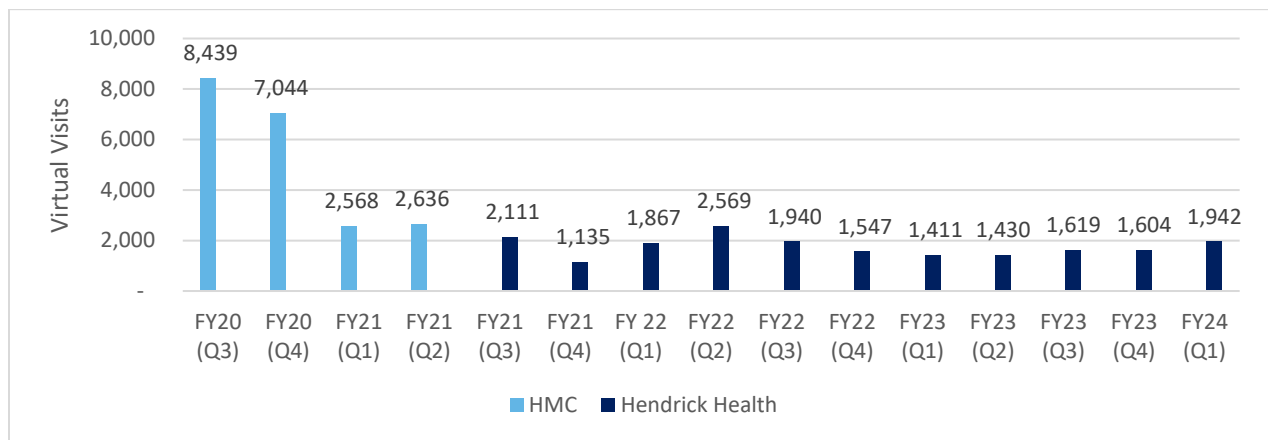
- As discussed in the Quarter 3 FY2021 report, effective May 2021, Telehealth Maternal Fetal Medicine (“MFM”) services were added to provide remote MFM evaluation and treatment (including MFM ultrasound) in HMC’s Labor and Delivery department. This continued in Q1 FY2024.





- 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. Future efforts in this regard depend, in part, on new laws, rules, and regulations promulgated since the end of the public health emergency. Volume numbers will be shown on a combined basis as both hospitals are reported under a single NPI.
- In Q1 FY2024 Hendrick Health appointed an executive leadership position over Digital Experience to sharpen system focus on: increasing access, improving the health of our community/region, and building community/regional healthcare partnerships. Virtual care will be a key component to furthering Hendrick Health’s goals and priorities throughout the service area.

Table 9: Ambulatory Telehealth Visits – Number of Patients Treated via Telehealth²⁹



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

- **IT Platform:** As reported in prior Performance Reports, HMC and HMC-S completed the planned migration to Allscripts Acute EMR platform (now Altera Digital Health) with a go-live date of June 1, 2021, providing the organization with a single hospital EMR system across both campuses. The single EMR has allowed physicians to document and see results in one system and patients to access one portal, providing greater connected care between facilities.
- Hendrick Health continued installation of its Hillrom Nurse Call System at HMC-S. This project was completed in December 2023. Installation continued for replacement of the HMC-S wireless network, which was completed in January 2024. This new network will provide broader and better wireless coverage for use of mobile and biomed devices within the hospital. The timekeeping and

²⁹ Hendrick Health does not have access to legacy ARMC historical (FY2020 – Quarter 1 FY2021) telehealth data.

nurse scheduling project continues with UKG Dimensions to provide a nurse scheduling platform at HMC-S. The mobile scheduling capability was completed in December 2023.

- Hendrick Health plans to replace its digital authentication method used at HMC-S. The new product will allow for quicker access to Citrix and the EMR platform.

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.

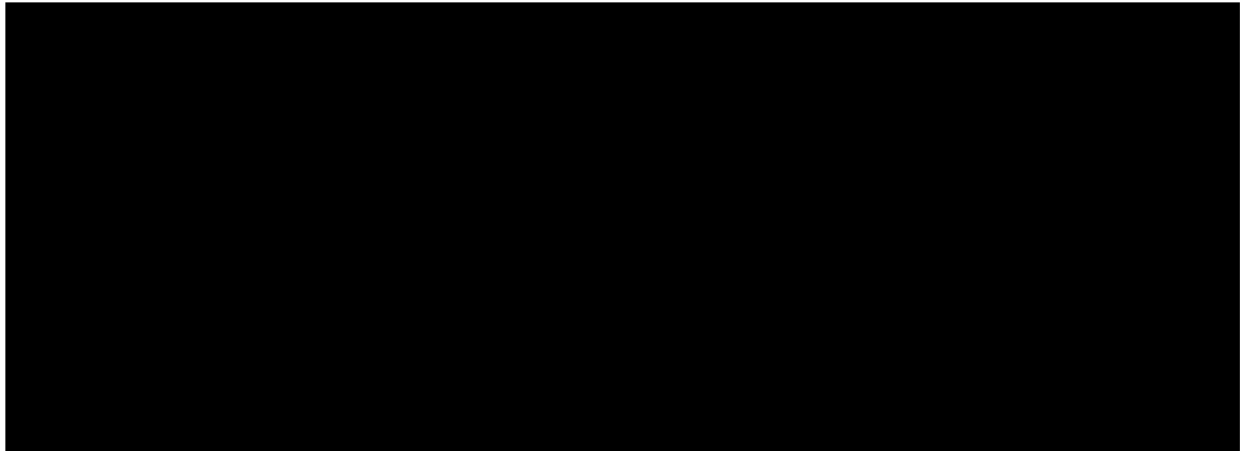
- As noted in previous quarterly reports, neither HMC nor HMC-S reduced its workforce as a result of the pandemic. Rather, both facilities have experienced increased demand for staff.
- As of November 30, 2023, Hendrick Health employed 4,919 individuals (see **Table 11** below). Hendrick Health continued to hire additional local staff within the region, as needed, to provide necessary services at HMC-S. For example, in Quarter 1 FY2024, Hendrick Health hired 283 new employees in the Abilene market.
- To support staffing needs in Quarter 1 FY2024, Hendrick Health contracted with 289 travel healthcare professionals.
- From Quarter 3 FY2021 forward, employee counts for Hendrick Health (HMC and HMC-S) will be reported on a consolidated basis as both hospitals are reported under a single NPI.
- As noted in previous quarterly reports, Hendrick Health launched its service excellence training program to provide employees with tools to continuously deliver high quality healthcare and patient experience. On May 1, 2023, Hendrick Health rolled out the next phase with commitments to excellence highlighted each week in the daily safety huddle and other meetings. In Q1 FY2024, 266 employees completed the half day service excellence training during orientation.
- In October 2023, Hendrick Health's Workforce Development and HR recruitment teams hosted a Career Advancement Fair to provide information about career paths within healthcare, education routes for different fields, and opportunities for growth within the organization. To help employees reach their full potential, Hendrick Health offers multiple tuition-based programs to help with the cost of continuing education.
- Hendrick Health continued its focus on employee training. For example, in Q1 FY2024, Hendrick Health hired an interim perinatal nurse educator for HMC-S.

Table 11: Workforce as of Quarter 1 FY2024³⁰

Location	Employees as of Transaction Closing Date ³¹	Employees as of Q1 FY2021	Employees as of Q2 FY2021	Employees as of Q3 FY2021	Employees as of Q4 FY2021	Employees as of Q1 FY2022
HMC	3,493	3,461	3,547	4,172	4,220	4,356
HMC-S	667	621	607			
Total	4,160	4,082	4,154	4,172	4,220	4,356
Location	Employees as of Q2 FY2022	Employees as of Q3 FY2022	Employees as of Q4 FY2022	Employees as of Q1 FY2023	Employees as of Q2 FY2023	Employees as of Q3 FY2023
HMC	4,494	4,596	4,652	4,618	4,696	4,811
HMC-S						
Total	4,494	4,596	4,652	4,618	4,696	4,811
Location	Employees as of Q4 FY2023	Employees as of Q1 FY2024				
HMC	4,937	4,919				
HMC-S						
Total	4,937	4,919				

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 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.

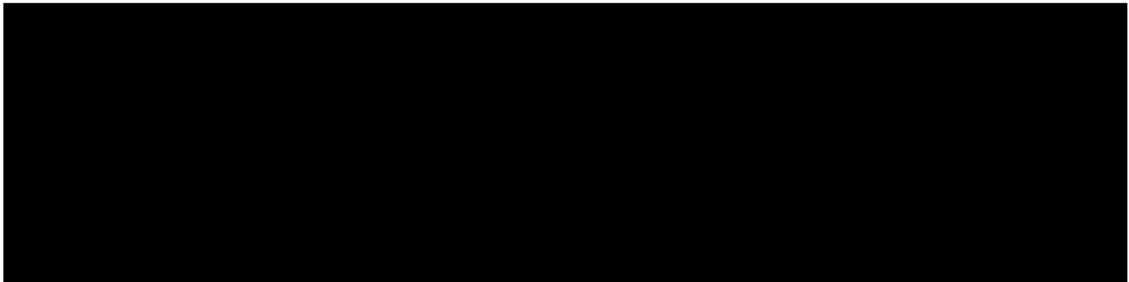
³⁰ Please note that employee headcount includes employed physicians and advanced practice clinicians.

³¹ 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.

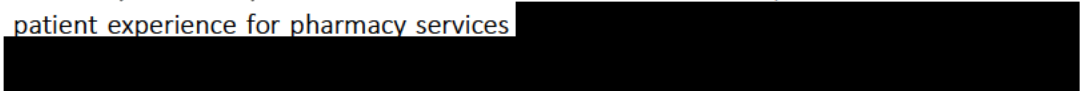
13. Data showing the coordination of services before and after the merger and evidence demonstrating how cost savings will be reinvested locally.

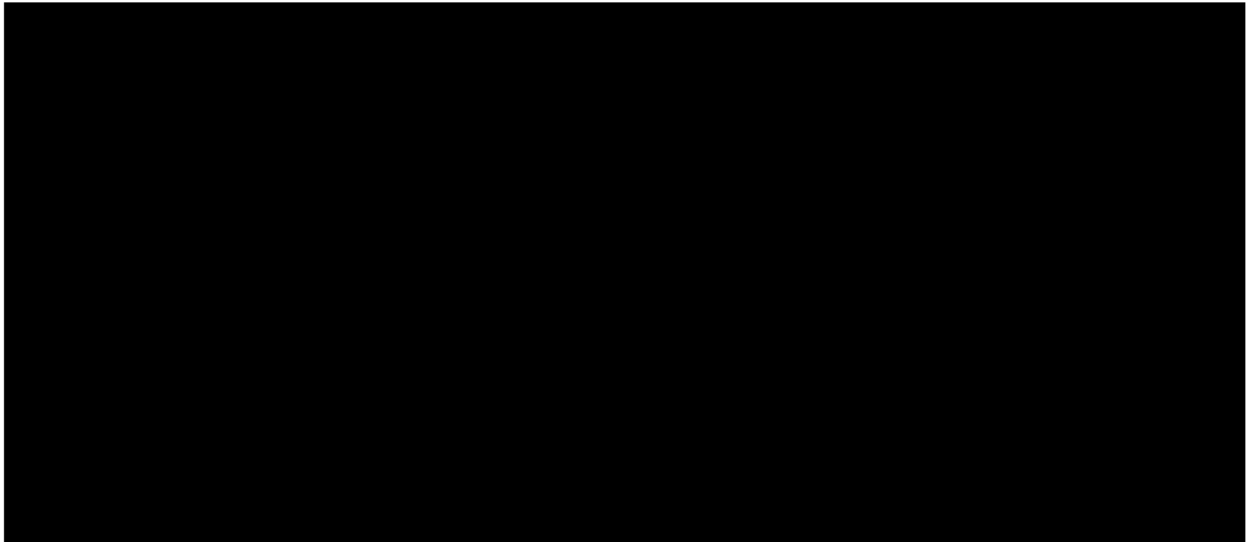
[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- 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 1 FY2024, Hendrick Health continued to enhance the coordination of services through the following:
 - **Coordination of Inpatient Capacity**: Hendrick Health faced capacity limits, 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.
 - **Unified organizational structure**: Hendrick Health continued to streamline the organizational chart across HMC and HMC-S in order to provide increased integration of staffing, policy/procedures, and processes 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 1 FY2024:
 - September 2023: [REDACTED]
 - October 2023: [REDACTED]
 - November 2023: [REDACTED]
 - **Coordination of additional clinical staffing at HMC-S**: During the First Quarter FY2024, Hendrick Health contracted with 289 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 to optimize patient services.



- **Pharmacy Service Optimization**: Hendrick Health continued to optimize and enhance the patient experience for pharmacy services [REDACTED]



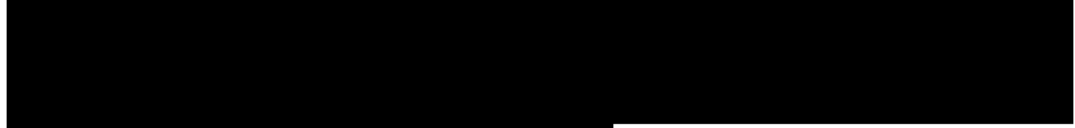




- Cost Savings Reinvestment Evidence: Hendrick Health has continued to experience increased costs due to inflationary pressures consistent with general economic conditions. In addition to the significant increase in expenses due to the COVID-19 pandemic, Hendrick Health has seen costs continue to rise from materials and supplies to capital investment. Despite these financial pressures, Hendrick Health continues to reinvest cost savings, where possible, in various local initiatives outlined herein.

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 reinvested in the combined healthcare system during Quarter 1 FY2024:
 - **Capital expenditures**: In Q1 FY2024, Hendrick Health invested approximately \$10.5 million in capital expenditures across both HMC and HMC-S. 

 - **Investments at HMC-S**: Hendrick Health continues to invest in facility upgrades at HMC-S. 
fourth floor remodel, ICU remodel, OR HVAC project, ice/water machine upgrades, patient food refrigerator replacements, and small projects.

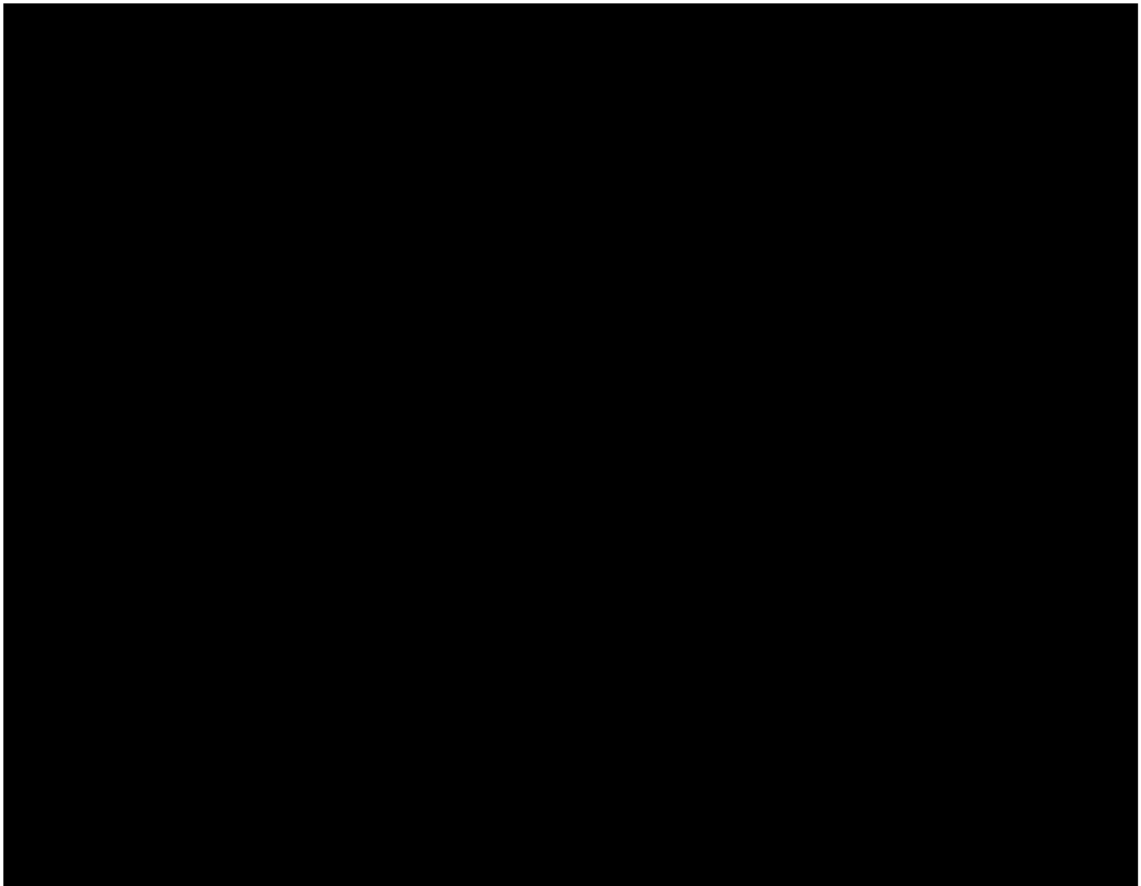
- **Pulse Oximetry/Capnography:** Hendrick Health added Capnostream and pulse oximetry monitors in various places at HMC and HMC-S. Remote oximetry monitoring is now available at certain nurses' stations. [REDACTED]

[REDACTED] pulmonary function testing software, which allows for signature and dictation remotely by pulmonologists, integration with Hendrick Health's EMR platforms, and communication to regional clinics via electronic fax.

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 1 FY2024, Hendrick Health identified several potential opportunities or initiatives that are likely to generate efficiencies and reduce unnecessary costs, as summarized below.





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.]



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

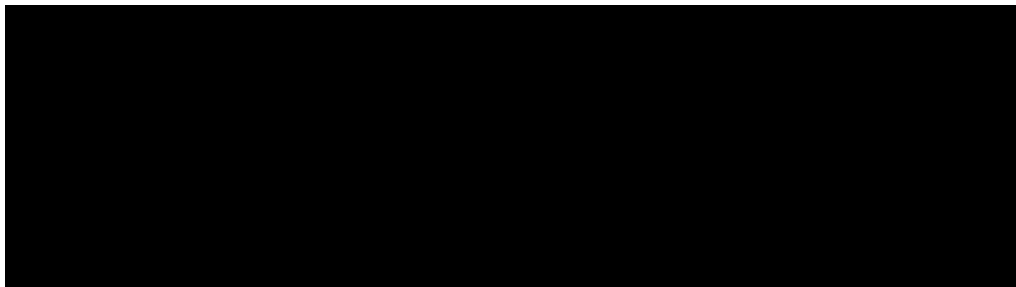
[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- Hendrick Health has used current operating efficiencies, including clinical and selling, general, and administrative (“SG&A”) efficiencies, to positively impact healthcare service delivery, patient care, staff, the local community, and counties served. For example, as reported herein:
 - **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. Hendrick Health has further coordinated and unified its practices and processes in the emergency departments at HMC and HMC-S. In Quarter 1 FY2024, Hendrick Health continued to utilize its combined medical staff, nursing workforce, and ancillary staff to establish and execute various integrated committees, a few of which are described below, to improve the quality of care for the community and to strive toward integrated processes and procedures.
 - The Evidence-Based Medicine Committee continued its review of current order sets and protocols for the combined campuses for sepsis, stroke, AMI, chest pain, and DKA.

- The Patient Safety Committee continued to meet monthly to discuss and examine current safety initiatives, sentinel event alerts, patient falls, and concerns regarding restraints, suicide risk, and emergency detention orders. The Patient Safety Committee and the Multi-Campus Fall Prevention Task Force have worked to streamline the process for when falls occur across the system, creating an algorithm to help educate staff on the process. Patient safety review included analysis of reported events, root cause data, and safety rounds.
- The consolidated members of the Performance Improvement Committee and the Physician Review Committee continued reviewing and addressing various system-wide quality of care concerns related to procedural and provider issues and initiatives. With combined medical staff membership, perspectives on processes and standards of care allow for insightful discussions with increased involvement in decision-making for the organization.
- Hendrick Health continued to offer inpatient diabetes education for new-onset diabetics at both campuses. Additionally, this program has continued to identify pre-diabetes patients in Hendrick Health’s surgical population and educate those patients about the condition/management of the same.
- 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 1 FY2024, the committee’s process of receiving and sharing data from departments and programs from both campuses has continued, and templates have been provided for continuity and clarity of reported data. The focus of this committee continues to include a close watch on the executive quality goals. The Readmission Committee, which includes personnel from both HMC and HMC-S and reports to the Quality Council, continues to target Chronic Obstructive Pulmonary Disease (“COPD”) and heart failure populations to decrease readmissions and utilize best practices from each facility. The Readmission Committee and its subcommittees believe that utilizing best practices from each campus will improve system-wide issues, including readmission rates.
- Joint market perception of care and joint patient safety meetings continued. These meetings involve efforts between HMC and HMC-S to identify best processes, root cause analyses, and potential patient safety issues. Calls are conducted twice daily between HMC and HMC-S to prevent holds in the emergency departments and to address staff sharing to improve capacity across the system.
- Hendrick Health’s Executive Patient Experience Committee continued to meet quarterly. This committee is comprised of executive leadership and key physicians to help drive strong patient experience in the emergency department and on the inpatient units.

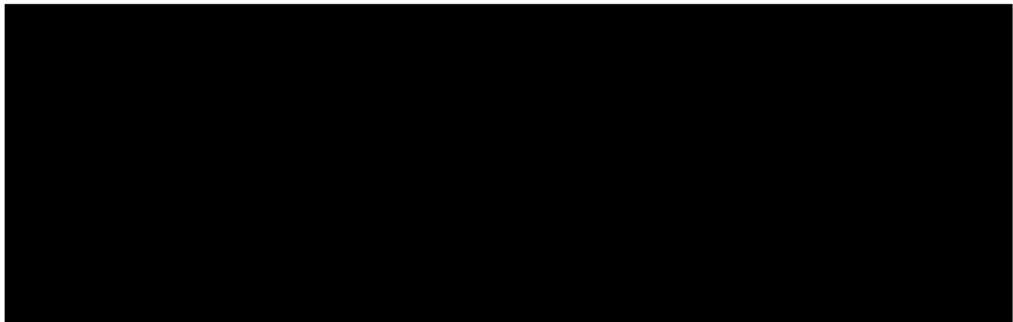
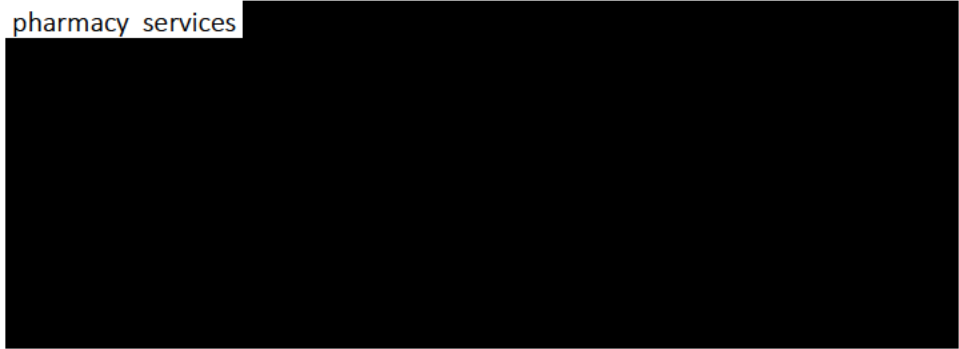
- **Organization of Patient Services.** After the Transaction closed in October 2020, Hendrick Health immediately began the process of evaluating opportunities across the combined system with the goal of optimizing patient services and enhancing the overall patient experience. During the First Quarter FY2024, Hendrick Health implemented or continued the following initiatives:

- Continued improvement of patient care through upgrading technology and replacing older equipment.
- Continued to address capacity and staffing limitations. As previously reported, Hendrick Health has relieved capacity by transferring patients between campuses. The community now has increased access to care when they may otherwise have been waiting at one of the campuses or traveling outside the area for care.
- Joint market perception of care and joint patient safety meetings continued. These meetings involve efforts between HMC and HMC-S to identify best processes, root cause analyses, and potential patient safety issues. Calls are conducted twice daily between HMC and HMC-S to prevent holds in the emergency departments and to address staff sharing to improve capacity across the system.
- Hendrick Health continued with quarterly Executive Patient Experience Committee meetings. This committee is comprised of executive leadership and key physicians to help drive strong patient experience in the emergency department and on the inpatient units.
- Clinical integration and physician integration team meetings continued to ensure all areas of the Abilene market (HMC and HMC-S) are continuously reviewed for best practices, coordinated efforts, and streamlined processes, policies, procedures, etc.
- The Risk/Safety “on call team” continued efforts to field calls 24/7 regarding patient safety and risk management issues, including the standardized approach to end of life decision-making consistent with Texas law, rules, and regulations.



- Hendrick Health previously established transportation services through the Lyft ride share program to ensure patients have access to hospital, physician visits, or other medical appointments after leaving the hospital. Hendrick Health is increasing the use of ride share options, when needed.

- Hendrick Health continued to optimize and enhance the patient experience for pharmacy services



- **Staffing/organizational impact.**
 - Combined Operations and Executive Staff Meetings: Regular Joint Abilene Operations Meetings and Joint Abilene Executive Staff Meetings continued in an effort 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.
 - Hendrick Health continues to address capacity and staffing limitations. As previously reported, Hendrick Health has relieved capacity by transferring patients between campuses. The community now has increased access to care when they may otherwise have been waiting at one of the campuses or traveling outside the area for care.
 - 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.
 - Coordination of additional clinical staffing at HMC-S: During the First Quarter FY2024, Hendrick Health contracted with 297 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 continued its 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.
- Hendrick Health continued to provide ambulatory telehealth services, including primary and other non-emergency care services, to patients in the surrounding area. Telehealth capabilities remain available and are utilized by patients choosing that method of care.
- Hendrick Health continued with its Patient and Family Advisory Council (“PFAC”) to collaborate with the community to improve each patient’s and family’s experience of Hendrick Health’s services consistent with the organizational mission. PFAC utilizes the experience and skills of patients, families, and caregivers to improve care for all patients. PFAC assists Hendrick Health by identifying strategies to support patients and families, evaluating quality improvement projects, and establishing patient and family-centered care priorities.
- Hendrick Health continues to focus its efforts on impacting the predominant health needs of the community as identified in the 2022 Community Health Needs Assessment (“CHNA”).

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 charges³² 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 █████ 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 1 FY2024 volumes and **Table 18b** CDM charges for select tests, treatments, or procedures for the following categories of ancillary health services: Laboratory, Imaging, Pharmacy, and Respiratory Therapy. Hendrick Health posts online its listing of charges for each service it provides in compliance with state and federal price transparency laws.³³
- 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 includes both HMC and HMC-S combined.

³² Gross charges are charges prior to any contractual discount allowance for various payor classes.

³³ See <https://www.hendrickhealth.org/patients-visitors/price-transparency/>

Table 18a: HMC Ancillary Health Services – Volume

Ancillary Service	Volume													
	FY20 ³⁴	Q1 FY21 ³⁵	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Laboratory Services³⁶														
<i>Routine Venipuncture</i>	277,46	71,721	82,199	83,165	93,264	92,967	85,510	90,781	90,716	91,483	95,135	129,422	96,622	93,322
<i>Blood Glucose Monitor</i>	176,46	53,369	71,606	59,016	58,756	65,856	60,970	55,983	53,749	48,735	54,889	71,727	54,914	57,864
<i>CBC With Diff</i>	144,12	37,576	43,715	46,185	49,135	48,728	44,414	47,782	47,816	48,098	48,931	69,487	52,012	50,813
<i>Comp. Metabolic Panel</i>	106,78	29,060	35,295	37,175	39,146	38,355	34,850	37,619	37,614	38,807	38,207	54,101	40,302	39,176
<i>Basic Metabolic Panel</i>	38,365	9,322	10,666	11,947	11,519	11,421	10,734	11,435	11,851	11,656	12,436	16,604	12,986	12,865
Imaging Services														
<i>SCR Mammography</i>	11,064	3,138	3,649	3,695	4,151	4,266	3,750	3,842	4,304	4,400	4,062	5,974	4,125	4,038
<i>Breast Tomo Screening</i>	10,503	3,026	3,608	3,674	4,112	4,231	3,701	3,809	4,272	4,366	4,330	5,930	4,113	4,026
<i>Vascular Ultrasound</i>	2,958	869	881	916	1,174	1,559	1,196	1,227	1,144	1,145	1,247	1,667	1,305	1,221
<i>Renal Ultrasound</i>	2,370	567	654	678	759	660	587	694	721	695	680	1,088	782	637
<i>Gallbladder Ultrasound</i>	2,287	473	491	671	741	661	630	756	774	675	660	959	720	737
Pharmacy														
<i>Sodium Chloride 0.9%</i>	507,53	127,525	134,331	125,793	126,249	130,970	123,366	140,889	136,916	138,806	143,955	189,371	140,203	119,146
<i>Insulin Injection (1 Unit)</i>	448,40	145,870	210,552	148,083	162,183	175,331	175,763	131,906	127,752	123,921	150,880	190,815	128,795	145,827
<i>Iodine Contrast (LOCM)</i>	401,32	159,108	216,805	192,696	109,747	109,611	88,544	103,786	250,875	156,307	142,805	157,613	110,008	106,908
<i>Iodine Contrast (Visipaque)</i>	280,57	69,301	70,546	99,250	108,902	103,271	95,100	95,375	128,515	134,659	131,553	221,789	179,632	211,399
<i>Insulin Injection (5 Units)</i>	110,29	44,387	60,211	44,424	34,427	44,997	40,249	25,118	131,423	118,256	137,647	173,183	129,665	145,504
Respiratory Therapy														
<i>SVN-MDI Airway Treatment</i>	74,606	27,075	46,666	26,859	31,038	42,741	37,646	24,535	20,098	23,033	28,697	25,632	18,488	22,006
<i>Arterial Puncture</i>	6,653	1,939	2,621	1,859	2,997	3,851	3,222	1,833	1,566	1,861	2,539	2,603	1,699	1,758
<i>Full Body Chamber (30 min)</i>	5,785	1,606	2,134	2,394	2,953	1,957	2,000	2,490	2,085	1,471	1,479	2,646	1,819	2,203
<i>Ventilation Assist³⁷</i>	4,552	1,621	3,304	1,619	1,796	2,701	2,097	1,121	821	1,079	1,449	1,266	985	863
<i>CPAP</i>	4,254	1,582	2,808	1,870	2,058	2,584	2,334	1,720	1,373	1,549	1,793	2,095	1,283	1,306

Table 18b: HMC Ancillary Health Services – Charges

Ancillary Service	Gross CDM Charges													
	FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Laboratory Services														
<i>Routine Venipuncture</i>		\$19.54	\$19.54	\$19.54	\$19.54	\$21.10	\$21.10	\$21.10	\$21.10	\$23.63	\$23.63	\$23.63	\$23.63	\$25.52
<i>Blood Glucose Monitor</i>		\$32.70	\$32.70	\$32.70	\$32.70	\$35.32	\$35.32	\$35.32	\$35.32	\$39.56	\$39.56	\$39.56	\$39.56	\$42.72
<i>CBC With Diff</i>		\$173.65	\$173.65	\$173.65	\$173.65	\$187.54	\$187.54	\$187.54	\$187.54	\$210.04	\$210.04	\$210.04	\$210.04	\$226.84
<i>Comp. Metabolic Panel</i>		\$491.19	\$491.19	\$491.19	\$491.19	\$530.49	\$530.49	\$530.49	\$530.49	\$594.15	\$594.15	\$594.15	\$594.15	\$641.68
<i>Basic Metabolic Panel</i>		\$360.70	\$360.70	\$360.70	\$360.70	\$389.56	\$389.56	\$389.56	\$389.56	\$436.31	\$436.31	\$436.31	\$436.31	\$471.21
Imaging Services														
<i>SCR Mammography</i>		\$499.71	\$499.71	\$499.71	\$499.71	\$539.69	\$539.69	\$539.69	\$539.69	\$604.45	\$604.45	\$604.45	\$604.45	\$652.81
<i>Breast Tomo Screening</i>		\$123.68	\$123.68	\$123.68	\$123.68	\$133.57	\$133.57	\$133.57	\$133.57	\$149.60	\$149.60	\$149.60	\$149.60	\$161.57
<i>Vascular Ultrasound</i>		\$6,723.27	\$6,723.27	\$6,723.27	\$6,723.27	\$7,261.13	\$7,261.13	\$7,261.13	\$7,261.13	\$8,132.47	\$8,132.47	\$8,132.47	\$8,132.47	\$8,783.07

³⁴ Excludes legacy ARMC (or HMC-S) as this data was not available to Hendrick Health pre-Merger.

³⁵ 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.

³⁶ 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.

³⁷ Due to the COVID-19 pandemic, Ventilation Assist treatments increased by approximately 17% between FY2019 and FY2020.

Renal Ultrasound	\$1,149.48	\$1,149.48	\$1,149.48	\$1,149.48	\$1,241.44	\$1,241.44	\$1,241.44	\$1,241.44	\$1,390.41	\$1,390.41	\$1,390.41	\$1,390.41	\$1,501.64
Gallbladder Ultrasound	\$1,159.20	\$1,159.20	\$1,159.20	\$1,159.20	\$1,251.94	\$1,251.94	\$1,251.94	\$1,251.94	\$1,402.17	\$1,402.17	\$1,402.17	\$1,402.17	\$1,514.34
Pharmacy													
Sodium Chloride 0.9%	\$1.43	\$1.43	\$1.44	\$1.44	\$1.56	\$1.56	\$1.56	\$1.56	\$1.75	\$1.75	\$1.75	\$1.75	\$1.89
Insulin Injection (1 Unit)	\$3.51	\$3.51	\$3.51	\$3.51	\$3.79	\$3.79	\$3.79	\$3.79	\$4.24	\$4.24	\$4.24	\$4.24	\$4.43
Iodine Contrast (LOCM)	\$4.44	\$4.44	\$4.44	\$4.44	\$4.80	\$4.80	\$4.80	\$4.80	\$5.38	\$5.38	\$5.38	\$5.38	\$5.81
Iodine Contrast (Visipaque)	\$2.24	\$2.24	\$2.24	\$2.24	\$2.42	\$2.42	\$2.42	\$2.42	\$2.71	\$2.71	\$2.71	\$2.71	\$5.15
Insulin Injection (5 Units)	\$5.29	\$5.29	\$5.29	\$5.29	\$5.71	\$5.71	\$5.71	\$5.71	\$6.40	\$6.40	\$6.40	\$6.40	\$6.91
Respiratory Therapy													
SVN-MDI Airway Treatment	\$699.43	\$699.43	\$699.43	\$699.43	\$755.38	\$755.38	\$755.38	\$755.37	\$846.03	\$846.03	\$846.03	\$846.03	\$913.71
Arterial Puncture	423.53	\$423.53	\$423.53	\$423.53	\$457.41	\$457.41	\$457.41	\$457.41	\$512.30	\$512.30	\$512.30	\$512.30	\$553.28
Full Body Chamber (30 min)	\$640.07	\$640.07	\$640.07	\$640.07	\$691.28	\$691.28	\$691.28	\$691.28	\$774.23	\$774.23	\$774.23	\$774.23	\$836.17
Ventilation Assist	\$5,878.87	\$5,878.87	\$5,878.87	\$5,878.87	\$6,349.18	\$6,349.18	\$6,349.18	\$6,349.18	\$7,111.08	\$7,111.08	\$7,111.08	\$7,111.08	\$7,679.97
CPAP	\$2,467.57	\$2,467.57	\$2,467.57	\$2,467.57	\$2,664.98	\$2,664.98	\$2,664.98	\$2,664.98	\$2,984.78	\$2,984.78	\$2,984.78	\$2,984.78	\$3,223.56

- Ancillary Health Services Quality:** Table 18c and Table 18d 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.

 - As noted in previous Performance Reports, performance for HMC-S is combined with HMC for Use of Medical Imaging measures – MRI Lumbar Spine – Low Back Pain (OP-8) and Abdomen CT – Use of Contrast Material (OP-10). This data is based on claims reviewed by Medicare. The scores for OP-8 and OP-10 below are largely driven by physician determinations. Depending on a patient’s symptoms and presentation, physicians may make the decision to obtain an MRI before deciding on therapy.³⁸
 - The Medication Safety measure (Safe Medication Ordering) is refreshed by Leapfrog in the Spring and Fall, and as such, the 70 for HMC and the 70 for HMC-S reflect the most recently available scores (Fall 2023).³⁹

³⁸ The OP-8 score is from the November 2023 CMS data release and covers the reporting period of July 1, 2021 through June 30, 2022. Hendrick Health was below the national benchmark (37.1%) and Texas benchmark (40.2%) for the reporting period. The OP-10 score is from the November 2023 CMS data release and covers the reporting period of July 1, 2021 through June 30, 2022. Hendrick Health was slightly above the national benchmark (6.0%) and Texas benchmark (8.6%) for the reporting period.

³⁹ The measure results are not based on actual patient encounters. Rather, the Leapfrog tool requires hospitals to download a series of test patients and medication orders and to input those test patient/medication combinations into the hospital’s Computerized Physician Order Entry (“CPOE”) system. Hospitals then report to Leapfrog on the alerts their prescribers received at point of order-entry.

Table 18c: HMC Ancillary Health Services Quality Scores⁴⁰

Experience	Baseline Period								Post-Merger Period															
	FY2019				FY2020				FY2021				FY2022				FY2023				FY2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1			
Use of Medical Imaging ⁴¹																								
OP-8. MRI Lumbar Spine – Low Back Pain	36.4%	36.4%	36.4%	35.1%	35.1%	35.1%	35.1%	31.8%	31.8%	31.8%	31.8%	N/A ⁴²	N/A	N/A	N/A	48.3%	48.3%	48.3%	48.3%	28.9%	28.9%			
OP-10. Abdomen CT – Use of Contrast Material	6.8%	6.8%	6.8%	7.8%	7.8%	7.8%	7.8%	6.9%	6.9%	6.9%	6.9%	4.5%	4.5%	4.5%	4.5%	10%	7.4%	7.4%	7.4%	11.4%	11.4%			
Medication Safety – Safe Medication Ordering ⁴³	N/A				N/A				100				N/A				100				70			

Table 18d: Legacy ARMC (now HMC-S) Ancillary Health Services Quality Scores⁴⁴

Experience	Baseline Period												Post-Merger Period															
	FY2018				FY2019				FY2020				FY2021				FY2022				FY2023				FY2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 ⁴⁶	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1			
Use of Medical Imaging ⁴⁵																												
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 ⁴⁷	N/A				N/A				N/A				45				N/A				45				N/A			

⁴⁰ Information reported by CMS Care Compare, and Leapfrog Safety Group agencies ([Medicare.gov](https://www.medicare.gov) and [Leapfrog Group](https://www.leapfroggroup.com)).

⁴¹ Please note that lower values are more favorable for measures OP-8 and OP-10 that are included within Table 18c. 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/combination scans.”

⁴² [OP-8] Measure not reported for FY2021 Q4 and FY2022 Q1-Q3 as CMS noted this measure as “Not Available”.

⁴³ 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.

⁴⁴ See Footnote 40.

⁴⁵ See Footnote 41.

⁴⁶ 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.

⁴⁷ See Footnote 43.

19. Data on the pricing, quality, and availability of hospital-based 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 1 FY2024 volumes and **Table 19b** the CPT charges for select CPT codes for hospital-based emergency department physician services.
- 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 **Tables 19a** and **19b** 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 **Tables 19a** and **19b** includes both HMC and HMC-S combined.

Table 19a: HMC Physician Services – Volume

		Volume												
CPT	Description	Q1 FY21 ⁴⁸	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
99281	ED Visit and Evaluation – Level 1	617	631	662	1,433	653	805	575	712	701	823	695	973	884
99282	ED Visit and Evaluation – Level 2	2,018	1,531	1,613	2,705	1,956	1,331	1,346	1,555	1,541	1,496	1,704	1,512	1,424
99283	ED Visit and Evaluation – Level 3	4,690	4,872	5,409	7,467	7,547	7,001	6,677	6,797	8,375	7,579	7,242	6,757	7,807
99284	ED Visit and Evaluation – Level 4	5,077	6,081	5,727	7,190	7,026	7,817	7,486	8,047	7,980	7,546	7,620	8,006	8,205
99285	ED Visit and Evaluation – Level 5	5,706	6,382	5,091	7,116	6,840	6,654	6,330	6,642	6,614	6,776	7,078	7,180	7,142

⁴⁸ 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.

Table 19b: HMC Physician Services – Average CPT Charge

Average CPT Charge														
CPT	Description	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
99281	ED Visit and Evaluation – Level 1	\$480	\$480	\$480	\$480	\$519	\$519	\$519	\$519	\$581	\$581	\$581	\$581	\$627
99282	ED Visit and Evaluation – Level 2	\$901	\$901	\$901	\$901	\$973	\$973	\$973	\$973	\$1,090	\$1,090	\$1,090	\$1,090	\$1,177
99283	ED Visit and Evaluation – Level 3 ⁴⁹	\$1,327	\$1,327	\$1,329	\$1,329	\$1,438	\$1,438	\$1,438	\$1,438	\$1,621	\$1,621	\$1,621	\$1,621	\$1,750
99284	ED Visit and Evaluation – Level 4	\$2,667	\$2,667	\$2,667	\$2,667	\$2,881	\$2,881	\$2,881	\$2,881	\$3,226	\$3,226	\$3,226	\$3,226	\$3,484
99285	ED Visit and Evaluation – Level 5	\$5,836 ⁵⁰	\$5,836	\$5,836	\$5,836	\$6,303	\$6,303	\$6,303	\$6,303	\$7,060	\$7,060	\$7,060	\$7,060	\$7,624

- **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 93 as a composite MIPS score out of 100 possible points for performance year 2022 (January 1 – December 31, 2022). See below **Table 19c** for historical MIPS scores.

Table 19c: MIPS Score⁵¹

	Performance Year 2018	Performance Year 2019	Performance Year 2020	Performance Year 2021	Performance Year 2022
<i>Historical MIPS Score</i>					
Hendrick Provider Network	100/100	97/100	94.4/100	94.9/100	93/100

- The 2022 performance year MIPS score was based on four categories, each representing a specific weight of the final composite score: Quality (30%); (ii) Promoting Interoperability (25%); (iii) Improvement Activities (15%); and (iv) Cost (30%).⁵² 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.

⁴⁹ CPT 99283 includes SANE (Sexual Assault Nurse Examiner) department charge which are set by the Texas Attorney General. Due to volume fluctuations in the SANE charge mix, the resulting weighted average can fluctuate nominally from quarter to quarter.

⁵⁰ FY2021 Q1 figure updated to reflect corrected amount.

⁵¹ Performance year is January 1 – December 31. Table 19b has been updated from fiscal year to “performance year” for consistency with CMS reporting.

⁵² Centers for Medicare Services, Quality Payment Program (<https://qpp.cms.gov/mips/overview>).

20. Data on the consolidation of clinic services, identifying the types of services per county.

- Consolidation of Services: As of the end of Quarter 1 FY2024, 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. Services offered as of Quarter 1 FY2024 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 1 FY2024, 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.

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 includes a combination of quantitative and qualitative research designed to evaluate the perspective and opinions of community stakeholders and healthcare consumers. The CHNA helps leadership and decision-makers to better understand the needs of the community and address the same through community-based services/programs. In 2022, Hendrick Health completed a new CHNA. The CHNA identified top community health-related needs or service gaps and categorized them into three priorities:
 - Priority 1 – Access to appropriate care. Community needs addressed include:
 - Affordable prescription drugs
 - Hospital and healthcare staff shortages
 - Coordination of patient care between the hospital and other clinics, doctors, or other health service providers
 - Transportation services for people needing to go to doctor’s appointments or the hospital
 - Education and referrals for financial support and community affordable healthcare services and programs
 - Primary care services such as family doctor or other provider of routine care
 - Priority 2 – Awareness, prevention, and screening. Community needs addressed include:
 - Community awareness of available services and programs
 - Women’s health services
 - Chronic disease case management or “navigators”
 - Chronic disease screenings (e.g., heart disease, stroke, high blood pressure)
 - Programs for diabetes prevention, awareness, and care
 - Affordable prescription drugs
 - Programs for obesity prevention, awareness, and care
 - Priority 3 – Crisis, emergency, and behavioral services (through partnership and collaboration). Community needs addressed include:
 - Mental health services for adults and children
 - Domestic violence and sexual assault prevention, intervention, and care services
 - Healthcare and social services for people experiencing homelessness
 - Emergency care and trauma services, including critical care beds

- The Merger has allowed Hendrick Health to continue its focus on impacting the predominant health needs in the community. Hendrick Health is in the process of implementing strategies to address the 2022 CHNA-identified needs. As 2022 CHNA implementation strategies proceed, Hendrick Health will provide more detail. In Q1 FY2024, Hendrick Health engaged in the following initiatives and/or continued from prior quarters:

- Increasing Access to Care

- Hendrick Health’s Case Management Department performs an initial assessment of inpatients to screen for needs related to housing, food, transportation, utilities, and other social factors. In general, patients are given resources based on identified needs.
- Hendrick Health continued recruitment for critical staff to provide the needed care for our community, including primary care and subspecialties. [REDACTED]

- Hendrick Health recruited specialists to provide needed care for the community. For example, Hendrick Health recently welcomed Dr. Trey Durdin, its first urologist specializing in oncology. Dr. Durdin is fellowship trained in urologic oncology from Memorial Sloan Kettering in New York. With physicians like Dr. Durdin, Hendrick Health can expand service offerings to patients and keep them in the community for specialized care.

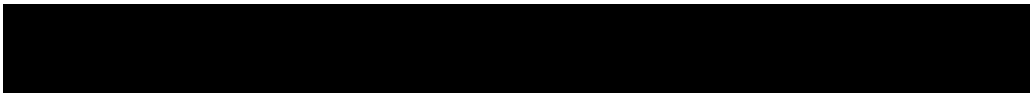
- Hendrick Health previously established transportation services through the Lyft ride share program to ensure patients have access to hospital, physician visits, or other medical appointments after leaving the hospital. Hendrick Health is increasing the use of ride share options, when needed.

- Hendrick Health worked with the City of Abilene to review options to better support patient access to HMC-S. The Abilene CityLink program created “ZipZone”, which is an on-demand public ridesharing service where riders may request a trip with the zone that transports individuals as directly as possible, without transfer, to their destination. Potential transportation options will be communicated to Hendrick Health’s patient population.

- Hendrick Health has also expanded access in a number of ways, including through its telehealth services [REDACTED]

████████████████████ and added surgical and robotic procedures. For example, Dr. Preston Pate performed the first robotic-assisted lung biopsy with ION technology by Intuitive at HMC. In Q2 FY2023, Dr. Steven Smith performed the first single balloon enteroscopy at Hendrick Health.

- Hendrick Health continued use of its previously implemented centralized patient transfer process to streamline patient transfers, which allowed for ██████ inbound transfers during Quarter 1 FY2024 from surrounding cities.
- For patients in the acute care setting without an established primary care provider, Hendrick Health’s Case Management Department distributes information to assist patients with obtaining a primary care provider. The information provides a one call number that will allow patients to get an appointment with the first available primary care provider. Hendrick Health maintains a working relationship with the local Federally Qualified Health Center (“FQHC”) to have appointments set aside for hospital discharges needing to be seen in a timely manner post-discharge. Patients may also be referred to the Medical Care Mission.



- Hendrick Health continues to invest in its workforce. In October 2023, Hendrick Health’s Workforce Development and HR recruitment teams hosted a Career Advancement Fair to provide information about career paths within healthcare, education routes for different fields, and opportunities for growth within the organization. To help employees reach their full potential, Hendrick Health offers multiple tuition-based programs to help with the cost of continuing education.
- Hendrick Health developed an action plan to address racial disparities in patient care. Specifically, the mammogram initiative aims to educate non-white Taylor County female residents in this area. A subcommittee of the Employee Racial and Ethnic Diversity Committee was formed and includes a non-white breast cancer survivor and leaders from Hendrick Health admissions, Hendrick Health mammography, the local Abilene FQHC, the Laura W. Bush Institute for Women’s Health, and the Alliance for Women and Children. The subcommittee provided an educational booth at two community events in 2023, including the Black Chamber of Commerce Health, Fitness, and Business EXPO and Business Mercado. Targeted marketing and physician/staff education plans are being developed to ensure patients are equipped with information regarding funding opportunities for mammograms.


○ Awareness, prevention, and screening for health care needs

- Hendrick Health continued to offer inpatient diabetes education for new-onset diabetics at both campuses. Additionally, this program has continued to identify pre-diabetes patients in Hendrick Health’s surgical population and educate those patients about the condition/management of the same. In November 2023, the Hendrick Diabetes Center hosted its annual free Diabetes Expo. Hendrick Health

presented physician speakers (endocrinologist and podiatrist), along with certified diabetes educators and other healthcare providers with interactive booths for attendees to visit. Hendrick Health also established a weight loss class on the topics of healthy eating and exercise. This class is provided free of charge, based on referral. Hendrick Health also provided various community educational programming for a number of groups. Hendrick Health makes efforts to notify the patients of community programming in this regard and provider outreach for education regarding Hendrick Health services is ongoing.

- To address chronic heart failure patients, Hendrick Health added a new nurse navigator to see all inpatients and follow up with them after discharge to ensure compliance with follow-up appointments, provide education, and serve as a resource.
- Hendrick Health previously established and continues automatic consults for Hendrick pharmacy and pulmonary rehabilitation for patients admitted with Chronic Obstructive Pulmonary Disease (“COPD”). Hendrick Health’s outpatient pharmacy provides quarterly education to pulmonary rehab staff on inhalers and other respiratory medications that are specifically utilized for patients with lung disease.
- Hendrick Health provides asthma education in area schools, typically for fourth and fifth grade students.
- Hendrick Health has put resources towards cancer patients, including nurse navigator assessment of all cancer patients in active treatment, educational chemotherapy classes, social worker assessment of unfunded patients, and over 100 sessions for tobacco cessation.
- Hendrick Health continued with its Patient and Family Advisory Council (“PFAC”) to collaborate with the community to improve each patient’s and family’s experience of Hendrick Health’s services consistent with the organizational mission. PFAC utilizes the experience and skills of patients, families, and caregivers to improve care for all patients. PFAC assists Hendrick Health by identifying strategies to support patients and families, evaluating quality improvement projects, and establishing patient and family-centered care priorities.
- As previously reported, Hendrick Health continued its expedited process for obtaining emergency detention orders from local Justice of the Peace in order to appropriately treat inpatients who, because of mental illness, are a substantial risk of serious harm to themselves or to others.
- Hendrick Health consistently puts on health-related programming for its community. For example, Hendrick Health professionals have participated at trade shows and health fairs, including: Business Expo in Abilene, Spring into Wellness at Texas Tech University Health Sciences Center (“TTUHSC”) Abilene, and the Abilene Black Chamber of Commerce’s Health, Fitness, and Business EXPO as part of Juneteenth celebrations. Also, Hendrick Cancer Center and the ATEMS

High School Student Council put on programming to encourage students to avoid electronic cigarettes and other tobacco-related products.


- To educate the public on knowing what to do in the event of a life-threatening bleed before first responders arrive, Hendrick Health offers Stop the Bleed training. Hendrick Health’s certified instructors conduct free classes at businesses, group meetings, and schools.
 - Hendrick Health has a yearly seasonal partnership to donate vaccines to various organizations in the community to support free influenza clinics. Most recently, Hendrick Health donated 200 doses of the influenza vaccine to the Abilene-Taylor County Health District and 100 doses of the influenza vaccine to the Presbyterian Medical Care Mission. In addition, Hendrick health donated 25 COVID-19 tests to City Light Ministries.
- o Crisis, emergency, and behavioral services
- Partially due to the COVID-19 pandemic, Hendrick Health placed more emphasis on and invested in telehealth services, 
 - Hendrick Health’s leadership participates in a number of community-wide initiatives and groups, including:
 - Behavioral Advisory Team (“BAT”): The BAT meets monthly to discuss community challenges on homelessness, alcohol and drug addiction, and mental health crises. The BAT develops and oversees strategies to meet the community needs, identify funding sources, and collaborate on the most effective approaches to care and resource utilization. Collaboration is extended to include leaders of the Abilene Police Department, Taylor County Sheriff’s Office, Betty Hardwick Center (Mental Health Authority), Abilene Fire Department, and various other community resources.
 - Crisis Response Team (“CRT”) Community Partner Committee: The CRT discusses implementation of change in the mental health arena. CRT teams have direct access to Hendrick Health’s ED and inpatient social work team members and are able to provide a collaborative approach to the care of mental health patients. Hendrick Health assisted with the planning and funding of the first vehicle to implement the CRT program, which was recognized by the Pew Charitable Trust organization as a best practice.
 - Hendrick Health leadership is also active in ongoing discussions and strategic planning with the local mental health authority, the local behavioral health hospital, and other entities to improve coordination of care for those in need.
 - To emphasize employee wellness, Hendrick Health is now offering Tava Health as a benefit to its employees. As part of this benefit, Nomi Health will completely

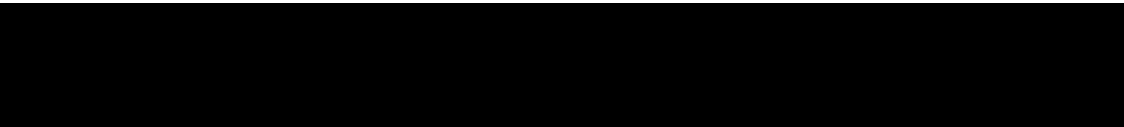
cover the cost of 12 counseling sessions per year for full- and part-time Hendrick Health employees.

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.

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

- Hendrick Health did not discontinue any patient services in Q1 FY2024.
- Rather, as noted herein and in prior Performance Reports, Hendrick Health has expanded patient services. For example:
 - 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 [REDACTED]
 - Expansion of Tele-Sitter Program to HMC-S;
 - Expansion of inpatient diabetes education to HMC-S;
 - Continued use of a centralized patient transfer center allowing for the acceptance of more patient transfers to Hendrick Health;
 - Combined and coordinated resources to develop a more efficient COVID-19 vaccine distribution process in the 24-county region served by Hendrick Health;
 - Continued physician recruiting efforts, [REDACTED]
 - Added neurosurgery outreach clinic in Colorado City and a nephrology outreach clinic in Haskell;
 - Continued Camp Courage through Hendrick Hospice Care for children and teens entering third through 12th grade who have experienced the death of a loved one;
 - Attained laboratory accreditation through the College of American Pathologists (“CAP”) at HMC-S;
 - Added a second linear accelerator at the Hendrick Cancer Center;

- 
- Expanded access to various surgical, robotic, and other procedures;
 - Added the new SIGMA Architect 3.0T MRI to its service line at HMC, which offers superior imaging quality, patient comfort, and shorter scan times, improving the overall patient experience;
 - Established transportation services through the Lyft ride share program to ensure patient access to various venues of care;
 - Invested in facility updates at HMC-S, including renovations in the ICU;
 - Initiated a global clinical trial to evaluate safety and efficacy of Alleivant's No-Implant Interatrial Shunt Creation;
 - Launched the Hendrick Lung Nodule Program to provide timely screenings for early detection of potential lung malignancies, a streamlined process of diagnosis and treatment, as well as access to oncology services and to thoracic robotic-assisted surgery;
 - Added interventional radiology services, including: Y-90 mapping and radio embolization, Transjugular intrahepatic portosystemic shunt ("TIPS"), atherectomy and thrombectomy of peripherals, radiofrequency ablation in conjunction with kyphoplasty, and placement of nephroureteral catheters;
 - Increased capacity for sleep studies;

- 
- Added Capnostream and pulse oximetry monitors in various places at HMC and HMC-S.

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 HMC are provided below in **Table 24a**. For the CMS data released in Q1 FY2024, Hendrick Health's average ED wait time was 122 minutes, compared to the national benchmark of 192 minutes (data reporting period for January 1, 2022 through December 31, 2022).⁵³
- For purposes of this Report, average ED wait time 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 1 FY2024 because its ED patient volume is estimated to be over 60,000 annually. During Quarter 1 FY2024, HMC's ED wait times remained below the national median time for "Very

⁵³ CMS released data in both October 2023 and November 2023. The November 2023 release is the most current data and is reflected in this Performance Report.

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 is in CMS’s database to report for legacy ARMC. Going forward, all data on CMS’s website for Hendrick Medical Center (1900 Pine Street) is combined performance for both HMC and HMC-S (see **Table 24b** for historical ARMC/HMC-S data).

- Post-merger, HMC-S continued to utilize MedHost, the EMR in place under the former owner, CHS. In late fiscal year 2021, HMC-S went live with Allscripts (now Altera Digital Health) and no data on wait times is available to harvest from the legacy MedHost system. Since the EMR conversion, Hendrick Health has worked with its new independent ED provider group (Team Health) to further calibrate the calculation and reporting of ED wait times across the merged health system.
- Hendrick Health does not track any other patient wait times in the ordinary course of business.

Table 24a: HMC Average ED Wait Times

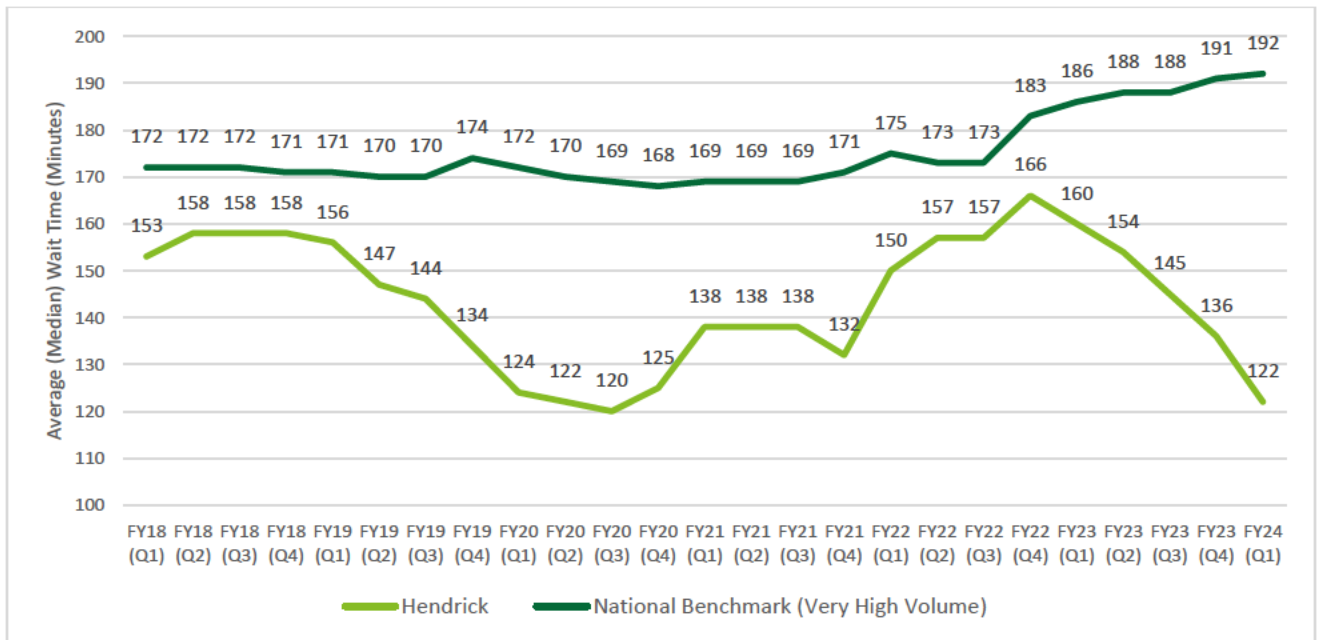
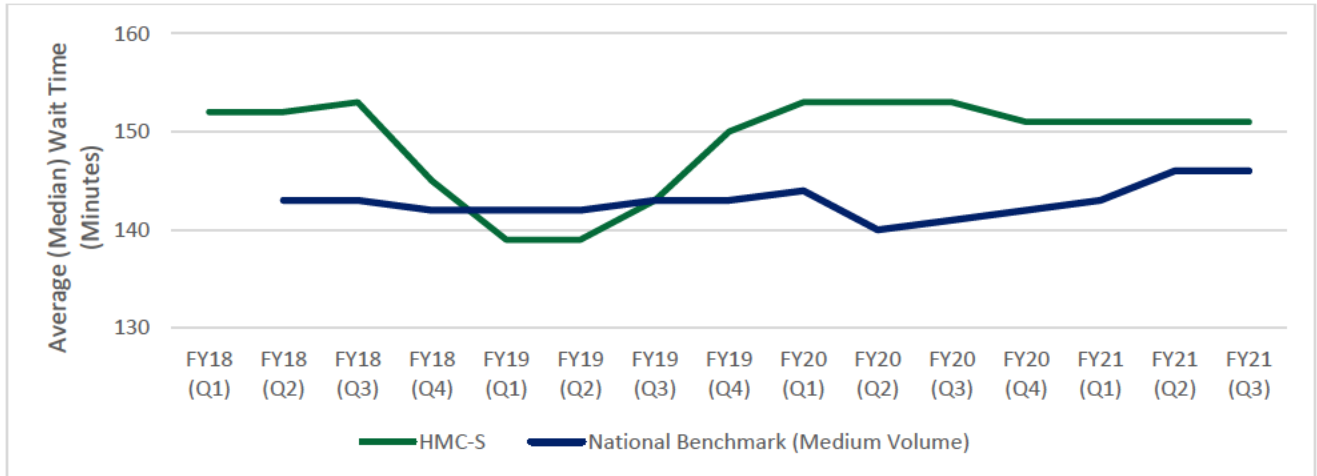


Table 24b: HMC-S Average ED Wait Times⁵⁴



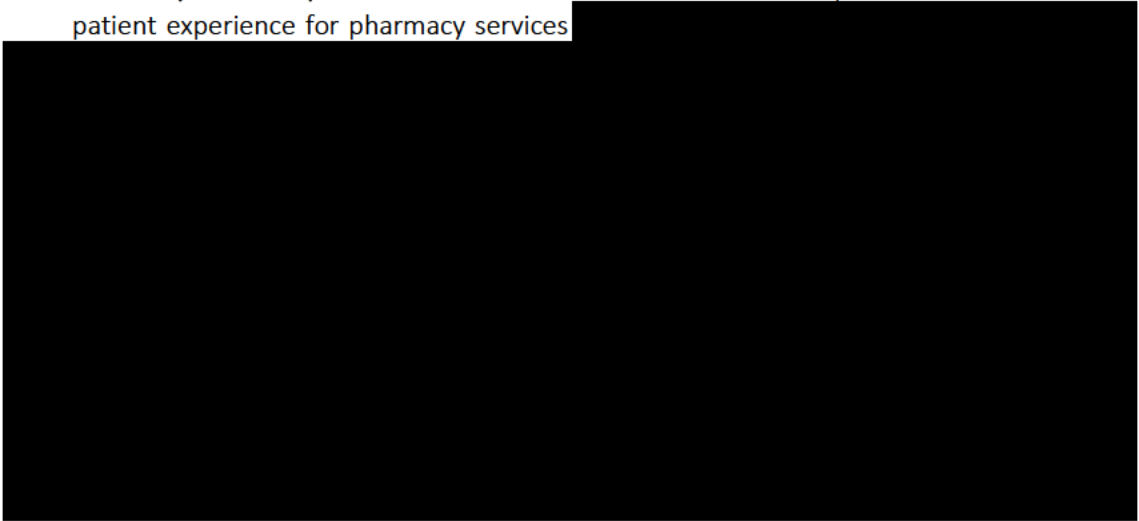
25. Data demonstrating any expansion in service delivery since the merger.

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

- As of the end of the First Quarter FY2024, Hendrick Health increased access to healthcare services for patients in its communities through the following initiatives to expand service delivery:
 - **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.
 - **Physician recruiting:** [REDACTED]
 - **Transportation Services:** Hendrick Health previously established transportation services through the Lyft ride share program to ensure patients have access to hospital, physician visits, or other medical appointments after leaving the hospital. Hendrick Health is increasing the use of ride share options, when needed.

⁵⁴ 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.

- **Pharmacy Service Optimization:** Hendrick Health continued to optimize and enhance the patient experience for pharmacy services



- **Oximetry/Capnography:** Hendrick Health added Capnostream and pulse oximetry monitors in various places at HMC and HMC-S. Remote oximetry monitoring is now available at certain nurses' stations. In addition, Hendrick Health upgraded its pulmonary function testing software, which allows for signature and dictation remotely by pulmonologists, integration with Hendrick Health's EMR platforms, and communication to regional clinics via electronic fax.

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:** During the First Quarter FY2024, Hendrick Health invested approximately \$10.5 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 prior reporting periods compared to the First Quarter FY2024 for Hendrick Health. **Table 26b** shows the expenditures by facility. **Table 26c** shows a detailed breakout of capital expenditures for First Quarter FY2024, by facility.

Table 26a: Capital, Infrastructure and Operating Expenditures – Hendrick Health⁵⁵

Hendrick Health	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21
Capital Expenditures	\$6,040,340	\$7,659,424 ⁵⁶	\$10,295,638	\$7,100,841
Infrastructure Expenditures	\$1,986,273	\$770,391	\$349,032	\$1,193,002
Operating Expenditures	\$123,982,728 ⁵⁷	\$129,478,930 ⁵⁸	\$138,592,951	\$153,563,078
	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22
Capital Expenditures	\$6,752,296	\$5,415,146	\$8,289,552	\$10,437,564
Infrastructure Expenditures	\$755,318	\$507,270	\$921,737	\$623,324
Operating Expenditures	\$153,482,593	\$153,422,084	\$160,692,221	\$154,688,013
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Capital Expenditures	\$9,730,513	\$9,376,774	\$7,354,130	\$14,349,709
Infrastructure Expenditures	\$1,225,641	\$1,547,366	\$1,343,627	\$3,843,972
Operating Expenditures	\$157,470,640	\$161,178,330	\$164,911,488	\$164,706,163
	Q1 FY24			
Capital Expenditures	\$10,497,442			
Infrastructure Expenditures	\$1,996,407			
Operating Expenditures	\$165,729,895			

Table 26b: Capital, Infrastructure and Operating Expenditures (By Facility)⁵⁹

⁵⁵ “Infrastructure Expenditures” are included within “Capital Expenditures” line in Table 26a.

⁵⁶ “Capital Expenditures” for Q2 FY2021 have been restated to exclude capital expenditures for Hendrick Medical Center Brownwood, [REDACTED]

⁵⁷ 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.

⁵⁸ 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.

⁵⁹ “Infrastructure Expenditures” are included within “Capital Expenditures” line in Table 26b.

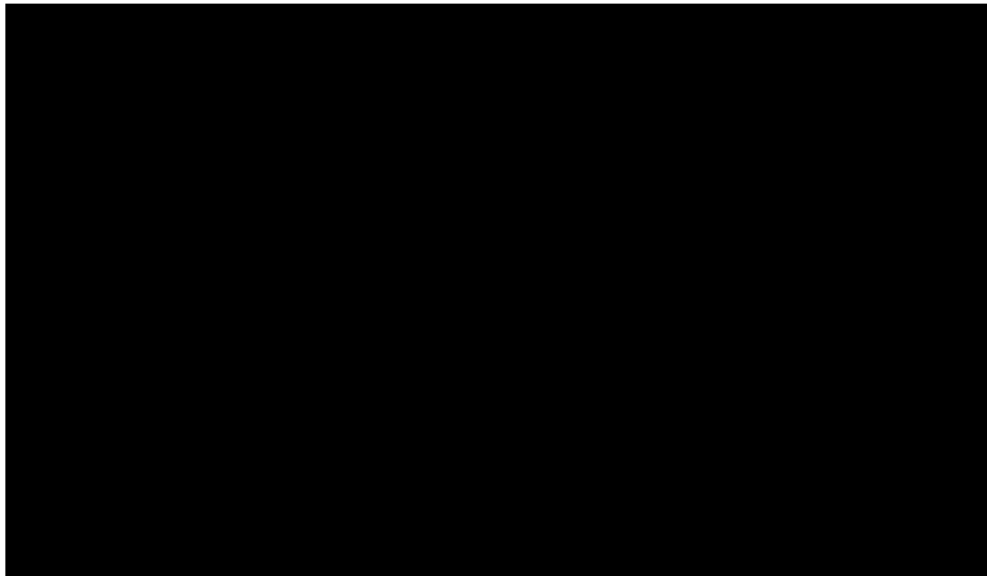


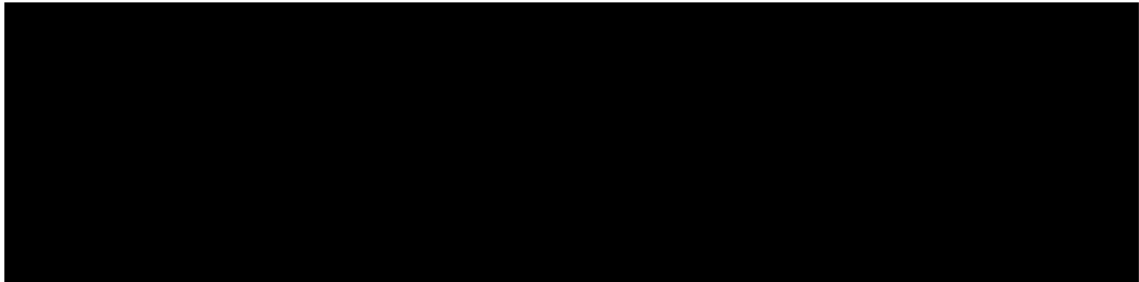
Table 26c: Q1 FY2024 Capital Expenditure Breakout

[REDACTED]		
Total Capital Expenditures		\$10,497,441.73

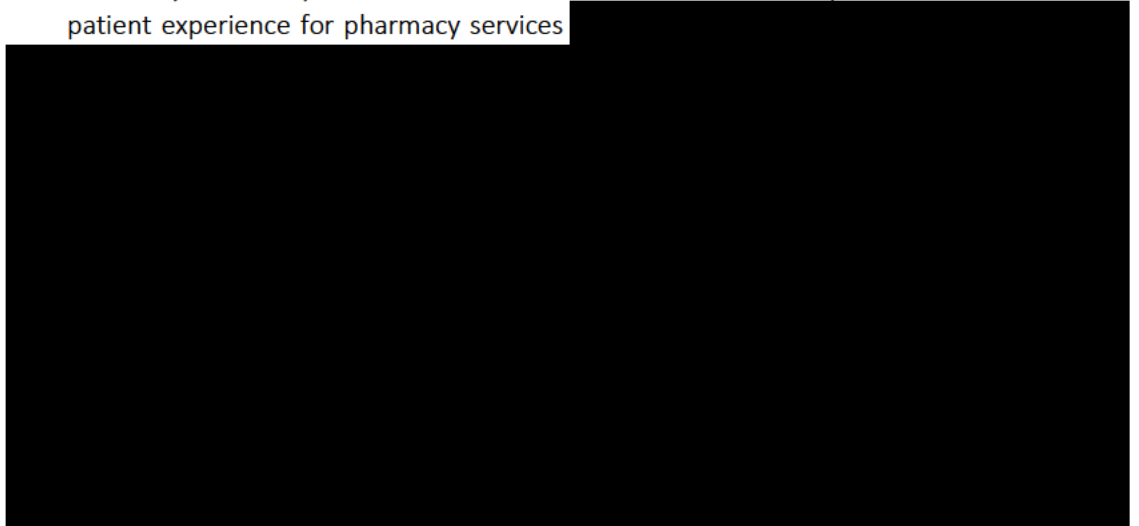
27. Evidence of any expansion of clinical services.

[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 1 FY2024, Hendrick has identified the following potential opportunities:
 - **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.
 - **Physician recruiting:** [REDACTED]



- **Transportation Services:** Hendrick Health previously established transportation services through the Lyft ride share program to ensure patients have access to hospital, physician visits, or other medical appointments after leaving the hospital. Hendrick Health is increasing the use of ride share options, when needed.
- **Pharmacy Service Optimization:** Hendrick Health continued to optimize and enhance the patient experience for pharmacy services



- **Oximetry/Capnography:** Hendrick Health added Capnostream and pulse oximetry monitors in various places at HMC and HMC-S. Remote oximetry monitoring is now available at certain nurses' stations. In addition, Hendrick Health upgraded its pulmonary function testing software, which allows for signature and dictation remotely by pulmonologists, integration with Hendrick Health's EMR platforms, and communication to regional clinics via electronic fax.

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

- The policy included in the Q1 FY2022 Performance Report remains in place and unchanged.

29. The number of patients enrolled in each hospital’s charity care program in the past quarter.
- During Q1 FY2024, Hendrick Health enrolled 3,697 patients in charity care and financial assistance programs (see Table 29).

Table 29: Count of Patients Enrolled in Charity Care

	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23 ⁶⁰	Q2 FY23 ⁶¹	Q3 FY23 ⁶²	Q4 FY23 ⁶³	Q1 FY24
Charity Care Patients													
HMC	2,729												
HMC-S (Legacy ARMC)	842	3,103	3,773	3,542	3,026	3,013	4,188	4,304	3,494	3,107	3,745	3,925	3,697

- 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.
- 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.]

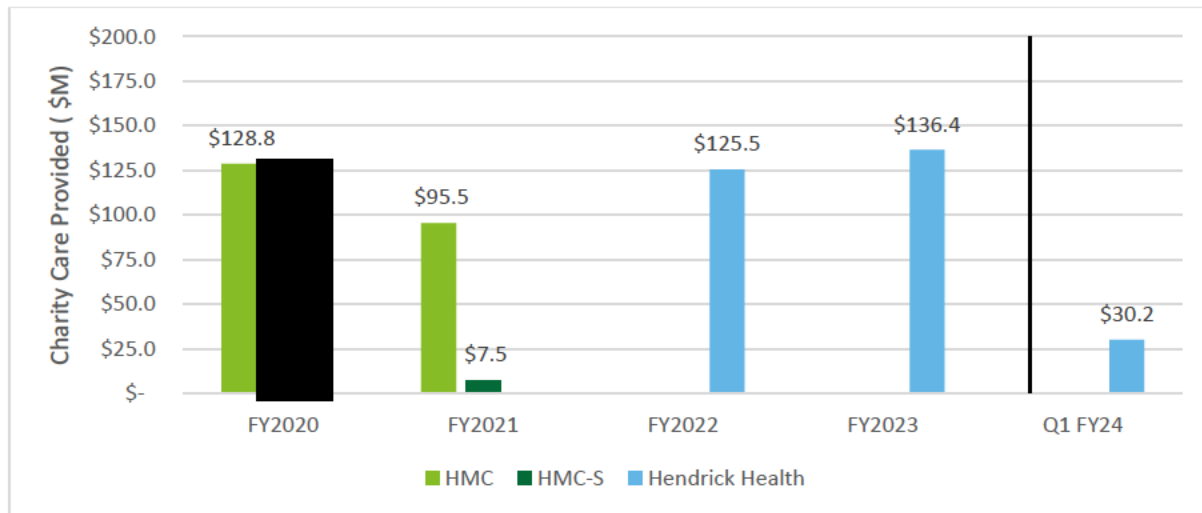
- The combined financial investment in charity care of \$30.2 million for both HMC and HMC-S for Q1 FY2024 is shown below in Table 30. Notably, most of the charity care assigned occurs after care has already been provided, which means charity is typically approved 90 to 120 days post-discharge.
- As a result of the Merger, Hendrick Health is now maintaining charity care amounts as a combined total for HMC and HMC-S. Therefore, going forward, this data will reflect combined performance.

⁶⁰ Due to a reporting error, Hendrick Health restated the count of patients enrolled in charity care for each of the four quarters of FY2023. Hendrick Health previously used a manual process to count patients enrolled in charity care. Hendrick Health refined that process, which is now automated and consistent with its financial reporting.

⁶¹ See Footnote 60.

⁶² See Footnote 60.

⁶³ See Footnote 60.

Table 30: Charity Care^{64, 65}

- In addition to charity care, Hendrick Health provided \$19.5 million in uninsured patient discounts during Q1 FY2024.

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

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

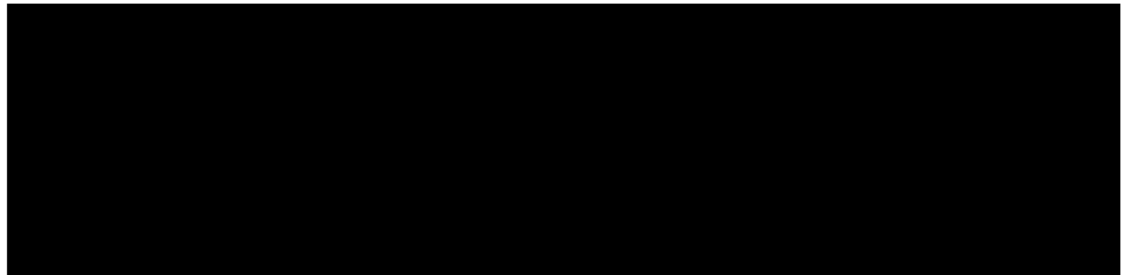
- As discussed in this Report, Hendrick Health continuously evaluates opportunities for clinical integration. As of the end of Quarter 1 FY2024, Hendrick Health has implemented the following initiatives that will increase clinical integration between the facilities and providers:
 - **Coordination of Inpatient Capacity:** During Quarter 1 FY2024, Hendrick Health faced capacity limits, 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.
 - **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.
 - **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

⁶⁴ For legacy ARMC, Hendrick Health does not have access to the pre-Merger charity care data for September and October 2020.

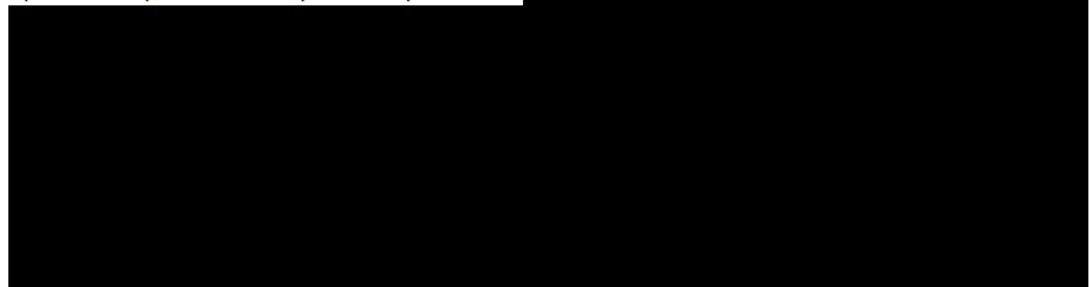
⁶⁵ Due to a reporting error, Hendrick Health restated the total charity care investment for FY2023. Hendrick Health previously used a manual process to determine charity care investment. Hendrick Health refined that process, which is now automated and consistent with its financial reporting.

services and access across its campuses as well as increase patient transfers into the system.

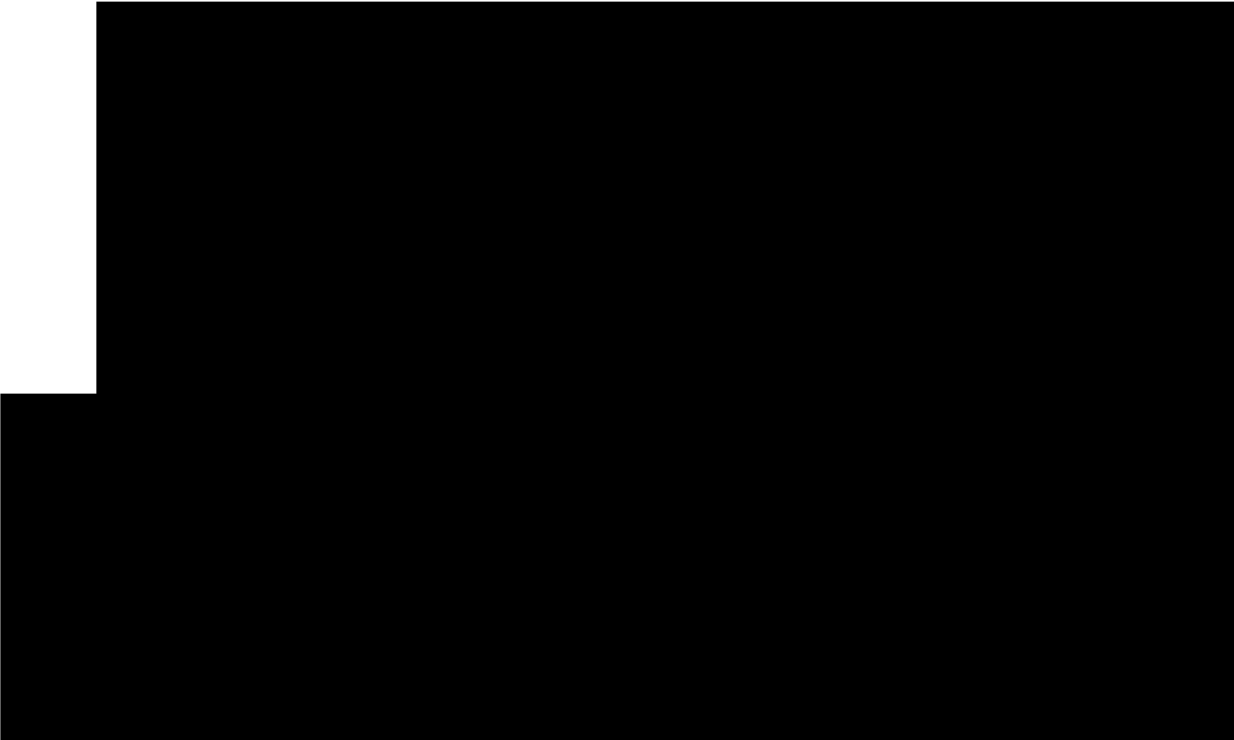
- **Clinical labor float pool:** Hendrick Health has continued to develop a pool of shared clinical employees across HMC and HMC-S, *i.e.*, a float pool, to address the staffing needs of each campus. The float pool will ensure the resources are available across both campuses. Other individual departments also evaluate when their staff can float between HMC and HMC-S. In addition, as noted above, calls are conducted twice daily between HMC and HMC-S to prevent holds in the emergency departments and to address staff sharing to improve capacity across the system.



- **Pharmacy Service Optimization:** Hendrick Health continued to optimize and enhance the patient experience for pharmacy services



- **Quality of Care Committees:** Hendrick Health continued to utilize its combined medical staff, nursing workforce, and ancillary staff to establish and execute various integrated committees, a few of which are described below, to improve the quality of care for the community and to strive toward integrated processes and procedures.
- **Combined Operations and Executive Staff Meetings:** Regular Joint Abilene Operations Meetings and Joint Abilene Executive Staff Meetings continued in an effort to streamline leadership reporting, communication, and responsibilities across both campuses.
- **Operating Room (“OR”)/Surgical Committee:** As previously reported, an OR/Surgical Committee was created at HMC-S 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 up to the Medical Executive Committee for the Abilene market, increasing communication and streamlining processes across both campuses under the same medical model. Recurring meetings are held by the OR/Surgical Committee.



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.

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

- As a result of the Merger, during Quarter 1 FY2024, 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 1 FY2024, Hendrick Health accepted [REDACTED] inbound transfer patients.
 - Hendrick Health continued its 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. In Q1 FY2024, Hendrick provided the following continuing education to surrounding facilities/providers:
 - 28th Annual Physician CME Symposium (September 2023)
 - Practice Management Institute Continuing Education Webinar – ICD-10-CM Coding Update (September 2023)

- Practice Management Institute Continuing Education Webinar – Mastering E/M Coding (September 2023)
 - Grand Rounds – The Ins and Outs of Documenting Malnutrition (October 2023)
 - Diabetes Expo – Diabetes Education (November 2023)
 - Texas Workforce Commission Skills for Small Business Training Grants for Your Practice (Ongoing)
 - Pre-Hospital Committee AMI/Stroke/Trauma Regional Meeting (Monthly)
 - Enduring CME continues to be available via the Hendrick CME Portal
- Hendrick Health continued to provide ambulatory telehealth services, including primary and other non-emergency care services, to patients in the surrounding area. In Quarter 1 FY2024, Hendrick Health provided care to 1,942 patients through its virtual care platforms. 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** lists the health plans Hendrick Health contracted with as of Quarter 1 FY2024, which have remained unchanged from the previous report.

Table 33: Health Plans Accepted by Hendrick Health as of Quarter 1 FY2024

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.

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

- **Table 34** includes the pre- and post-Merger service levels for both HMC and HMC-S (legacy ARMC) for the Emergency Department (“ED”)/Trauma, Neonatal Intensive Care Unit (“NICU”), and Maternal Fetal Medicine (“MFM”) care. As of Quarter 1 FY2024, service levels at HMC-S are as follows:

- **ED/Trauma:** The post-Merger change of ownership process required HMC-S to re-apply for Level 4 ED/trauma status (which requires an on-site survey). Due to the scheduled EMR conversion (reported on in Quarter 4 FY2021), Hendrick Health was advised to hold and have a minimum of six months of consistent EMR data for surveyors’ review. Thereafter, HMC-S went through the survey process and, in Q1 FY2023, obtained the Level 4 designation.



- **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 went through the survey process and, in Q4 FY2023, attained a Level 2 NICU designation at HMC-S.
- **MFM:** Hendrick Health 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 1 FY2024. 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
Location	Q1 FY2022 Service Level			Q2 FY2022 Service Level			Q3 FY2022 Service Level			Q4 FY2022 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 (pursuing)	1	1	4 (pursuing)	1	1	4 (pursuing)	1	1	4 (pursuing)	1	1

Location	Q1 FY2023 Service Level			Q2 FY2023 Service Level			Q3 FY2023 Service Level			Q4 FY2023 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	1	1	4	1	1	4	1	1	4	2	1
Location	Q1 FY2024 Service Level											
	ED	NICU	MFM									
HMC	3	3	3									
HMC-S	4	2	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 1 FY2024⁶⁶

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 1 FY2024, no new payment models have been established since the Merger.

⁶⁶ 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. 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 24 other hospitals, listed below. 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

One method to measure Hendrick Health’s market is to look at Core-based Statistical Areas (“CBSAs”) located within a 150-mile radius, specifically the Medicare Inpatient Prospective Payment System (“IPPS”) hospitals within those CBSAs that are most similar to Hendrick Health based on gross charges (Critical Access Hospitals excluded). Using that methodology, Hendrick Health competes with the following inpatient acute facilities, 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
20. Medical City Arlington; 3301 Matlock Rd, Arlington, TX 76015; Tarrant County
21. Texas Health Harris Methodist Hospital Fort Worth, 1301 Pennsylvania Ave, Fort Worth, TX 76104; Tarrant County
22. Midland Memorial Hospital, 400 Rosalind Redfern Grover Parkway, Midland, TX 79701; Midland County
23. Tarrant County Hospital District d/b/a JPS Health Network (John Peter Smith Hospital), 1500 South Main Street, Fort Worth, TX 76104; Tarrant County
24. Medical City Fort Worth, 900 8th Ave, Fort Worth, TX 76104; Tarrant 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
- 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

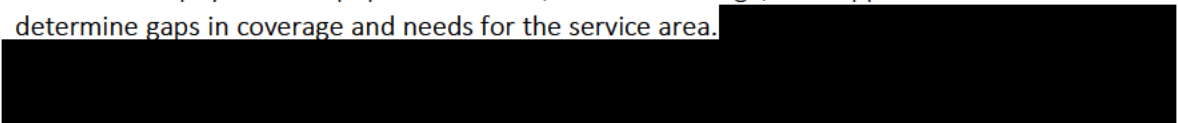
1. Abilene Community Health Center; 1749 Pine St., Abilene, TX 79601
2. Cook Children’s Pediatric Specialties Abilene; 410 Lone Star Dr., Abilene, TX 79602
3. Texas Oncology – Abilene; 1957 Antilley Rd., Abilene, TX 79606
4. Tim Martin M.D. (Independent Physician Office); 2110 N Willis St., Suite B, 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. If any changes are made, Hendrick Health will provide the revised policy in future submissions.

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

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

- Open positions: During Quarter 1 FY2024, Hendrick Health posted 454 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 Quarter 1 FY2024 is provided in **Attachment 2**, which includes a mix of vacant positions and new positions.
- Recruitment efforts: Hendrick Health continues to use various resources to recruit medical providers to the community. In Quarter 1 FY2024, Hendrick Health continued to use multiple online recruitment platforms to disseminate job postings for physician and nursing positions. Hendrick Health also partnered with recruitment firms and circulated open job positions through email blasts to current employees.
- In Quarter 1 FY2024, the Medical Staff Development Committee 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. 
- New hires: In addition, during Quarter 1 FY2024, Hendrick Health hired 283 new employees in the Abilene market.
- In October 2023, Hendrick Health’s Workforce Development and HR recruitment teams hosted a Career Advancement Fair to provide information about career paths within healthcare, education routes for different fields, and opportunities for growth within the organization. To help employees

reach their full potential, Hendrick Health offers multiple tuition-based programs to help with the cost of continuing education.

- Hendrick Health continued its focus on employee training. For example, in Q1 FY2024, Hendrick Health hired an interim perinatal nurse educator for HMC-S.

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.]

- As of the end of Quarter 1 FY2024, Hendrick Health is continuing the process of evaluating potential alignment opportunities. [REDACTED]

[REDACTED] 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 124 physicians Hendrick Health employed during Quarter 1 FY2024. 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
Anesthesia	12	6	✓	
Cardiology	11	1	✓	✓
Cardiovascular Surgery	4		✓	
Electrophysiology	1		✓	
Endocrinology	3		✓	
Family Medicine	5	4	✓	✓
Gastroenterology	2	2	✓	✓
General Surgery	5	3	✓	✓
Hospice	2		✓	
Infectious Disease	2		✓	
Internal Medicine	9	3	✓	✓
Nephrology	3		✓	✓
Neurology	3		✓	
Neurosurgery	2		✓	
OB/GYN	4	1	✓	
Oncology	4		✓	✓
Orthopedic Surgery	7		✓	✓
Otolaryngology	4		✓	
Pain Medicine	3		✓	✓
Palliative Care	4		✓	
Podiatry	1		✓	
Plastic Surgery	1		✓	
Pulmonary/Critical Care		1	✓	
Radiation/Oncology	1		✓	✓
Rehab	1		✓	
Rheumatology	3		✓	
Urology	4		✓	✓
Wound Care	2		✓	
Total	103	21		

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 to identify potential alignment opportunities across the legacy organizations. [REDACTED]

- 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 healthcare providers with privileges at Hendrick Health is provided in **Attachment 4** to this Report. As of the end of Quarter 1 FY2024, Hendrick Health provided privileges to 658 providers at HMC and 527 providers at HMC-S, as detailed in **Table 44** below.

Table 44: Hendrick Health Privileged Providers as of Quarter 1 FY2024

Privileged Provider Category	HMC	HMC-S
Physicians	465	375
Advanced Practice Providers	193	152
Total	658	527

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.

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

- 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: During Quarter 1 FY2024, Hendrick Health invested approximately \$10.5 million in capital expenditures as a combined health system, [REDACTED]
 - Cost Savings Reinvestment: During Quarter 1 FY2024, Hendrick Health continued reinvesting in the combined healthcare system, with the goal of improving the overall patient experience and patient care, including: investment in machines/equipment, facility upgrades at HMC-S, and health-related priorities of the community.
 - Coordination of Services: Throughout Quarter 1 FY2024, Hendrick Health continued to enhance the coordination of services to increase clinical integration, standardization, and quality of care across both campuses through the following: coordination of inpatient capacity to increase access to care for the community, utilization of centralized transfer center, [REDACTED] pharmacy services optimization, [REDACTED]

IV. Attachments