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Shannon Health

Anniversary Report Fiscal Year 2023
Reporting Period: 10/1/2022 – 9/30/23
Submission Date: December 29, 2023
Certificate of Public Advantage (“COPA”)

Anniversary Report for Fiscal Year 2023

This Anniversary Report for Fiscal Year 2023 (“COPA Anniversary 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 Shannon Health System on October 2, 2020 (“COPA Approval Date”) with respect to the asset purchase agreement dated April 20, 2020, by and among Shannon Medical Center (“SMC”) and Community Health System Professional Services Corporation, Inc. (“CHSPSC” or “CHS”) for substantially all of the assets used in the operation of San Angelo Community Medical Center (“SACMC,” subsequently to be known as “SMC South”) (collectively, the “Merger”), and the underlying transaction that closed on October 24, 2020 (the “Transaction Closing Date”). Information related to each of the Shannon Health System hospitals (SMC and SMC South, collectively, “Shannon Health”) is included in this Report where appropriate. The revised Terms and Conditions of Compliance require Shannon Health to submit an annual report by December 31 each year.

This COPA Anniversary Report reflects the performance of SMC and SMC South (formerly SACMC) for fiscal year 2023, the period of October 1, 2022 to September 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/Definition
CDM	Charge Description Master
CMS	Centers for Medicare & Medicaid Services
COPA	Certificate of Public Advantage
HHSC	Texas Health and Human Services Commission
SACMC	San Angelo Community Medical Center
Shannon Health	SMC and SMC South Combined
SMC	Shannon Medical Center
SMC South	Shannon Medical Center South (formerly SACMC)

II. COPA Anniversary Report for Fiscal Year 2023

A. *Summary of Requirements*

As required by Texas Health and Safety Code § 314A.103, Texas Admin. Code § 567.34, and the COPA Terms and Conditions of Compliance, Shannon 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 Shannon Health System” effective October 1, 2023.

B. *Description of Process*

Shannon 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.

Shannon Health Leadership

Name	Position
Shane Plymell	President & Chief Executive Officer
Pamela Bradshaw, RN, DNP, MSN, MBA	Chief Operations Officer
Becky Fuentes, DNP, RN, NE-BC	Chief Nursing Officer
Allan S. Graves	General Counsel & Chief Legal Officer
Julian Beseril	Chief Financial Officer, Shannon Clinic
Anna Pittman, MSN, RN	Chief Nursing Officer & Chief Operations Officer, Shannon Clinic
Doug Shultz, MD	Chief Medical Officer, Shannon Clinic
Michael Wood, MD, MBA	Chief Medical Officer, Shannon Medical Center
Ricky Villarreal	Chief Administrative Officer, Shannon Clinic
Joseph Wooldridge	Chief Financial Officer, Shannon Medical Center
Kayla Luz	Assistant Director of Human Resources
Holly Lopez	AVP of Quality
Leslie Hines	Manager of Health and Wellness

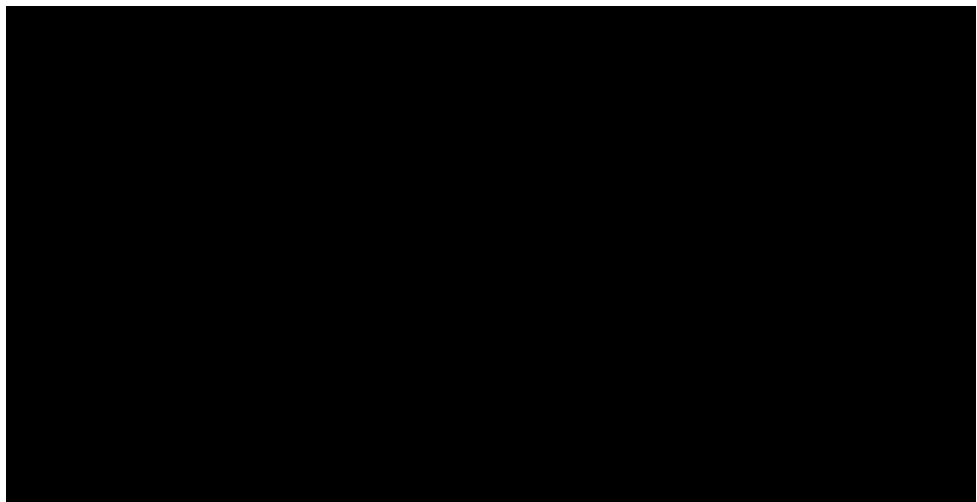
III. Terms and Conditions for COPA-Approved Health System

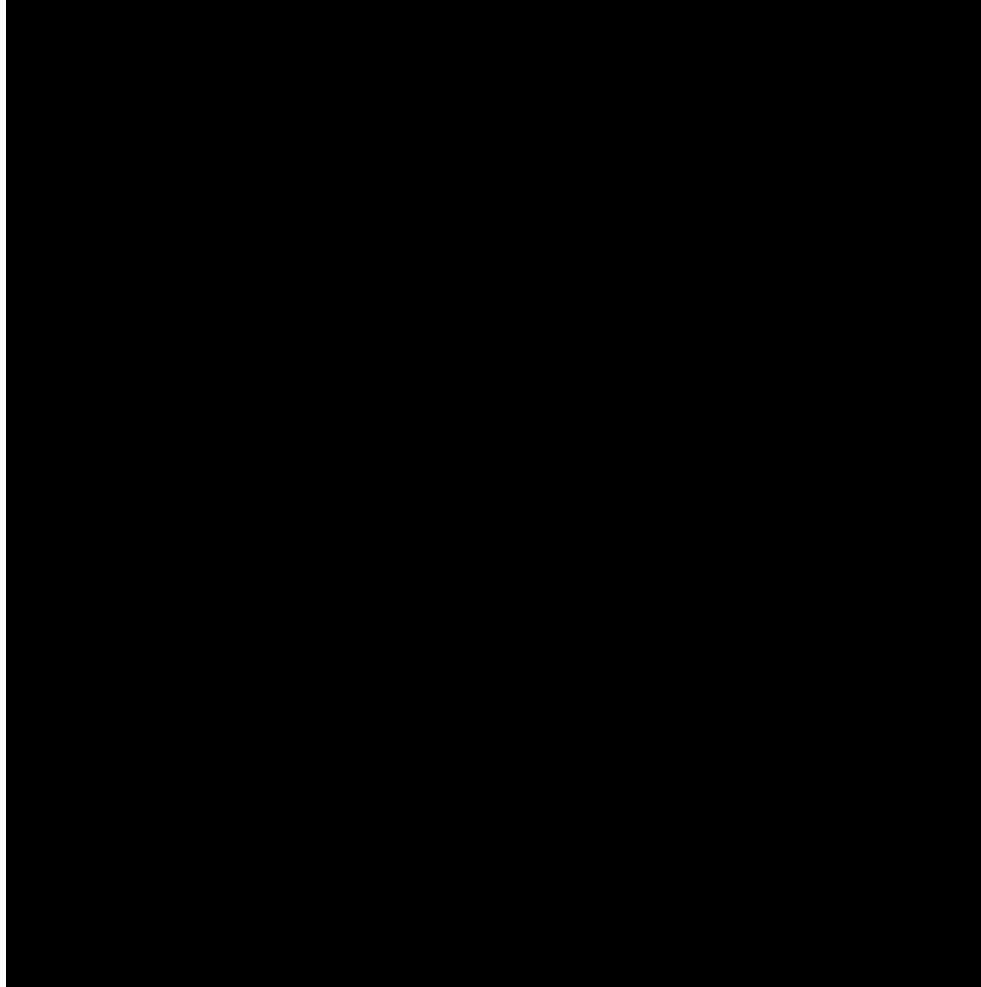
A. *Mandatory Annual Reporting Terms*

1. Information about the extent of the benefits attributable to the issuance of the COPA.

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

- Since the Transaction Closing Date, Shannon Health has improved healthcare quality and increased access to care while utilizing efficiencies to minimize costs, despite tremendous challenges caused by the COVID-19 pandemic and other matters. The Merger has allowed Shannon Health to work collaboratively across SMC and SMC South to enhance quality at all of Shannon Health’s hospitals, and in turn, improve patient outcomes. Additionally, the Merger allows Shannon Health to continue focusing on impacting the predominant health needs in the community, including increasing access to care by expanding service delivery. Shannon Health has improved healthcare quality and access while keeping costs down through increased efficiencies, coordination of services, and reduction in duplication of resources. The Merger has allowed for the better coordination of resources and decision-making, resulting in improved efficiency, elimination of waste, and the achievement of cost savings. Shannon Health is committed to reinvesting these savings in its operations and community, with the goal of improving the overall patient experience and patient care. Shannon Health continues to integrate Vizient, a clinical database solution to enhance performance improvement by analyzing data and providing benchmarks to like size hospitals. This program will support Shannon Health going forward in quality improvement measures and goals.
- Specifically, Shannon Health has achieved these benefits through the following actions in FY2023:
 - Improved healthcare quality and patient outcomes:
 - Shannon Health continued working towards quality improvement measures through system-wide goals for the following three specific quality measures: (1) Hospital-Acquired Condition reduction for five key conditions (CLABSI, CAUTI, SSI, MRSA, and CDI); (2) Mortality Rate reduction; and (3) Readmission Rate reduction.

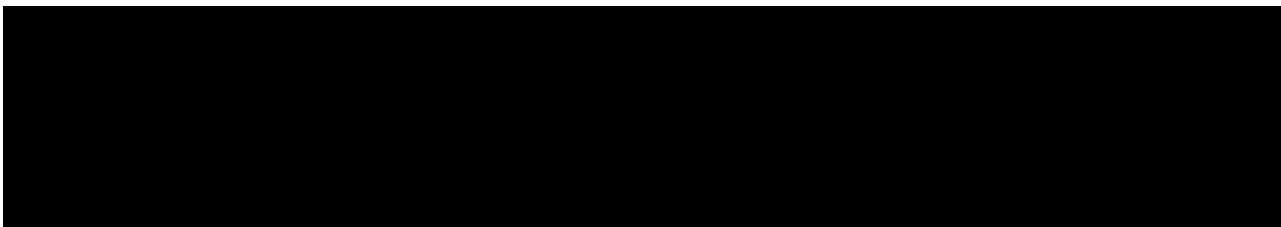




- During FY2023, the Shannon Care Coordination Program continued serving discharged patients with Congestive Heart Failure (“CHF”), Chronic Obstructive Pulmonary Disease (“COPD”), as well as patients at high-risk for readmission. Key areas of the program include: medication management, addressing social barriers, and helping the patient manage their chronic condition at home. As part of the Shannon Care Coordination Program, the Transitional Care Program lasts for 30 days and follows identified CHF and COPD patients based on CMS code outs for readmissions. The focus is to reduce and prevent unnecessary admissions by coordinating care for patient transitions to home. Registered nurses identify psychosocial barriers and provide disease-specific education. If psychosocial barriers are identified, Shannon Health’s Community Health

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Workers are notified. The day after a patient is discharged, a phone call is initiated to offer, among other things, home visits (restarted in Q2 FY2023). If the patient accepts home visits, remote monitoring is offered. During the home visit, a medication reconciliation is completed to ensure patients have all medications. Shannon Health will assist patients in obtaining medications, when necessary. In addition, medical equipment is provided to assist patients in monitoring daily vitals. Through health coaching, Shannon Health is aiming to build daily habits and lifestyle changes. Four to five phone calls are made throughout the 30-day period to follow patient progression.

- During FY2023, Shannon Health invested a total of approximately \$99 million in capital expenditures across both SMC and SMC South. These capital expenditures included infrastructure improvements; development of Shannon Cancer Center; IT infrastructure and equipment; new medical devices and instruments; and general improvements for SMC South.
- Shannon Health continued to identify areas for improvement within the SMC South security infrastructure to better ensure the safety of patients, visitors, and Shannon Health employees.



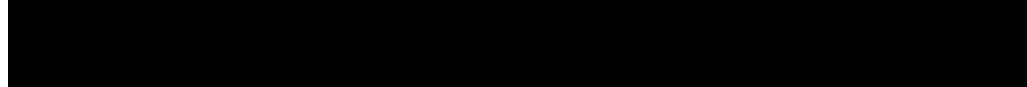
- Shannon Health continued to recognize the benefits of coordination of care and patient experience through the migration to a single electronic medical record (“EMR”) system for all Shannon Health locations, such that shared patient medical records are now available at every facility, which improves patient care coordination among providers. For example, aspects of patient care such as medication tracking, known allergies, and test results will be stored in the single EMR system, reducing the potential for complications or duplicative testing. Shannon Health also implemented several new features within its Epic electronic medical record (“EMR”) platform, including:
 - MyChart Bedside. Starting in January 2023, patients admitted to the hospital may access MyChart Bedside through a tablet/mobile application. This free service allows patients to be more involved in their care. Patients can access information on medications, schedule for the day, and treatment information.
 - Inpatient video consults/visits. In addition to normal in-person rounding at the hospitals, this service provides additional clinical support to nurses and other staff. If a patient’s condition declines during the night shift, a nurse can connect with the attending provider via video. This

allows the attending provider to put eyes on the patient. In addition, this service is also used for palliative care patients adding the option to connect multiple family members to a video connection when they are not able to be at the hospital in person. In March 2023, Shannon Health completed a pilot period and will proceed with a phased rollout of this service.

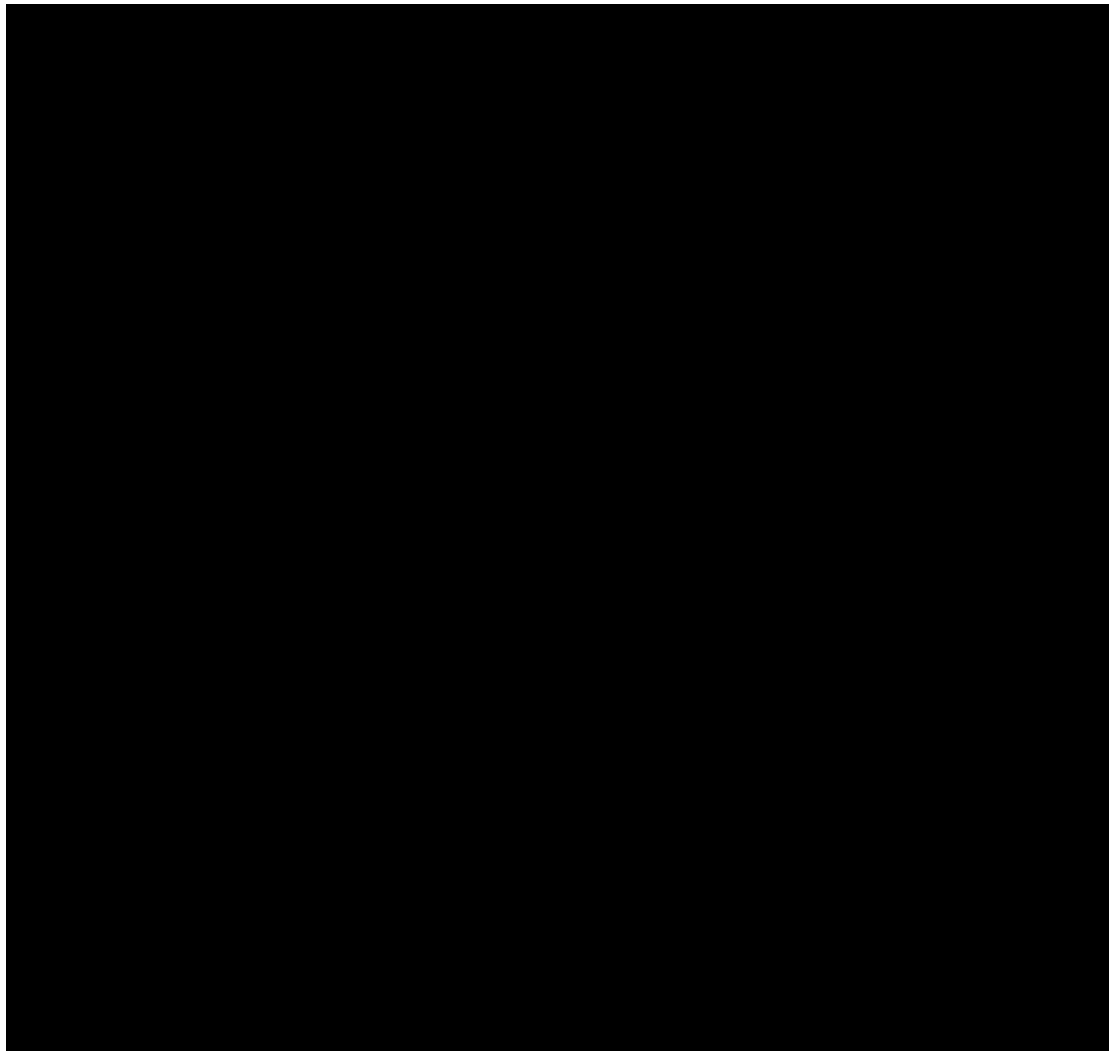
- Correctional facility patients. Shannon Health created a workflow within its Epic platform to allow video visits with residents of a correctional facility. This provides additional access to care as providers can see patients without a transfer from the correctional facility.
 - Home care mobile lab draws. In February 2023, Shannon Health initiated mobile lab draws for a targeted group of patients who are being monitored for chronic conditions. Shannon Health monitors these patients and makes house calls when lab draws are needed. Most of these patients have difficulty making travel arrangements and this program addresses the gap in care.
- Shannon Health achieved accreditation from Surgical Review Corporation as a Center of Excellence in Robotic Surgery, recognizing Shannon Health's commitment to a high standard of delivering quality patient care and safety. SMC is one of ten facilities in Texas and among 123 in the country to receive this honor. SMC's robotics systems allow patients to receive the same standard and options for care locally as they would receive in a larger metropolitan area.
 - SMC earned an "A" overall in the Spring 2023 and Fall 2023 Leapfrog Hospital Safety Grade releases, improving on the last three releases. This shows Shannon's achievements in prioritizing safety and protecting patients from preventable harm and errors. Coming from a wide range of data, this distinction most accurately reflects SMC's performance in this regard, even at the height of the pandemic.
- Increased access to care by expanding service delivery:
 - Shannon Health joined the Mayo Clinic Care Network. Members of the Mayo Clinic Care Network, a group of carefully vetted, independent healthcare organizations, have special access to Mayo Clinic's knowledge and expertise. Through Shannon Health's membership in the Mayo Clinic Care Network, its physicians have access to Mayo Clinic clinical solutions and services, which are beneficial for patients and professional development. With the ability to access Mayo Clinic's research, diagnostic and treatment resources, Shannon Health physicians will be able to treat more of their patients with complex medical needs close to home.
 - Shannon Health continued use of resources for telehealth to expand virtual care options throughout the service area. Shannon utilizes Epic Video Client. The HIPAA-compliant platform allows providers to launch a virtual video visit directly

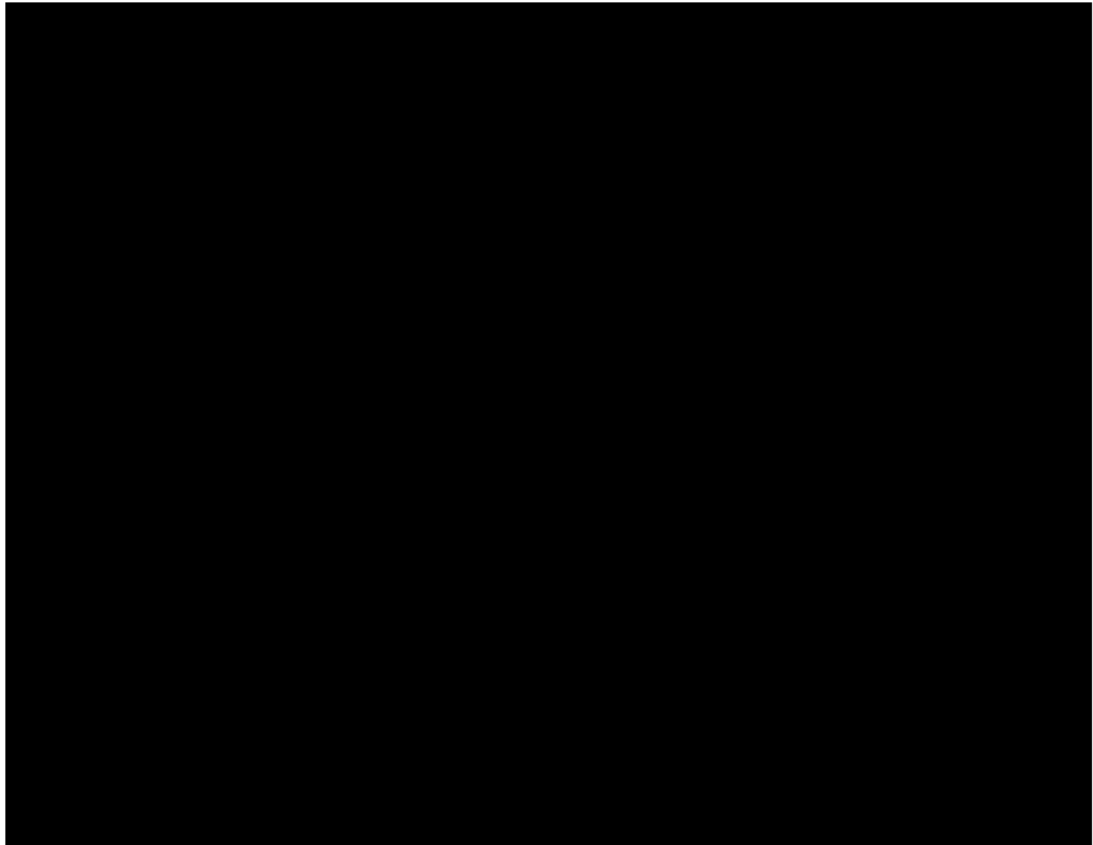
from the patient's chart in Epic. Telehealth capabilities remain available and are utilized by patients choosing that method of care.

- Shannon Health began offering hip arthroscopy, which is a minimally invasive procedure tailored to younger, active individuals who do not want or need to undergo an open procedure that carries a greater risk of complications and extensive recovery. Arthroscopy allows the surgeon to view, diagnose, and treat the hip joint by inserting a small scope through tiny incisions to repair the tissue and muscle in the hip joint. Previously, patients would have to travel out of the area for this type of procedure.
- SMC now offers a new robotic bronchoscopy system called Ion, which uses minimally invasive, advanced technology to increase the accuracy and precision of diagnosing cancerous and non-cancerous nodules within the lungs. The Ion robotic bronchoscopy lowers the risk of prior bronchoscopies, allows for improved accuracy, and ensures a diagnosis with a single procedure. This development allows Shannon Health to keep more cancer care local, within the community.
- Shannon Health added a PET/CT to the Shannon Cancer Center to replace a mobile PET/CT.
- Shannon Health is connecting patients to a solution for chronic knee and hip pain. The recently initiated Orthopedic Hotline gives patients with orthopedic issues one number to call and is answered by an orthopedic navigator. This reduces the time patients may wait for an appointment as the navigator can direct them to the next appropriate step for care based on their individual scenario.
- Shannon Health's orthopedic surgeons utilize Stryker's Mako robotic arm system to provide the latest technological advancement in surgical joint replacement procedures. Mako provides a higher level of accuracy and predictability when performing joint replacement surgery. Shannon Health has the only hospital in the Concho Valley offering this solution for hip and knee replacement, giving patients additional options and access to care locally.
- Shannon Health began providing robotic aquablation to treat benign prostatic hyperplasia ("BPH"), also known as an enlarged prostate. Robotic aquablation is a non-invasive surgical treatment to remove prostate tissue around the urethra and bladder using saline solution. Advantages of this treatment include: shorter recovery time, robotic precision and accuracy, protection of male continence and sexual function, and adaptability to any size prostate. Patients usually spend one night in the hospital and return home without a catheter. BPH symptoms can start to improve within four to six weeks of the treatment. Robotic aquablation is designed to provide more long-term relief and durable results as compared to other more invasive kinds of prostate surgery.



- Shannon Health continued providing transportation through Lyft ride share or other means, based on patient need. This helps ensure access to Shannon Health facilities, physician visits, or other medical appointments after leaving the hospital.
- Shannon Health continued to work on addressing the high cost of healthcare. For example, Shannon On Demand offers a virtual visit with a Shannon provider to address minor medical needs. Visits are \$59 without insurance.
- Cost savings through coordination of resources and decision-making, resulting in improved efficiency and elimination of waste.
 - Since the Transaction Closing Date, Shannon Health has worked to minimize the cost of healthcare by reducing the duplication of resources, coordinating services, and increasing efficiencies, by (among other activities) identifying, tracking, and reporting on opportunities and initiatives that are likely to generate efficiencies and reduce unnecessary costs, including ongoing/recurring opportunities, such as clinical optimization.

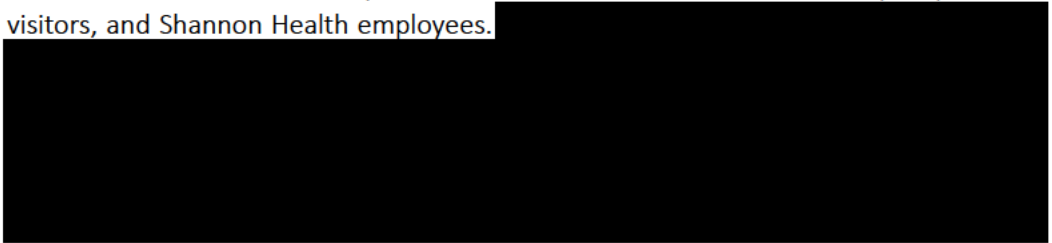




2. If applicable, information about the hospital's actions taken: (A) in furtherance of any commitments made by the parties to the merger; and (B) to comply with terms imposed by HHSC as a condition for approval of the merger agreement.

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

- Shannon Health has remained committed to reinvesting cost savings from the Merger in its operations and community, which it has accomplished through the following actions in FY2023:
 - Shannon Health invested a total of approximately \$99 million in capital expenditures across both SMC and SMC South, including remediation of deficiencies that existed before the Merger, enhancement of security at SMC South and Shannon Surgery Center South, development of Shannon Cancer Center and Shannon Breast Center, purchasing medical devices and instruments, and general improvements for SMC South.
 - With respect to security, Shannon Health continued to identify areas for improvement within the SMC South security infrastructure to better ensure the safety of patients, visitors, and Shannon Health employees.

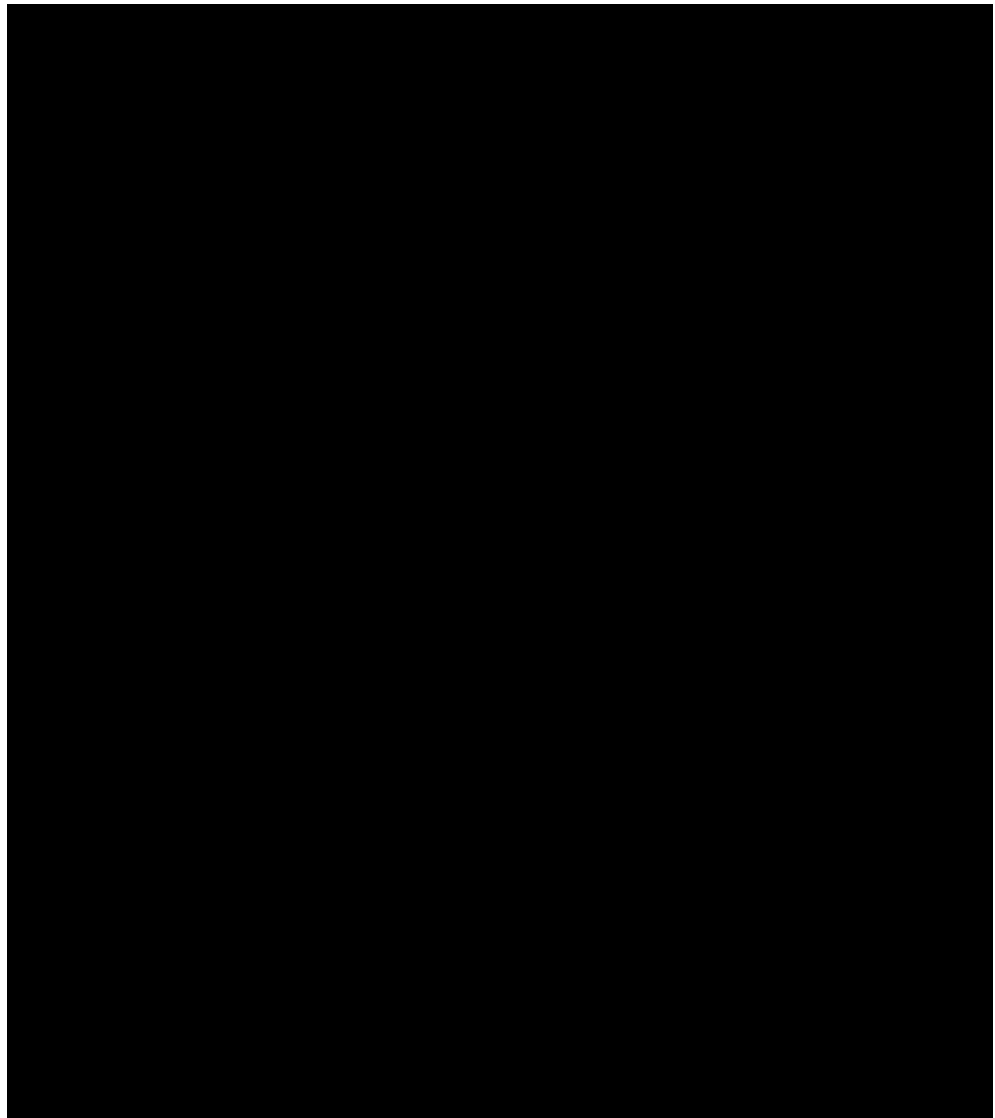


- Shannon Health invested in several community education programs. These programs include educational opportunities to healthcare providers in the Shannon Health service area. Shannon AirMed 1 staff members provide educational opportunities to healthcare providers in the Shannon service area. Offerings include continuing education credits for nursing and EMS providers.
 - Shannon Health continued providing transportation through Lyft ride share or other means, based on patient need. This helps ensure access to Shannon Health facilities, physician visits, or other medical appointments after leaving the hospital.
 - Shannon Health participated in community education events related to topics such as diabetes management and prevention, fitness and nutrition, weight management, healthy sleep habits, and breast cancer awareness. Through educational events and various community events, health professionals and representatives from different departments relay current health information to the public.
 - Shannon Health partnered with the American Heart Association (“AHA”) to provide CPR training for high school students. Shannon Health’s support of the program provides funds to purchase CPR training kits that are given to area schools as part of the AHA’s CPR in Schools program. Shannon Health staff also provide hands-on training classes at area schools.
 - In addition to public outreach events, Shannon Health publishes the Health Beat newsletter magazine, which is delivered to 30,000 households. Shannon Health also produces Health Beat television spots that air during the 6:00 and 10:00 p.m. news hours on two local stations.
- Furthermore, since the Transaction closed in October 2020, as required by Texas Health and Safety Code § 314A.103, Texas Admin. Code § 567.34, and the COPA Terms and Conditions of Compliance, Shannon Health has submitted one Baseline report and quarterly reports regarding the Merger. This Report includes the annual reporting terms required by Texas Health and Safety Code § 314A.103, Texas Admin. Code § 567.34, and the COPA Terms and Conditions of Compliance.
 - Shannon Health also complied with the annual meeting requirement through its annual public meeting, held Tuesday, September 26, 2023, at 10:00 a.m. at the Shannon Medical Center Legacy Conference Room, 120 E. Harris Ave in San Angelo. Written comments were accepted through September 25, 2023.

3. A description of the activities conducted by the hospital under the merger agreement.

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

- Shannon Health has conducted a number of activities since the Transaction Closing Date to advance the goals of improving healthcare quality, access, and cost, as summarized below.
 - Quality. Since the Transaction Closing Date, Shannon Health has worked to improve healthcare quality and optimize patient services to improve patient care through the following activities, including remediating deficiencies that existed before the Merger:
 - Continued working towards quality improvement measures through system-wide goals for the following three specific quality measures: (1) Hospital-Acquired Condition reduction for five key conditions (CLABSI, CAUTI, SSI, MRSA, and CDI); (2) Mortality Rate reduction; and (3) Readmission Rate reduction.



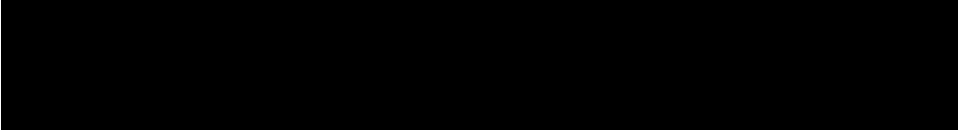
³ See footnote 1.



- During FY2023, the Shannon Care Coordination Program continued serving discharged patients with Congestive Heart Failure (“CHF”), Chronic Obstructive Pulmonary Disease (“COPD”), as well as patients at high-risk for readmission. Key areas of the program include: medication management, addressing social barriers, and helping the patient manage their chronic condition at home. As part of the Shannon Care Coordination Program, the Transitional Care Program lasts for 30 days and follows identified CHF and COPD patients based on CMS code outs for readmissions. The focus is to reduce and prevent unnecessary admissions by coordinating care for patient transitions to home. Registered nurses identify psychosocial barriers and provide disease-specific education. If psychosocial barriers are identified, Shannon Health’s Community Health Workers are notified. The day after a patient is discharged, a phone call is initiated to offer, among other things, home visits (restarted in Q2 FY2023). If the patient accepts home visits, remote monitoring is offered. During the home visit, a medication reconciliation is completed to ensure patients have all medications. Shannon Health will assist patients in obtaining medications, when necessary. In addition, medical equipment is provided to assist patients in monitoring daily vitals. Through health coaching, Shannon Health is aiming to build daily habits and lifestyle changes. Four to five phone calls are made throughout the 30-day period to follow patient progression.
- During FY2023, Shannon Health invested a total of approximately \$99 million in capital expenditures across both SMC and SMC South. These capital expenditures included infrastructure improvements; development of Shannon Cancer Center; adding IT infrastructure and equipment; purchasing medical devices and instruments; and general improvements for SMC South.
- Shannon Health continued to identify areas for improvement within the SMC South security infrastructure to better ensure the safety of patients, visitors, and Shannon Health employees.



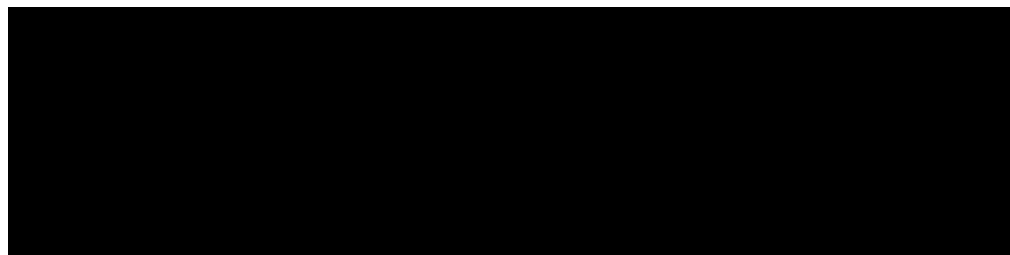
⁴ See footnote 2.

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- Shannon Health also implemented several new features within its Epic electronic medical record (“EMR”) platform, including:
 - MyChart Bedside. Starting in January 2023, patients admitted to the hospital may access MyChart Bedside through a tablet/mobile application. This free service allows patients to be more involved in their care. Patients can access information on medications, schedule for the day, and treatment information.
 - Inpatient video consults/visits. In addition to normal in-person rounding at the hospitals, this service provides additional clinical support to nurses and other staff. If a patient’s condition declines during the night shift, a nurse can connect with the attending provider via video. This allows the attending provider to put eyes on the patient. In addition, this service is also used for palliative care patients adding the option to connect multiple family members to a video connection when they are not able to be at the hospital in person. In March 2023, Shannon Health completed a pilot period and will proceed with a phased rollout of this service.
 - Correctional facility patients. Shannon Health created a workflow within its Epic platform to allow video visits with residents of a correctional facility. This provides additional access to care as providers can see patients without a transfer from the correctional facility.
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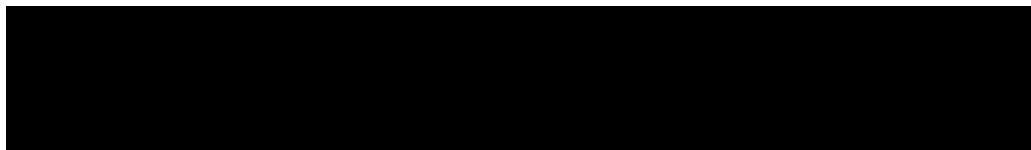
most accurately reflects SMC's performance in this regard, even at the height of the pandemic.

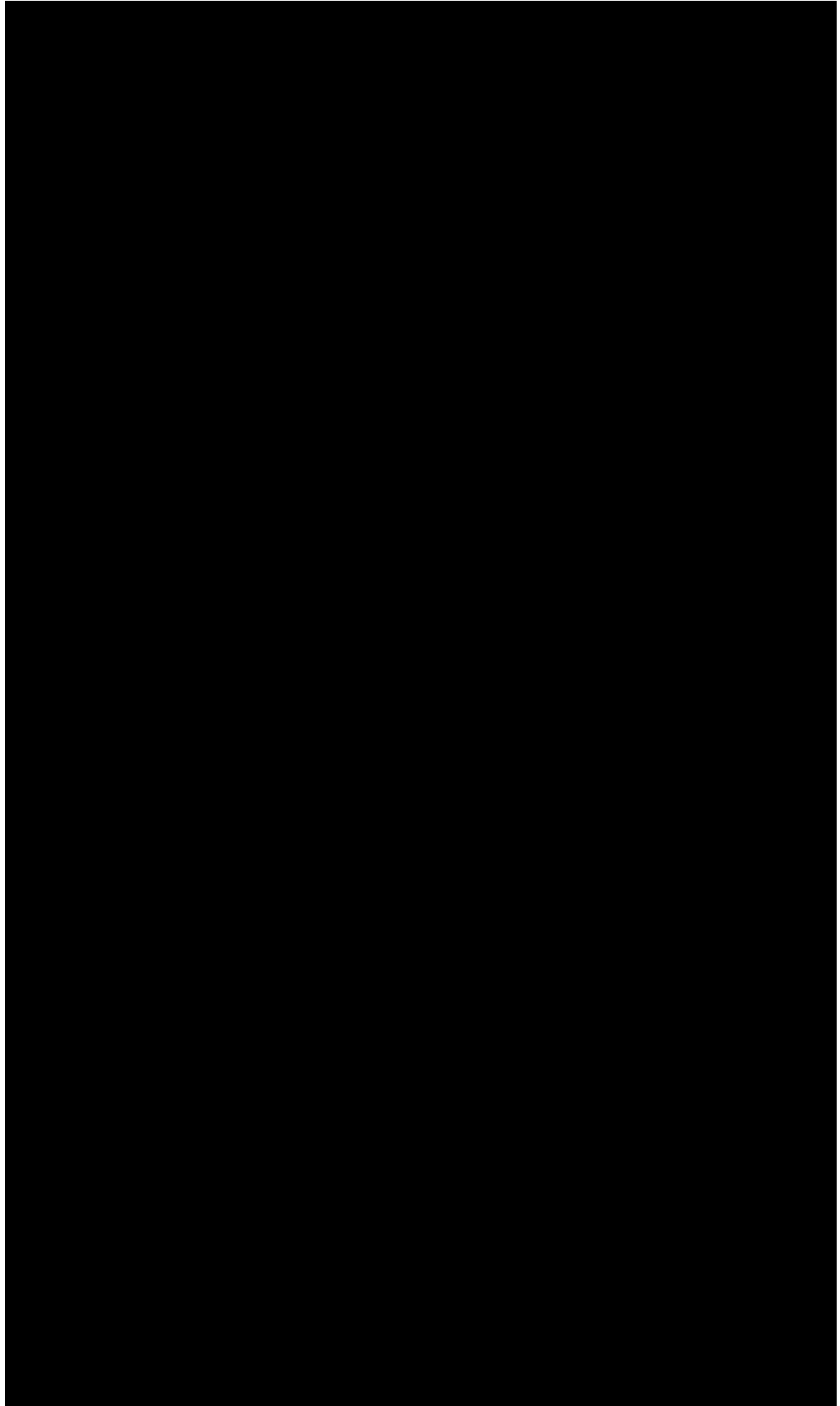
- Access. Since the Transaction Closing Date, Shannon Health has worked to improve access to care through the following activities:
 - Shannon Health joined the Mayo Clinic Care Network. Members of the Mayo Clinic Care Network, a group of carefully vetted, independent healthcare organizations, have special access to Mayo Clinic's knowledge and expertise. Through Shannon Health's membership in the Mayo Clinic Care Network, its physicians have access to Mayo Clinic clinical solutions and services, which are beneficial for patients and professional development. With the ability to access Mayo Clinic's research, diagnostic and treatment resources, Shannon Health physicians will be able to treat more of their patients with complex medical needs close to home.
 - Shannon Health continued use of resources for telehealth to expand virtual care options throughout the service area. Shannon utilizes Epic Video Client. The HIPAA-compliant platform allows providers to launch a virtual video visit directly from the patient's chart in Epic. Telehealth capabilities remain available and are utilized by patients choosing that method of care.
 - Shannon Health began offering hip arthroscopy, which is a minimally invasive procedure tailored to younger, active individuals who do not want or need to undergo an open procedure that carries a greater risk of complications and extensive recovery. Arthroscopy allows the surgeon to view, diagnose, and treat the hip joint by inserting a small scope through tiny incisions to repair the tissue and muscle in the hip joint. Previously, patients would have to travel out of the area for this type of procedure.
 - SMC now offers a new robotic bronchoscopy system called Ion, which uses minimally invasive, advanced technology to increase the accuracy and precision of diagnosing cancerous and non-cancerous nodules within the lungs. The Ion robotic bronchoscopy lowers the risk of prior bronchoscopies, allows for improved accuracy, and ensures a diagnosis with a single procedure. This development allows Shannon Health to keep more cancer care local, within the community.
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 - Shannon Health is connecting patients to a solution for chronic knee and hip pain. The recently initiated Orthopedic Hotline gives patients with orthopedic issues one number to call and is answered by an orthopedic navigator. This reduces the time patients may wait for an appointment as the navigator can direct them to the next appropriate step for care based on their individual scenario.

- Shannon Health’s orthopedic surgeons utilize Stryker’s Mako robotic arm system to provide the latest technological advancement in surgical joint replacement procedures. Mako provides a higher level of accuracy and predictability when performing joint replacement surgery. Shannon Health has the only hospital in the Concho Valley offering this solution for hip and knee replacement, giving patients additional options and access to care locally.
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- Shannon Health continued providing transportation through Lyft ride share or other means, based on patient need. This helps ensure access to Shannon Health facilities, physician visits, or other medical appointments after leaving the hospital.
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- Cost savings through coordination of resources and decision-making, resulting in improved efficiency and elimination of waste.
 - Since the Transaction Closing Date, Shannon Health has worked to minimize the cost of healthcare by reducing the duplication of resources, coordinating services, and increasing efficiencies, by (among other activities) identifying, tracking, and reporting on opportunities and initiatives that are likely to generate efficiencies and reduce unnecessary costs, including ongoing/recurring opportunities, such as clinical optimization.



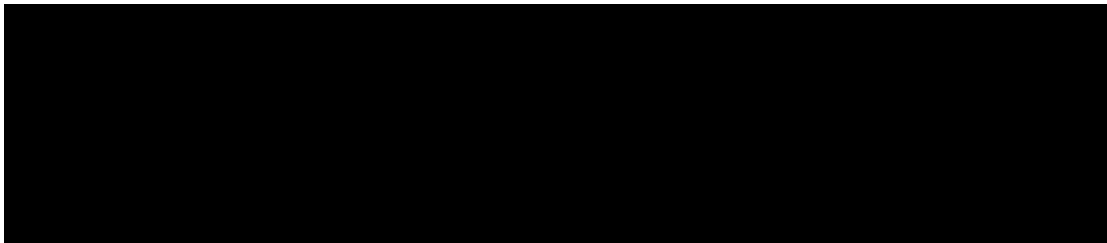


4. Information relating to the price, cost, quality of, and access to health care for the population served by the hospital.

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

- Pricing/Cost: Since the Transaction Closing Date, Shannon Health has worked to minimize the cost of healthcare by reducing the duplication of resources, coordinating services, and increasing efficiencies while also increasing the number of patients enrolled in charity care and financial assistance programs. During FY2023, Shannon Health added a contract with another health plan, bringing the total health plans it contracts with to 34 (as of Q4 FY2023). However, only approximately [REDACTED] of Shannon Health's patients are insured by commercial payors. [REDACTED] government payors, which set the reimbursement rates for those patients without negotiations. Since the Transaction Closing Date, Shannon Health has taken on the following cost-saving initiatives:

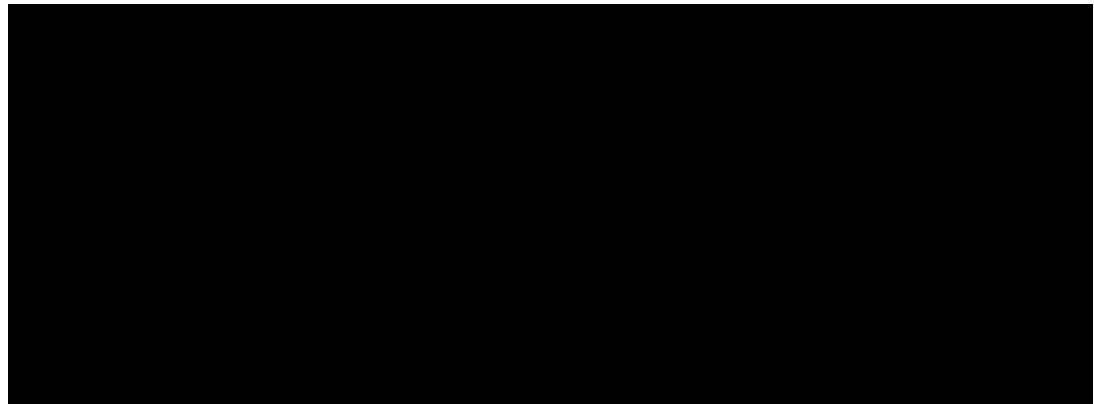
- Shannon Health has continued to conduct weekly, joint executive leadership meetings, which oversee SMC and SMC South, and discuss post-Merger integration priorities and initiatives, including how to reduce costs and improve efficiency. A key component of these meetings is the review of strategies across the six Shannon pillars: People, Operations, Quality, Service, Growth, and Innovation. Strategies and tactics are developed during the annual strategic planning process and are then reported out on an ongoing basis. This information is disseminated, along with other key updates, through twice monthly Leadership meetings. This includes the manager and director team across the Shannon system.



- Post-Merger, the Charity Care policy for Shannon Health was extended to encompass both SMC and SMC South. During FY2023, Shannon Health enrolled a total of 17,843 patients in charity care and financial assistance programs. Combined, SMC and SMC South incurred a total of approximately \$67.3 million in charity care during FY2023. Shannon Health believes that applying Shannon Health's Charity Care Policy to SMC South post-Merger will allow for additional access for patients in need of financial assistance (e.g., Shannon Health patients become eligible at 10% of annual gross income ("AGI"), whereas legacy SACMC patients became eligible at 50% of AGI).
- Quality
 - Since the Transaction Closing Date, the quality of healthcare provided by Shannon Health, as measured by the various quality metrics cited in the quarterly reports, has remained relatively stable despite the unprecedented challenges caused by the COVID-19 pandemic, industry-wide staffing issues, and other outside forces. For example, in the post-Merger period, except for two quarters, SMC has maintained consistent HCAHPS patient

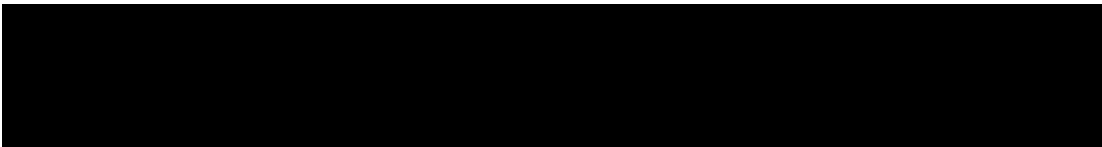
satisfaction ratings. SMC's Leapfrog Safety Grades also improved to an "A" in the two most recent grade releases. In addition, Shannon Health's emergency department average (median) wait time was below the national benchmark for each quarterly CMS data release in FY2023.

- The most recent CMS Star Rating is from July 2023. SMC, which includes SMC South, earned an overall rating of two stars. 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 2023 Star Rating, the data collection period for some measures goes back to April 1, 2018, which pre-dates the Merger. As noted in prior reports, CMS 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.



- Access: During FY2023, the volume of inpatient admissions and outpatient registrations remained fairly consistent with normal variations between quarters. Despite the challenges caused by the COVID-19 pandemic, Shannon Health increased access to healthcare services for patients in its communities, including rural communities, through the following initiatives to expand service delivery:
 - Joined the Mayo Clinic Care Network, allowing Shannon Health access to Mayo Clinic clinical solutions and services, which are beneficial for patients and professional development.
 - Continued dedication of resources for telehealth to expand virtual care options throughout the service area, including Shannon On Demand virtual visits for minor medical needs at \$59 per visit for patients without insurance.
 - Offered new services include hip arthroscopy and a new robotic bronchoscopy system called Ion, which uses minimally invasive, advanced technology to increase the accuracy and prevision of diagnosing cancerous and non-cancerous nodules within the lung. These new services allow Shannon Health to treat more patients locally.
 - Added a PET/CT to the Shannon Cancer Center to replace a mobile PET/CT.

- Initiated Orthopedic Hotline gives patients with orthopedic issues one number to call and is answered by an orthopedic navigator, reducing the time patients may wait for an appointment.
- Began utilizing Stryker’s Mako robotic arm system to provide the latest technological advancement in surgical joint replacement procedures. Mako provides a higher level of accuracy and predictability when performing joint replacement surgery.
- Began providing robotic aquablation to treat benign prostatic hyperplasia (“BPH”), also known as an enlarged prostate. Robotic aquablation is a non-invasive surgical treatment to remove prostate tissue around the urethra and bladder using saline solution. Advantages of this treatment include: shorter recovery time, robotic precision and accuracy, protection of male continence and sexual function, and adaptability to any size prostate.



- Continued transportation through Lyft ride share or other means, based on patient need. This helps ensure access to Shannon Health facilities, physician visits, or other medical appointments after leaving the hospital.

5. Any other information required by HHSC to ensure compliance with Health and Safety Code Chapter 314A and 26 TAC Chapter 567, including information relating to compliance with these terms and conditions.

- The Merger has not reduced competition among physicians, allied health professionals, other health providers, or any other persons providing goods and services with the hospitals. Shannon Health faces competition from a number of hospitals and health systems in its primary and secondary service areas. Post-Merger, Shannon Health continues to compete with large and significant health systems throughout the region that are gaining strength and expanding. Shannon Health considers these health systems, among others, to be competitors for high-end or tertiary inpatient and outpatient services. Additionally, the robust competition for inpatient acute facility services continues from many other hospitals located in surrounding counties. Likewise, Shannon Health also faces competition from freestanding emergency departments, urgent cares, ambulatory surgery centers, rural health clinics, and other healthcare providers located in Tom Green County and the surrounding counties.
- Shannon Health has made significant efforts to bring additional jobs to the area. During FY2023, Shannon Health created 513 positions, covering both clinical and non-clinical positions across the organization, indicating significant demand for talent within the combined Shannon Health system following the Transaction Closing. In addition, during FY2023, Shannon Health hired a total of 1,393 new employees.
- Patient choice is being preserved through the patient choice policy for Shannon Health, which was

extended post-Merger to encompass both SMC and SMC South. The policy continues to conform with CMS mandated patient choice requirements.

B. Additional Annual Reporting Requirements**6. An explanation of the incorporation and integration of the medical record systems of each hospital.**

- As previously reported, prior to the Merger, SMC and SMC South utilized completely separate Electronic Medical Record (“EMR”) and Enterprise Resource Planning (“ERP”) systems, from different vendors. As of Quarter 3 FY2021, Shannon Health’s EMR platform disconnected from the CHS network completely. In Quarter 2 FY2021, Shannon Health completed its migrations for both SMC South and its clinic locations from their current MedHost and Athena platforms to Shannon Health’s Epic EMR platform. All clinic offices were transitioned from Athena to Epic on October 24, 2020. Additionally, all 350 workstations across the clinic facilities were replaced with Shannon Health terminals, including installing new label printers at any location that might need labels, migrating M-Modal provider profiles to Shannon Health’s account, and migrating many other smaller systems to the applicable Shannon Health system. SMC South went live on Epic on February 5, 2021. Now, shared patient medical records are available at every facility, improving patient care coordination among providers. For example, aspects of patient care such as medication tracking, known allergies, and test results are stored in the single EMR system, reducing the potential for complications or duplicative testing.
- Additionally, Shannon Health has worked directly with MedHost to ensure SMC South’s historical data is maintained and available for future needs. Athena data is available upon request.

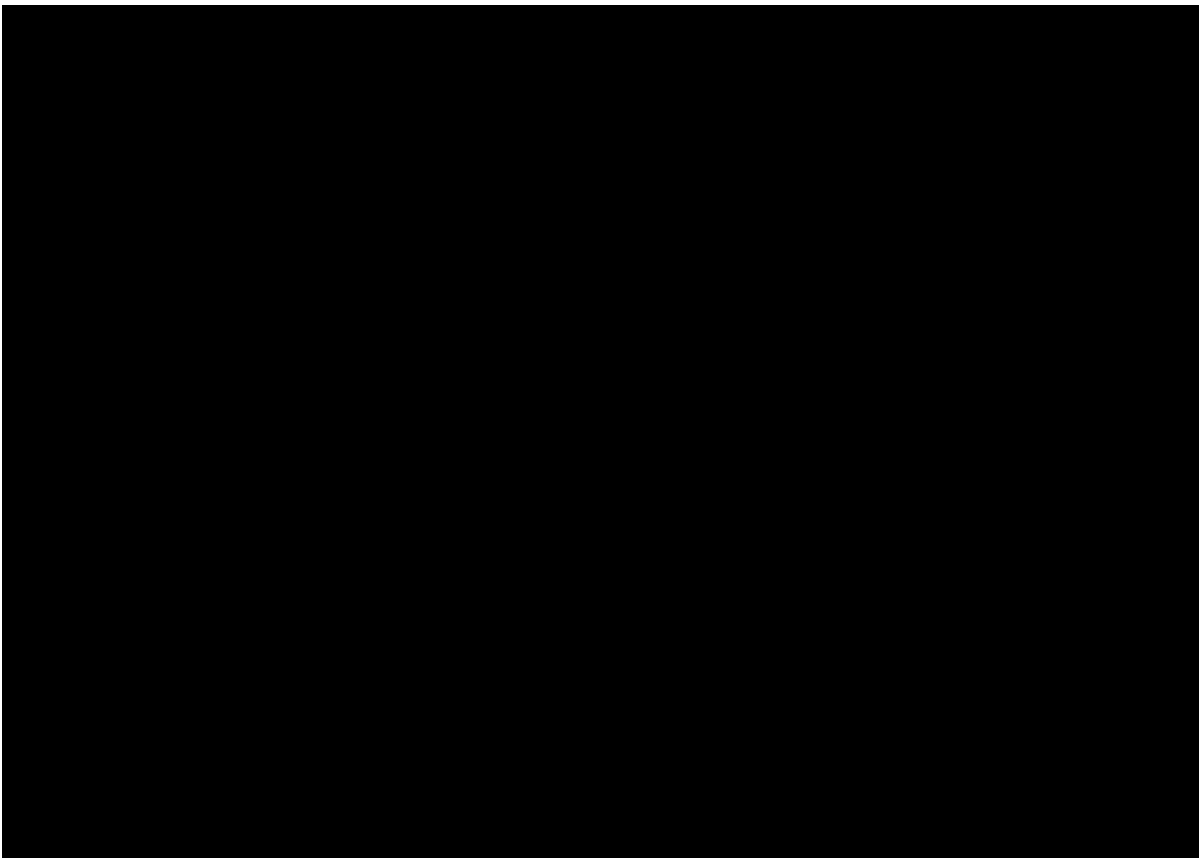
7. Findings from service area assessments that describe maintaining or improving the quality, efficiency, and accessibility of health care services offered to the public.

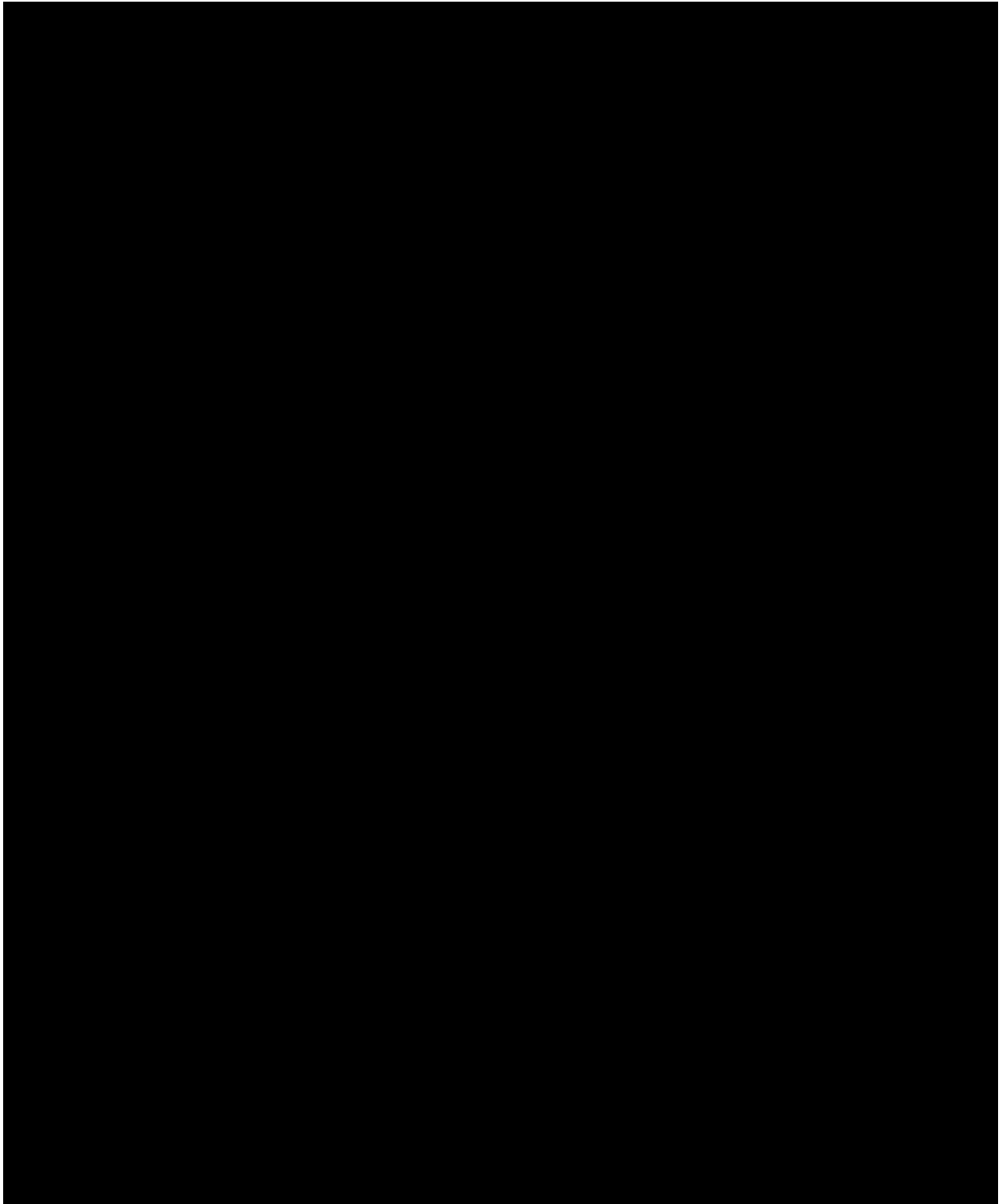
- Shannon Health did not create any service area assessment responsive to this item. Shannon Health uses its Community Health Needs Assessment (“CHNA”) to better understand the needs of the community and address the same through community-based services/programs. The CHNA involves, among other things, collection and analysis of data (demographic, socioeconomic, health, and healthcare resources) and community input through interviews. In 2022, Shannon health completed a new CHNA, which identified five predominant health needs in the community, including: (1) lack of mental health providers; (2) lack of health knowledge/education; (3) adult obesity; (4) high cost of healthcare; and (5) shortage of primary care physicians.
- The Merger allows Shannon Health to continue focusing on impacting the predominant health needs in the community. Shannon Health is in the process of implementing strategies to address the 2022 CHNA-identified needs.

8. A report on how any cost savings from allowing both hospitals to reduce costs and eliminate duplicate functions have led to lower prices for health care services or investments to improve the quality of health care services.

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

- Some items below have been included in prior reporting, although Shannon Health is now able to provide estimated cost savings associated with the same. During FY2023, Shannon Health experienced 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, Shannon Health has seen costs continue to rise across the board. Despite these financial pressures, Shannon Health continues to reinvest cost savings, where possible, to various local initiatives.
- Shannon Health has continued to conduct weekly, joint executive leadership meetings, which oversee SMC and SMC South, and discuss post-Merger integration priorities and initiatives, including how to reduce costs and improve efficiency. The joint Executive Leadership Team meetings occur on a weekly basis. A key component of these meetings is the review of strategies across the six Shannon pillars: People, Operations, Quality, Service, Growth, and Innovation. Strategies and tactics are developed during the annual strategic planning process and are then reported out on an ongoing basis. This information is disseminated, along with other key updates, through twice monthly leadership meetings. This includes the manager and director team across the Shannon system.





- Examples of Shannon Health investments in FY2023 include:
 - Shannon Health invested a total of approximately \$99 million in capital expenditures across both SMC and SMC South. These capital expenditures included infrastructure improvements; development of Shannon Cancer Center; IT infrastructure and equipment; new medical devices and instruments; and general improvements for

SMC South.

- Shannon Health continued to identify areas for improvement within the SMC South security infrastructure to better ensure the safety of patients, visitors, and Shannon Health employees.

[REDACTED]

- In December 2022, Shannon Health joined the Mayo Clinic Care Network. Members of the Mayo Clinic Care Network, a group of carefully vetted, independent healthcare organizations, have special access to Mayo Clinic's knowledge and expertise. Through Shannon Health's membership in the Mayo Clinic Care Network, its physicians have access to Mayo Clinic clinical solutions and services, which are beneficial for patients and professional development. With the ability to access Mayo Clinic's research, diagnostic and treatment resources, Shannon Health physicians will be able to treat more of their patients with complex medical needs close to home.

[REDACTED]

- SMC now offers a new robotic bronchoscopy system called Ion, which uses minimally invasive, advanced technology to increase the accuracy and precision of diagnosing cancerous and non-cancerous nodules within the lungs. The Ion robotic bronchoscopy lowers the risk of prior bronchoscopies, allows for improved accuracy, and ensures a diagnosis with a single procedure. This development allows Shannon Health to keep more cancer care local, within the community.

[REDACTED]

- Shannon Health invested in services at Shannon Breast Center, including the addition of two mammography units, two ultrasound units, and one DEXA unit. Services were relocated so they are available in the SMC main campus area. In addition, Shannon Health added a manager, two mammographers, one ultrasound tech, and one radiology aide for service offerings at Shannon Breast Center.

[REDACTED]

IV. Annual Public Hearing

Shannon Health held its third annual public hearing on Tuesday, September 26, 2023 at 10:00 am at the Shannon Medical Center Legacy Conference Room, located at 120 E. Harris Ave in San Angelo. This hearing was open to the public and lasted approximately 55 minutes. Written comments were accepted online through 11:59 pm on September 25, 2023. Approximately 33 individuals were in attendance. Shannon Health provided an overview of the many positive changes and new services since the Merger. A total of five individuals offered oral comments, summarized below:

- Darlene Carlile discussed concerns regarding emergency room and urgent care wait times and access to specialty services.
- Dr. Jeanne Woodman discussed her concerns related to the COPA law, hospital accreditation and access to Gastrointestinal services.
- Lana Hubbard discussed the positive impact of the partnership between Howard College and Shannon.
- Vicky Howell stated she was impressed with the care her daughter received at Shannon.
- Sandy Lee shared positive comments regarding the doctors and care she received at Shannon. Ms. Lee also expressed concern regarding the traveling nurse staff and discharge process, along with urgent care and emergency room wait times.

Copies of the written comments received are included in **Attachment 1a** to this Report. Shane Plymell, President/CEO, Michael Wood, M.D., Chief Medical Officer, Shannon Medical Center, and Doug Schultz, M.D., Chief Medical Officer, Shannon Clinic presented the PowerPoint presentation included as **Attachment 1b**. Shannon Health has addressed the items presented in the public comments in a response that will be shared on www.CareforSanAngelo.com. Shannon Health's responses to the public comments are included as **Attachment 1c**. All attendees that submitted oral and/or written comments and provided an email address will also receive a copy of the response by email.

V. Attachments