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Shannon Health

Quarterly Report for Quarter 1 of Fiscal Year 2024

Reporting Period: 10/1/23 – 12/31/23

Submission Date: March 29, 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 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.

This Report reflects the performance of SMC and SMC South (formerly SACMC) for the first quarter of fiscal year 2024 (“Quarter 1 FY2024” or “First Quarter FY2024”), the period of October 1, 2023 to December 31, 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	Center 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. 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 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. Quality

1. Evidence demonstrating how health care quality has improved.

- CMS Star Ratings:** The most recent CMS Star Rating is from July 2023. SMC, which includes SMC South, earned an overall rating of two stars (see **Table 1a** below). 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.

Table 1a: Overall CMS Star Ratings¹

Location	Pre-Merger Period						Post-Merger Period			
	FY2018		FY2019		FY2020		FY2021		FY2022	FY2023
	January	July	March	July	January	August	April	July	July	July
SMC	4	4	4	4	5	5	4	4		
SACMC (SMC South)	4	4	4	4	4	4	3	Not Available ²	4	2

- Leapfrog Hospital Safety Grades:** SMC earned an “A” overall in the most recent Leapfrog Hospital Safety Grade release (from Fall of 2023) (see **Table 1b** below). This shows Shannon Health’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.

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
SMC	C	C	C	C	C	C	C	B	B	B	A	A
SACMC (SMC South)	A	A	A	A	B	C	C	Not Available ⁴				

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

² As a result of the Merger in October 2020, legacy SACMC’s (now SMC South) CMS Certification Number (“CCN”) was retired. Therefore, going forward, all data on CMS’s website for Shannon Medical Center (120 E Harris Ave) is combined performance for both SMC and SMC South.

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

⁴ Leapfrog Safety Grades are location specific and not based on CCN. Shannon Health did not submit the voluntary survey portion for SMC South.

- Patient Admissions & Medicare Cost Report Data: Inpatient admissions and outpatient volumes are provided in **Item 2** of this Report. Shannon Health will provide a copy of its 2023 Medicare Cost Report once it is finalized.
- Patient Satisfaction Ratings: Using the CMS data reported in November 2023 (data reporting period of January 1, 2022 to December 31, 2022), SMC and SMC South (combined performance) received a rating of four stars on the Hospital Consumer Assessment of Healthcare Providers and Systems (“HCAHPS”) survey of patient satisfaction (see **Table 1c** below).

Table 1c: Patient Satisfaction Rating Results⁵

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 ⁶	Q1 ⁷	Q2	Q3 ⁸	Q4	Q1	Q2	Q3	Q4	Q1				
SMC	4	4	4	4	3	3	3	3	4	4	4	4	4	4	4														
SACMC (SMC South)	4	4	4	4	4	4	4	3	4	3	4	4	4	4	4		4	4	3	3	4	4	4	4	4	4	4	4	4

2. Inpatient and outpatient numbers before and after the merger.

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

- Inpatient Volumes⁹: Overall, inpatient admissions for Shannon Health increased from Quarter 4 FY2023 to Quarter 1 FY2024, from 5,362 to 5,497. **Table 2a** shows the quarterly change in inpatient admissions for SMC and SACMC during the Baseline Period, as well as Shannon Health (includes both SMC and SMC South) thereafter. Volume numbers are shown on a combined basis for Shannon Health from Quarter 1 FY2021 forward as both hospitals are reported under a single National Provider Identifier (“NPI”).

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

⁶ As a result of the Merger in October 2020, legacy SACMC’s (now SMC South) CMS CCN was retired. Therefore, going forward, all data on CMS’s website for Shannon Medical Center (120 E Harris Ave) is combined performance for both SMC and SMC South.

⁷ Q1 FY2022 was revised from 3 to 4 to correct a prior reporting error.

⁸ Q3 FY2022 was revised from 4 to 3 to correct a prior reporting error.

⁹

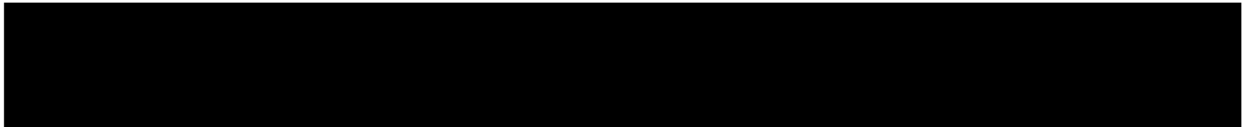
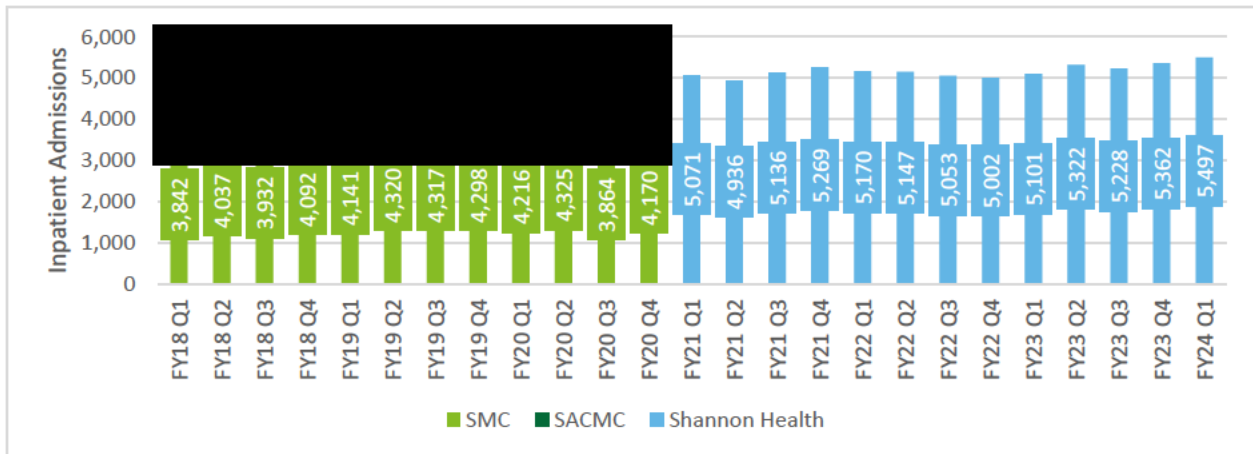
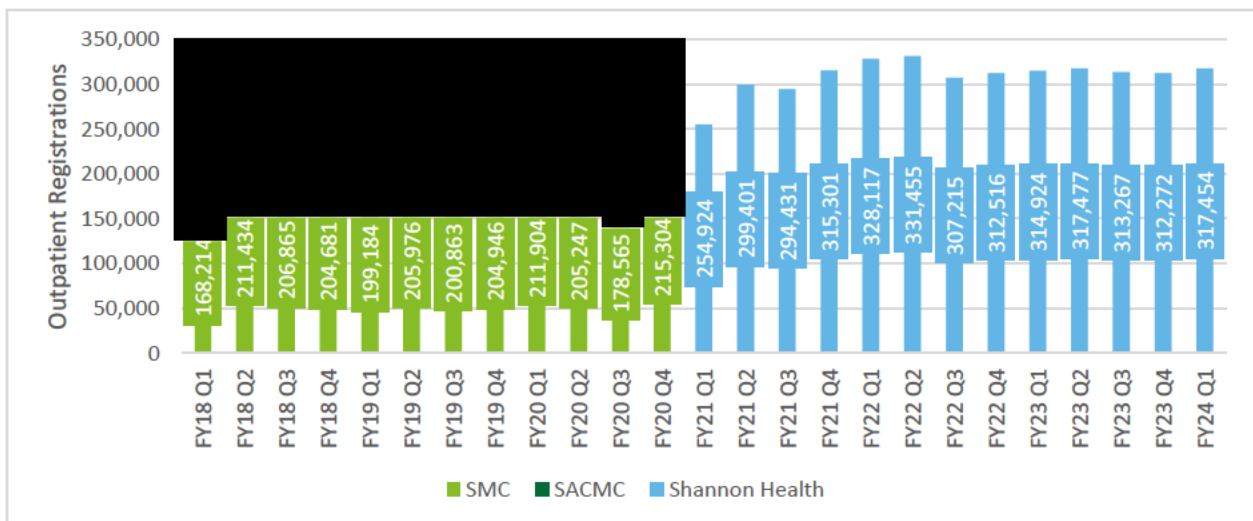


Table 2a: Inpatient Admissions



- Outpatient Volumes¹⁰: Shannon Health’s outpatient volume increased between Quarter 4 FY2023 and Quarter 1 FY2024, from 312,272 to 317,454. **Table 2b** below displays the quarterly change in outpatient volumes for SMC and SACMC during the Baseline Period, as well as Shannon Health (includes both SMC and SMC South) thereafter. Volume numbers are shown on a combined basis for Shannon Health from Quarter 1 FY2021 forward as both hospitals are reported under a single NPI.

Table 2b: Outpatient Volumes

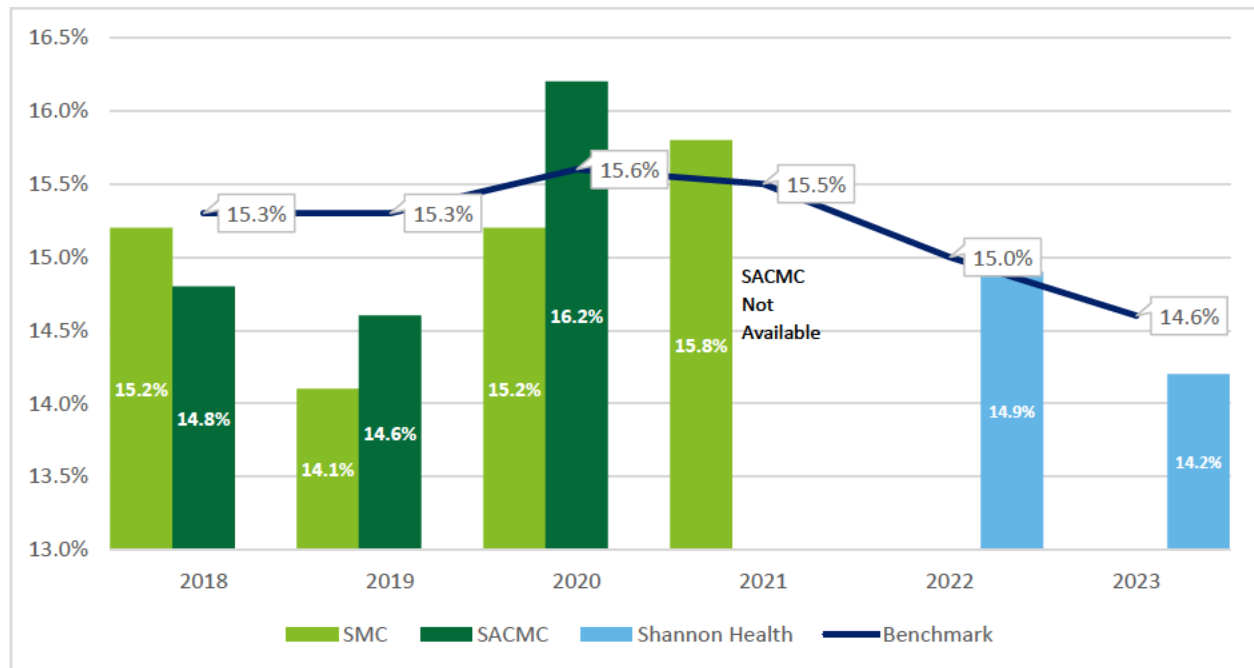


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3. Patient readmission numbers before and after the merger.

- Patient Readmission Numbers:** The reported readmission rates include all unplanned readmissions¹¹ within 30 days of a hospital stay or inpatient procedure and are not adjusted to reflect underlying differences in acuity or co-morbidities. CMS typically reports readmission data on an annual basis, in July. The most recently released readmission numbers are reported in **Table 3**.

Table 3: Patient Readmissions¹²



¹¹ 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.

¹² Source: CMS Care Compare “Unplanned Hospital Visit” benchmark ([Medicare.gov/care-compare/](https://www.cms.gov/care-compare/)). The following represents the reporting periods by fiscal year: 7/1/2016 to 6/30/2017 for FY2018, 7/1/2017 to 6/30/2018 for FY2019, 7/1/2018 to 6/30/2019 for FY2020, and a partial year 7/1/2019 to 12/1/2019 for FY2021, 7/1/2020 to 6/30/2021 for FY2022, and 7/1/2021 to 6/30/2022 for FY2023. CMS updates this data on an annual basis, in July. The graphic generally applies the July rate to the fiscal year in which it was released. As a result of the Merger in October 2020, legacy SACMC’s (now SMC South) CMS CCN was retired. Therefore, going forward, all data on CMS’s website for Shannon Medical Center (120 E Harris Street) is combined performance for both SMC and SMC South.

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

- Shannon Health notes that its quality improvement measures have continued to track patient outcomes, and Shannon Health’s goal is to continue to see improved outcomes with increasing patient volumes. During Quarter 1 FY2024, Shannon Health continued working toward its quality improvement measures, which were instituted to further enhance quality at all of Shannon Health’s hospitals and, in turn, improve patient outcomes. For FY2024, Shannon Health continued system-wide quality goals for the following three specific quality measures: (1) hospital-acquired condition reduction for six key conditions (CLABSI, CAUTI, SSI-Colon, SSI-Hyst, MRSA, and CDI); (2) mortality rate reduction; and (3) readmission rate reduction. In establishing and working toward the goals in these key areas, Shannon Health continues to work collaboratively across SMC and SMC South to drive quality improvement performance for the system. In addition, 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 supports Shannon Health in quality improvement measures and goals.
- SMC recently achieved accreditation from Surgical Review Corporation as a Center of Excellence in Robotic Surgery, recognizing Shannon’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.
- Shannon Health notes there is not yet enough information to report on the association between increased patient volumes and better patient outcomes. Shannon Health will provide updates in subsequent reports after more information becomes available.

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

- Post-Merger, Shannon Health began evaluating opportunities across the combined system with the goal of optimizing patient services and enhancing the overall patient experience. During Quarter 1 FY2024, Shannon Health implemented or continued the following initiatives:
 - **Shannon Cancer Center:** During Q1 FY2024, Shannon Health opened its new cancer center on the campus of SMC. Shannon Health provides a comprehensive cancer program to patients and families in San Angelo and the surrounding areas. Specialists offer a complete range of services, enabling enhanced patient access. Services include medical oncology, radiation oncology, and surgical treatment. The Shannon Cancer Center provides a comprehensive continuum of services for cancer care and is equipped with: 28 outpatient chemotherapy chair stations, with each equipped with a personal entertainment unit/television; two image guidance linear accelerators; fully staffed on-site pharmacy; patient education center; and clinical and financial patient navigation services. Shannon Health also offers on site supportive care, including social work and registered dietitians. The radiation oncology department is officially recognized as a tattoo- and mark-free radiation treatment center – the only program of its kind in the western half of Texas. This

designation from Vision RT highlights Shannon Health's adoption of surface-guided radiation therapy ("SGRT"), which eliminates the need for permanent or semi-permanent tattoos for patients undergoing radiation treatments. This exclusive, cutting-edge technology allows Shannon Health to offer more comfortable and more accurate treatment for radiation patients.

- **Consolidation of perinatal services:** During Q1 FY2024, Shannon Health moved all maternal and neonatal care services to the Shannon Women's & Children's Hospital on the SMC campus. This facility has undergone a physical expansion over the past 18 months to accommodate the delivery volume for the region. Shannon Health tracked census data for over a year prior to the relocation and expansion to ensure the creation of enough beds to meet the needs of the community. Movement of these services to one central location allows for the most efficient use of resources, reduction in duplication of services, and higher quality care.

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

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

- For Q1 FY2024, Shannon Health continued working toward its quality improvement measures, which further enhance quality at all of Shannon Health's hospitals. Shannon Health's system-wide quality goals include the following quality measures: (1) hospital-acquired condition reduction for six key conditions (CLABSI, CAUTI, SSI-Colon, SSI-Hyst, MRSA, and CDI); (2) mortality rate reduction; and (3) readmission rate reduction. For the goals in these key areas, Shannon Health works collaboratively across SMC and SMC South to drive quality improvement performance for the system. Shannon Health tracks various quality measures internally to develop proactive strategies and understand current performance.
- The quality measures included in this Report are summarized below in **Table 6**.

Table 6: Shannon Health Summary of Quality Measure Performance

Quality Metrics	Page Ref.	FY2018		FY2019		FY2020		FY2021				FY2022				FY2023				FY2024
		Q1	Q2	Q3	Q4 ¹³	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		
CMS Star Rating – SMC	Page 8	4	4	4	4	5	5	Not available (rating to be released in Q3)	4	4	Not available (rating to be released in Q3)	4				2				
CMS Star Rating – SMC South	Page 8	4	4	4	4	4	4	Not available (rating to be released in Q3)	3	Not Available										
Leapfrog Safety Grades – SMC	Page 8	C	C	C	C	C	C	Not available (rating to be released in Q3)	C	B	Not available (will be included in Q3 Report)	B	B	Update expected in Spring 2023		A	A	Update expected in Spring 2024		
Leapfrog Safety Grades – SMC South	Page 8	A	A	A	A	B	C	Not available (rating to be released in Q3)	C	Not Available										
Pt. Satisfaction Rating – SMC	Page 9	4	4	4	4	3	3	3	4	4	4	4	4	4	4	4	4	4	4	
Pt. Satisfaction Rating – SMC South	Page 9	4	4	4	4	4	4	3	4	3	4	4	Not available	4	3	3	4	4	4	4
Patient Readmissions – SMC	Page 11	15.2%		14.1%		15.2%		15.8% (CMS update in July 2021 – applied the July rate to the fiscal year in which it was released)				14.9% (CMS update in July 2022 – applied the July rate to the fiscal year in which it was released)				14.2% (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 – SMC South	Page 11	14.8%		14.6%		16.2%		Not Available												
Inpatient Volumes – Combined (total rounded)	Pages 9-10	[REDACTED]						5k	5k	5k	5k	5k	5k	5k	5k	5k	5k	5k	5k	5k
Outpatient Volumes – Combined (total rounded)	Page 10							255k	299k	294k	315k	328k	331k	307k	313k	315k	317k	313k	312k	317k

¹³ As a result of the Merger in October 2020, legacy SACMC’s (now SMC South) CMS CCN was retired. Therefore, going forward, all data for Shannon Medical Center (120 E Harris Ave) is combined performance for both SMC and SMC South.

B. Efficiencies

7. A description of the steps taken to reduce costs and improve efficiency.
 - Steps Taken to Reduce Costs: During Quarter 1 FY2024, Shannon Health has continued to conduct regular, joint executive leadership meetings to 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 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 Health system.

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 Shannon Health operated. As such, Shannon Health still operates one Emergency Department at SMC and one Emergency Department at SMC South, as reported in the Baseline Performance Report. Each location is listed in **Table 8a** and **8b** below.

Table 8a: SMC Emergency Department

Emergency Department Location	Address	Status
Shannon Medical Center (SMC)	120 E Harris Ave., San Angelo, TX 76903	Open

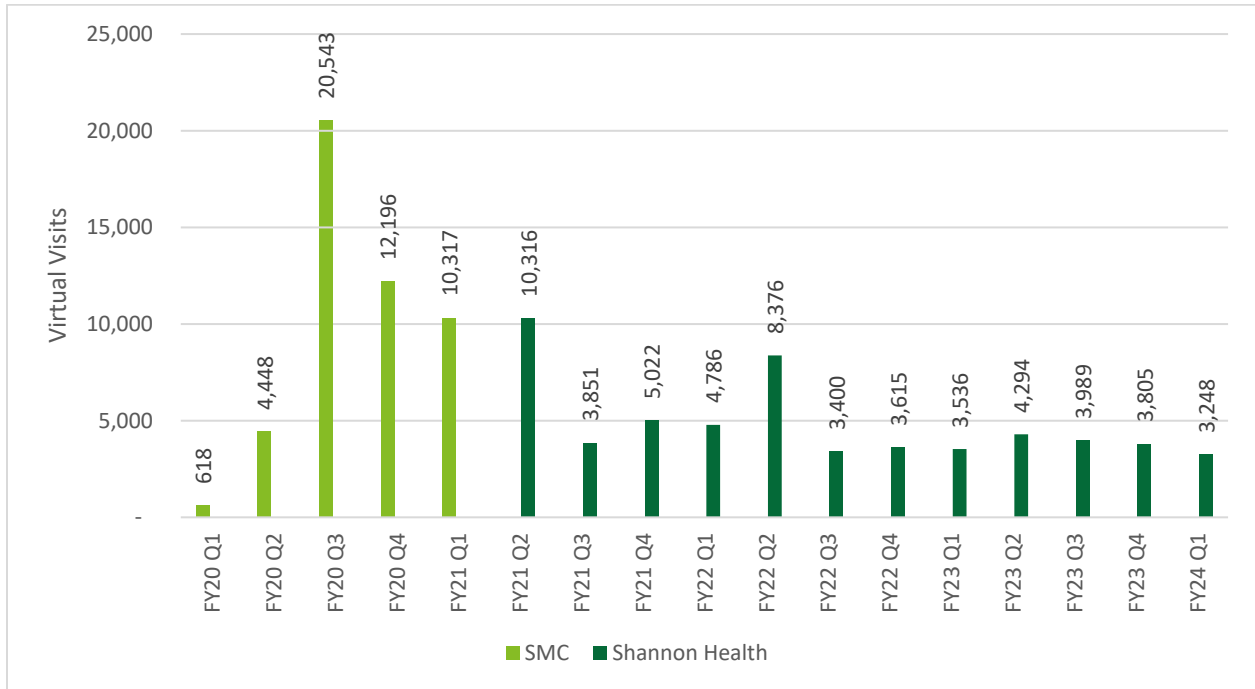
Table 8b: SMC South Emergency Department

Emergency Department Location	Address	Status
Shannon Medical Center South (SMC South)	3501 Knickerbocker Rd., San Angelo, TX 76904	Open

- Emergency Department Closures: Shannon Health has no plans to close any Emergency Departments as of the date of this Report.
9. A description of how the hospitals have expanded telehealth and an explanation of how the expansion has improved access to healthcare for the rural community by: (1) Providing data demonstrating the expansion of telehealth and technology; and (2) Explaining how the expansion of telehealth and technology improved the hospitals’ ability to treat a larger patient population.
 - Telehealth: During Quarter 1 FY2024, Shannon Health provided telehealth services, including primary and other non-emergency care services, to 3,248 patients through its virtual care

platforms (as shown in **Table 9**). As previously reported, 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 has dedicated additional resources to this area to further expand virtual care options throughout the service area.

Table 9: Number of Patients Treated via Telehealth¹⁴



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

- IT Platform:** Prior to the Merger, SMC and SMC South utilized separate Electronic Medical Record (“EMR”) and Enterprise Resource Planning (“ERP”) systems, from different vendors. As of Quarter 3 FY2021 and going forward, Shannon Health’s EMR platform is disconnected from the CHS network. SMC South and its clinic locations completed their migration to Shannon’s EMR platform. Shannon Health now has limited access to legacy MedHost data, and Athena data is available upon request.

¹⁴ Volume includes telehealth visits tracked through Epic; additional telehealth visits may occur but are not included in the table if they are not recorded in Epic.

11. Provide the evidence of the onboarding SACMC’s system and provide training evidence for personnel.
 - Post-Merger, all legacy SACMC employees have been trained, onboarded, and integrated into Shannon Health.
 - All new employees hired post-Merger (except for Physicians and Advance Practice Professionals) attended a system-wide new hire orientation process, regardless of what campus they are hired to. These system-wide new hire orientation sessions are held at least once per month. The new hire orientation sessions provide an overview of Shannon Health, the Shannon Health policies and procedures, and the Employee Benefits offerings, with instructions on how to enroll in the offered Employee Benefits. When applicable, new hires are also trained on Epic, the EMR for Shannon Health.
 - Physicians and Advanced Practice Professionals are onboarded separately, with specific consideration for their individual onboarding timetable, specialty, and job requirements.

12. A description of any workforce reduction 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 explain any impact the reduction has on patient service delivery.
 - Workforce: As of the Transaction Closing Date through the end of Quarter 1 FY2024, there were no reductions in workforce other than what is expected through the ordinary course of business (e.g., attrition). Shannon Health continues to hire additional staff as needed to provide necessary services. For example, in Quarter 1 FY2024, Shannon Health hired 231 new employees. As of December 31, 2023, Shannon Health had 4,415 employees (see **Table 12** below).

Table 12: Workforce as of Quarter 1 FY2024¹⁵

Employees as of Transaction Closing Date: 3,709 ¹⁶			
Employees as of Q1 FY2021	Employees as of Q2 FY2021	Employees as of Q3 FY2021	Employees as of Q4 FY2021
3,694	3,718	3,718	4,027
Employees as of Q1 FY2022	Employees as of Q2 FY2022	Employees as of Q3 FY2022	Employees as of Q4 FY2022
3,904	3,994	3,951	3,989
Employees as of Q1 FY2023	Employees as of Q2 FY2023	Employees as of Q3 FY2023	Employees as of Q4 FY2023
4,023	4,181	4,293	4,358
Employees as of Q1 FY2024			
4,415			

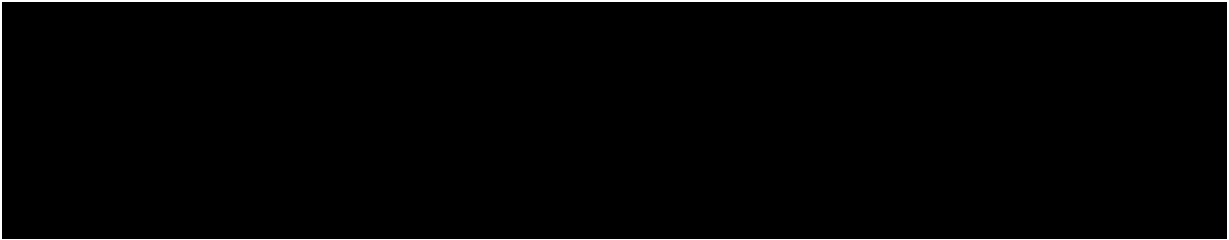
¹⁵ Note employee headcount includes employed physicians and advanced practice clinicians.

¹⁶ Employee count as of the Transaction Closing Date was slightly adjusted from the Baseline Performance Report in order to correct for data errors.

13. 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.]

- Shannon Health has identified several potential opportunities and initiatives that it believes will generate efficiencies and reduce unnecessary costs. Various examples of these efforts resulting in reduction in duplication of services have been included in prior reports.



- Shannon 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.

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

- Pre-Merger Coordination of Services: Please refer to the Baseline Performance Report.
- Post-Merger Coordination of Services: By thoughtfully combining the resources of SMC and legacy SACMC, Shannon Health intends to be able to better coordinate services, increase efficiencies, and optimize patient care. As of the end of Quarter 1 FY2024, Shannon Health continued joint executive leadership meetings to oversee SMC and SMC South, which includes review of integration priorities and initiatives. Shannon Health continues to evaluate opportunities for further coordination of services.
- Cost Savings Reinvestment Evidence: Shannon Health plans to and has reinvested cost savings into various initiatives, such as community education programs, upgraded equipment, service expansion, and other capital expenditures.

15. 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. 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. The following are examples of how Shannon Health continued reinvesting in the combined healthcare system during Quarter 1 FY2024:

- **Capital expenditures:** Shannon Health incurred capital expenditures to improve its facilities or grow its operations, totaling approximately \$20 million across both SMC and SMC South.
- **Shannon Cancer Center:** During Q1 FY2024, Shannon Health opened its new cancer center on the campus of SMC. Shannon Health provides a comprehensive cancer program to patients and families in San Angelo and the surrounding areas. Specialists offer a complete range of services, enabling enhanced patient access. Services include medical oncology, radiation oncology, and surgical treatment. The Shannon Cancer Center provides a comprehensive continuum of services for cancer care and is equipped with: 28 outpatient chemotherapy chair stations, with each equipped with a personal entertainment unit/television; two image guidance linear accelerators; fully staffed on-site pharmacy; patient education center; and clinical and financial patient navigation services. Shannon Health also offers on site supportive care, including social work and registered dietitians. The radiation oncology department is officially recognized as a tattoo- and mark-free radiation treatment center – the only program of its kind in the western half of Texas. This designation from Vision RT highlights Shannon Health’s adoption of surface-guided radiation therapy (“SGRT”), which eliminates the need for permanent or semi-permanent tattoos for patients undergoing radiation treatments. This exclusive, cutting-edge technology allows Shannon Health to offer more comfortable and more accurate treatment for radiation patients. [REDACTED]
- **Drive-Thru Flu Shot Clinics:** In Q1 FY2024, Shannon Health hosted a series of drive-thru shot clinics at the SMC South campus. The clinic was open to patients six months and older. [REDACTED]
- **Further enhanced security at 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]

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

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

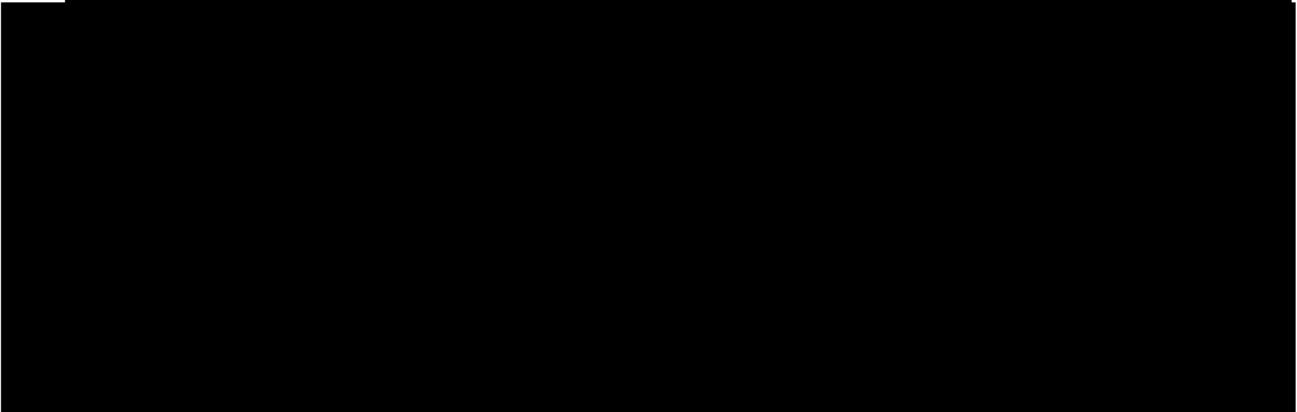
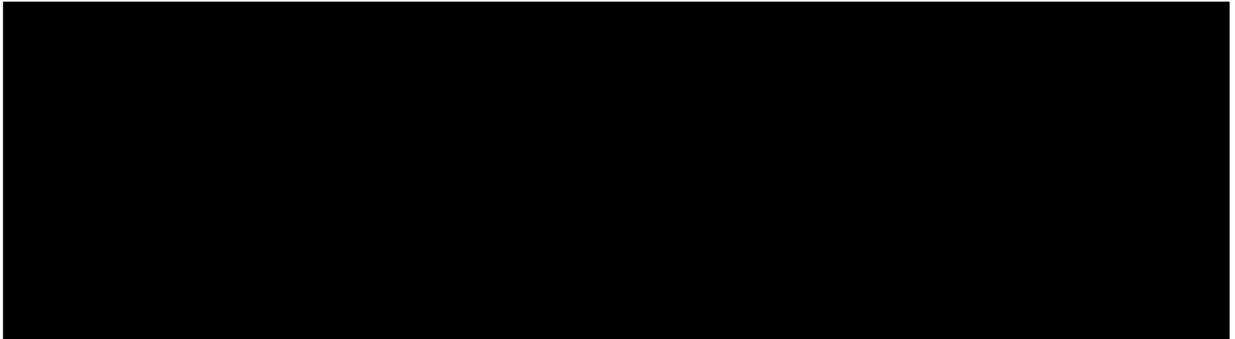
- **Post-Merger Operating Efficiencies:** During Quarter 1 FY2024, Shannon Health continued the process to identify, track, and report data and financial reports reflecting efficiencies achieved in the areas identified previously and additional areas as opportunities arise. In prior reports, Shannon Health identified multiple opportunities or initiatives that are likely to generate efficiencies and reduce unnecessary costs. [REDACTED]



- Shannon Health will continue to thoughtfully evaluate potential opportunities throughout the post-Merger integration process and will provide updates and estimated cost savings in subsequent reports once more information becomes available.

17. 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.]



18. 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]

- The Merger has allowed for better coordination of decision-making and resources, resulting in various operating efficiencies, including clinical and SG&A efficiencies. Shannon Health continues to reinvest savings in its operations to enhance healthcare service delivery, patient care, staff, the local community, and counties serviced. For example, during Quarter 1 FY2024, Shannon Health undertook the following initiatives:

- o Invested \$20 million in capital expenditures across both SMC and SMC South to improve and expand facilities and grow operations.
- o Opened Shannon Cancer Center, which provides a comprehensive cancer program to patients and families in San Angelo and the surrounding communities.
- o Hosted a series of drive-thru flu shot clinics at the SMC South campus.
- o Further enhanced security at SMC South and Shannon Health Club [REDACTED]
- o Continued providing community educational opportunities to healthcare providers in the Shannon Health service area.

19. 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 actual charges¹⁷ for Shannon Health’s ancillary health services are set forth in the Shannon Health Charge Description Master (“CDM”). Shannon Health contracts with various commercial health plans, which generally reimburse ancillary health services based on a negotiated fee schedule or percentage discount of actual charges. 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. **Table 19a** below identifies Quarter 1 FY2024 volumes and CDM charges for select tests, treatments, or procedures for the following categories of ancillary health services: Laboratory, Imaging, and Pharmacy.

Table 19a: Ancillary Health Services

Ancillary Service	Volume ¹⁸				
	FY20	FY21	FY22	FY23	Q1 FY24
Laboratory Services ¹⁹					
CMP	118,571	156,419	175,296	186,017	48,779
CBC w/auto diff	93,389	167,521	191,700	199,258	52,956
LIPID panel	46,683	64,207	70,158	76,159	19,428
BMP	30,922	34,803	39,058	41,045	10,634
Magnesium	25,357	33,095	41,558	44,752	12,906

¹⁷ Actual charges are charges prior to any contractual discount allowance for various payor classes.

¹⁸ Beginning in Quarter 2 FY2021, the first full quarter post-Merger, and going forward, volume amounts for pharmacy and radiology include both SMC and SMC South data.

¹⁹ The clinic and hospital laboratories were consolidated during the Baseline Period, resulting in the appearance of significant changes in certain laboratory service volumes.

Imaging Services					
71045 X-Ray Chest 1V	19,002	30,035	27,885	26,695	6,659
77067 Scr Mammo with Tomo Bilateral	11,388	15,098	14,723	14,947	4,582
70450 CT Head w/o	7,625	9,429	10,524	11,528	3,000
71046 X-Ray Chest 2V	3,998	3,933	4,293	4,280	1,163
74177 CT Abd/Pel with IV	5,204	7,142	7,297	9,359	2,681
Pharmacy Services ²⁰					
Daptomycin 350 mg 1 each	1,026,680	956,975	1,550,223	750,960	4,438
Acetaminophen 1,000 mg/100 ml IV per 1 ml	1,086,366	1,220,452	1,457,304	1,723,785	482,380
Propofol 10 mg/ml IV Emulsion per 1 ml ²¹	1,670,670	2,413,526	1,688,354	1,675,920	384,127
Ferric Carboxymaltose 50 mg Iron/ml IV per 1 ml	457,085	548,310	570,225	423,430	73,392
Bupivacaine Liposome 1.3% (13.3 mg/ml)	475,669	568,544	606,955	551,393	141,190

- Ancillary Health Services Quality:*** Table 19b and Table 19c below show the quality scores for certain CMS Care Compare and Leapfrog Safety Group quality measures specifically related to ancillary health services. As noted in previous Performance Reports, performance for SMC South is combined with SMC for Use of Medical Imaging measures. The Medication Safety measure (Safe Medication Ordering) is refreshed by Leapfrog in the Spring and Fall, and as such, the 70 for SMC reflects the score released in Fall 2023.

²⁰ Pharmaceutical prices can vary month to month, and the pricing shown in Table 19a captures pricing as of the end of each quarter. Price variances as compared to previous quarters are due to drug availability from different manufacturers as a result of drug shortages or increased prices from manufacturers. Shannon Health notes it is part of the Texas Purchasing Coalition, a network of independent health systems located in Arkansas, Missouri, and Texas, which aims to provide low, competitive drug pricing for members through comprehensive sourcing, performance improvement and cost management services. TPC engages in strategic sourcing, utilization management, and clinical and operational consulting, as well as service line, clinical and supply chain analytics.

²¹ There was a build change within the Shannon Health formulary, between continuous dosing and bolus dosing. Shannon was only capturing the continuous dosing with ICU patients. Bolus dosing is used in procedural areas that require anesthesia. The report now captures both continuous dosing and bolus dosing representing propofol usage in all areas of the hospital. This report reflects corrected numbers for FY2020-2023.

Table 19b: SMC Ancillary Health Services Quality Scores²²

Quality Measure	Baseline Period												
	FY18				FY19				FY20				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Use of Medical Imaging ²³													
OP-8. MRI Lumbar Spine for Low Back Pain	44.2%	44.2%	44.2%	39.4%	39.4%	39.4%	39.4%	38.6%	38.6%	38.6%	38.6%	46.9%	
OP-10. Abdomen CT - Use of Contrast Material	3.6%	3.6%	3.6%	2.8%	2.8%	2.8%	2.8%	7.1%	7.1%	7.1%	7.1%	11.8%	
Medication Safety													
Safe Medication Ordering ²⁴	Not Available				Not Available				Not Available				100
Quality Measure	Post-Merger Period												
	FY21				FY22				FY23				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 ²⁵	Q2 ²⁶	Q3 ²⁷	Q4 ²⁸	
Use of Medical Imaging													
OP-8. MRI Lumbar Spine for Low Back Pain	46.9%	46.9%	46.9%	39.3%	39.3%	39.3%	39.3%	45.2%	45.2%	45.2%	45.2%	38.5%	
OP-10. Abdomen CT - Use of Contrast Material	11.8%	11.8%	11.8%	3.9%	3.9%	3.9%	3.9%	9.9%	10.4%	10.4%	10.4%	9.1%	
Medication Safety													
Safe Medication Ordering	Not Available			100	Not Available			100	Not Available		100	70	
Quality Measure	Post-Merger Period												
	FY24												
Use of Medical Imaging	Q1 ²⁹												
OP-8. MRI Lumbar Spine for Low Back Pain	38.5%												
OP-10. Abdomen CT - Use of Contrast Material	9.1%												
Medication Safety													
Safe Medication Ordering	Not Available												

²² Information reported by CMS Care Compare, and Leapfrog Safety Group agencies ([Medicare.gov](https://www.medicare.gov) and [Leapfrog Group](https://www.leapfroggroup.org)).

²³ Please note that lower values are more favorable for measures OP-8 and OP-10 that are included within Table 18b. OP-8 measures the “[p]ercentage of outpatients with low-back pain who had an MRI without trying recommended treatments (like physical therapy) first.” As CMS explains, “[h]ospitals that are rated well on [OP-8] will have lower percentages. If a percentage is high, it may mean that the facility is doing unnecessary MRIs for low-back pain.” As for OP-10, it measures the “[p]ercentage of outpatient CT scans of the abdomen that were ‘combination’ (double) scans.” CMS explains that “[h]ospitals that are rated well on [OP-10] will have lower percentages. If a percentage is high, it may mean that the facility is doing unnecessary double/combo scans.”

²⁴ 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.

²⁵ The OP-8 score from the October 2022 CMS data release was unchanged from the July 2022 data release and covers the reporting period of July 1, 2020 through June 30, 2021. For OP-8, Shannon Health was the same as the national average (45.2%) and below the Texas Average (46.7%) for the reporting period. The OP-10 score was updated in the October 2022 CMS data release and covers the reporting period of July 1, 2020 through June 30, 2021. For OP-10, Shannon Health was slightly above the national average (6.3%) and the Texas Average (9.2%) for the reporting period.

²⁶ These scores are from the January 2023 CMS data release. The results are unchanged from the October 2022 release.

²⁷ These scores are from the April 2023 CMS data release. The results are unchanged from the October 2022 release.

²⁸ These scores are from the July 2023 CMS data release. For OP-8, Shannon Health was slightly above the national average (37.1%) and below the Texas average (40.2%) for the reporting period. For OP-10, Shannon Health was slightly above the national average (6%) and the Texas average (8.6%).

²⁹ These scores are from the November 2023 CMS data release. The results are unchanged from the July 2023 data release.

Table 19c: Legacy SACMC Ancillary Health Services Quality Scores³⁰

Experience	Baseline Period												Post-Merger Period												
	FY18				FY19				FY20				FY21				FY22				FY23				FY24
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 ³²	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Use of Medical maging ³¹																									
OP-8. MRI Lumbar Spine for Low Back Pain ³³	43.6%	43.6%	43.6%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA									
OP-10. Abdomen CT – Use of Contrast Material	3.5%	3.5%	3.5%	1.9%	1.9%	1.9%	1.9%	1.7%	1.7%	1.7%	1.7%	4.8%	4.8%	4.8%	4.8%	NA									
Medication Safety																									
Safe Medication Ordering ³⁴	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	45	Not Available												

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

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

- Physician Services Pricing and Availability:** The actual charges for Shannon Health’s physician services are set forth in the Shannon Health Physician Fee Schedule. Shannon Health contracts with various commercial health plans, which generally reimburse physician services based on a negotiated fee schedule or percentage discount of actual charges. 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. **Table 20** below identifies Quarter 1 FY2024 volumes and the average CPT charge for the select CPT codes for clinic visits or evaluation and management office visits.
- Please note that legacy SACMC (or SMC South) data is not included in the pre-Merger period (FY2020 through the first month of Quarter 1 FY2021) in **Table 20**, as legacy SACMC data was not available to Shannon Health Pre-Merger. Beginning with Quarter 2 FY2021 (the first full quarter

³⁰ See footnote 22 for more information.

³¹ See footnote 23 for more information.

³² As a result of the Merger in October 2020, legacy SACMC’s (now SMC South) CMS CCN was retired; therefore, no data is in CMS’s database to report for legacy SACMC. Going forward, all data on CMS’s website for Shannon Medical Center (120 E Harris Ave) is combined performance for both SMC and SMC South.

³³ Please note that beginning in Quarter 4 FY2018, CMS archived data indicates that legacy SACMC scores for “OP-8 MRI Lumbar Spine for Low Back Pain” are “Not Available” because “[t]he number of cases/patients [was] too few to report.” According to CMS’s Data Dictionary, this means that either: (1) “the number of cases/patients [did] not meet the required minimum amount for public reporting”; (2) “the number of cases/patients [was] too small to reliably tell how well a hospital [was] performing”; and/or (3) CMS needed to “protect personal health information.”

³⁴ 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.

post-Merger) and going forward, the physician services data includes both SMC and SMC South combined.

Table 20: Physician Services

CPT	Description	Volume					CDM Price				
		FY20 ³⁵	FY21 ³⁶	FY22	FY23	Q1 FY24	FY20	FY21	FY22	FY23	Q1 FY24
Physician Office Visits											
99214	PR OFFICE/OUTPATIENT ESTAB MOD 30-39 Min	163,947	205,272	235,426	248,883	64,156	\$207.00	\$207.00	\$207.00	\$207.00	\$244.24
99213	PR OFFICE/OUTPATIENT ESTAB LOW 20-29 Min	143,742	176,841	194,696	205,261	52,442	\$140.00	\$140.00	\$140.00	\$141.00	\$173.25
99212	PR OFFICE/OUTPATIENT ESTAB SF 10-19 Min	28,159	25,767	26,641	25,724	5,647	\$83.00	\$83.00	\$83.00	\$85.00	\$108.50
99204	PR OFFICE/OUTPATIENT NEW MOD 45-59 Min	16,312	19,949	22,367	24,345	7,269	\$318.00	\$318.00	\$318.00	\$318.00	\$320.89
99203	PR OFFICE/OUTPATIENT NEW LOW 30-44 Min	13,651	20,164	19,396	20,355	5,212	\$207.00	\$207.00	\$207.00	\$207.00	\$216.45
Hospital Clinic Visits											
99232	PR SBSQ HOSPITAL CARE/DAY 25 Min	44,966	52,341	56,122	58,836	16,784	\$141.00	\$141.00	\$141.00	\$141.00	\$141.00
99233	PR SBSQ HOSPITAL CARE/DAY 35 Min	24,660	36,225	37,442	33,109	7,565	\$204.00	\$204.00	\$204.00	\$204.00	\$204.00
99239	PR HOSPITAL DISCHARGE DAY >30 Min	9,744	11,254	11,502	14,309	3,893	\$209.00	\$209.00	\$209.00	\$209.00	\$209.00
99231	PR SBSQ HOSPITAL CARE/DAY 15 Min	8,896	9,662	8,478	9,689	2,401	\$77.00	\$77.00	\$77.00	\$77.00	\$77.00
99223	PR INITIAL HOSPITAL CARE/DAY 70 Min	10,088	11,877	12,790	15,925	4,066	\$396.00	\$396.00	\$396.00	\$396.00	\$396.00

- **Physician Services Quality:** The composite Merit-Based Incentive Program (“MIPS”) score serves as an indicator of the quality and cost of physician services. SMC received a composite MIPS score of 100 out of 100 possible points for its 2022 performance year services. See below Table 20b for historical MIPS scores.

Table 20b: MIPS Score³⁷

	Performance Year 2018	Performance Year 2019	Performance Year 2020	Performance Year 2021	Performance Year 2022
Historical MIPS Score					
Shannon Clinic	99.5/100	90.0/100	93.4/100	96.12/100	100/100

- The 2022 performance year MIPS score was based on four categories; however, due to constraints from the COVID-19 pandemic, the practice was approved for an Extreme and Uncontrollable

³⁵ Excludes legacy SACMC (or SMC South) as this data was not available to Shannon Health pre-Merger.

³⁶ Volume amounts include three months of data for SMC and two months of data (November and December 2020) for SMC South, as volume from legacy SACMC was not available to Shannon Health pre-Merger.

³⁷ Performance year is January 1 – December 31. Table 19b has been updated from fiscal year to “performance year” for consistency with CMS reporting. See <https://qpp.cms.gov/mips/overview>.

Circumstances hardship exception, which resulted in the reweighting of the Quality category and Cost category. The updated category weights of the final composite score were thus: (i) Quality (0%); (ii) Promoting Interoperability (85%); (iii) Improvement Activities (15%); and (iv) Cost (0%). When reporting on the composite score, CMS does not report MIPS scores broken down by category.

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

- Consolidation of Services: As part of the Women's & Children's Hospital expansion, the obstetricians and gynecologists with offices on the SMC South campus were moved to the SMC campus to be closer to where they would be providing maternal care and delivering babies. Having the OB/GYN offices close to the Women's & Children's Hospital offers advantages for both providers and patients, ranging from improved emergency response to enhanced convenience and continuity of care. All services offered as of Quarter 1 FY2024 by Shannon Health are outlined in **Attachment 1**.

22. Data indicating how the consolidation of these services improved patient outcomes.

- In Q1 FY2024, Shannon Health relocated obstetricians and gynecologists to the SMC campus. Having the OB/GYN offices close to the Women's & Children's Hospital offers advantages for both providers and patients, ranging from improved emergency response to enhanced convenience and continuity of care. Shannon Health continues to evaluate opportunities for service line optimization or consolidation and will note any changes in subsequent reports.

C. *Accessibility*

23. A list of the severe risks described in the application facing Tom Green 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 Tom Green County in the context of Shannon Health’s 2019 Community Health Needs Assessment (“CHNA”). The purpose of the CHNA is to understand the unique health needs of the community served by Shannon Health. The 2022 CHNA was conducted from January 2022 to August 2022 and involved, among other things, collection and analysis of data (demographic, socioeconomic, health, and healthcare resources) and community input through interviews. The 2022 CHNA 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. As 2022 CHNA implementation strategies proceed, Shannon Health will provide more detail. In Q1 FY2024, Shannon Health engaged in or continued the following initiatives:
 - Lack of Mental Health Providers:
 - Shannon Health is continuing efforts to recruit Advanced Practice Providers for Psychology and Psychiatry.
 - Lack of Health Knowledge/Education:
 - Utilizing various builds, Shannon Health implemented several new features within its Epic electronic medical record (“EMR”) platform. These add to patients’ ability to access and understand information related to their treatment and care.

- 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.
- As previously noted, 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 partners 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 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 and 10 p.m. news hours on two local stations.
- Adult Obesity: Shannon Health continues with its Cooper Tracks program to deliver guidance and support needed to help participants begin exercising, increase confidence,

and develop habits to live healthier lives. In addition, the Shannon Health Club participates in various health insurance programs that provide incentives to their members to exercise and stay active. Shannon Health hosts a monthly weight loss support group meeting, open to anyone in the community. During Q1 FY2024, Shannon health hosted a free information seminar for members of the public interested in learning more about weight loss surgery.

- High Cost of Healthcare: Shannon Health continues to work on addressing this priority item. For example, Shannon On Demand offers a virtual visit with a Shannon provider to address minor medical needs. Visits are \$59 without insurance.
- Shortage of Primary Care Providers: To address the shortage of primary care providers, Shannon Health continues to recruit family practice and internal medicine providers.

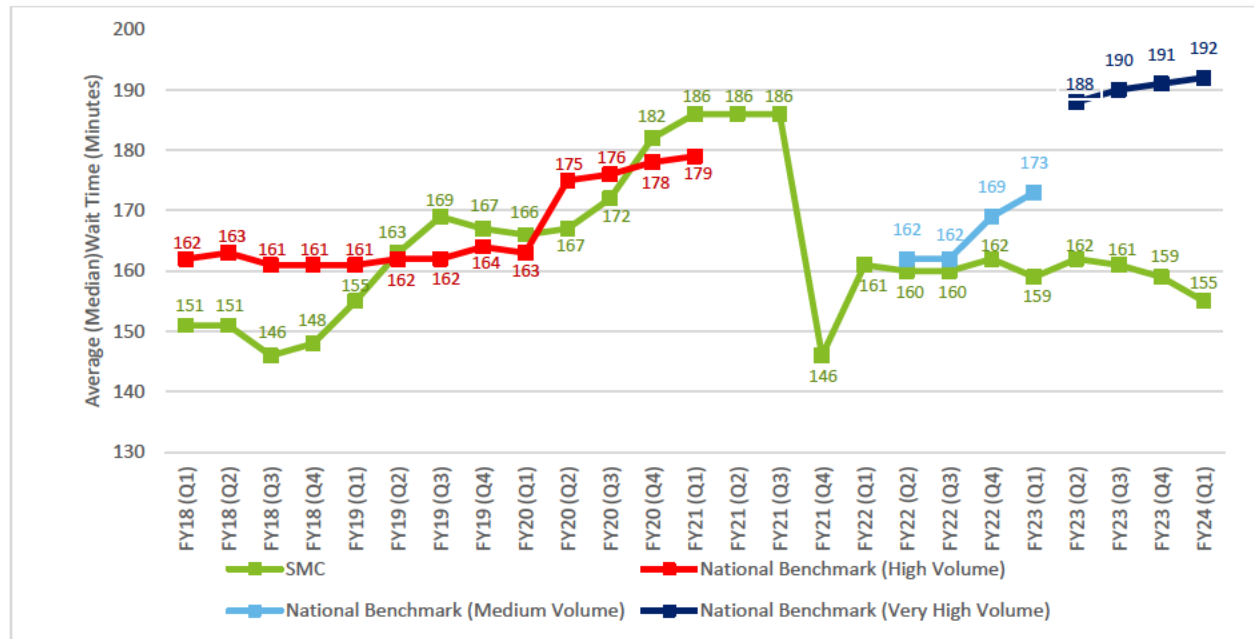
24. A description of each patient service that changed or has been discontinued since the merger and an explanation of the impact to patient care.

- Post-Merger, during Quarter 1 FY2024, Shannon Health did not discontinue any patient services. Shannon Health expanded patient services as follows:
 - **Shannon Cancer Center**: During Q1 FY2024, Shannon Health opened its new cancer center on the campus of SMC. Shannon Health provides a comprehensive cancer program to patients and families in San Angelo and the surrounding areas. Specialists offer a complete range of services, enabling enhanced patient access. Services include medical oncology, radiation oncology, and surgical treatment. The Shannon Cancer Center provides a comprehensive continuum of services for cancer care and is equipped with: 28 outpatient chemotherapy chair stations, with each equipped with a personal entertainment unit/television; two image guidance linear accelerators; fully staffed on-site pharmacy; patient education center; and clinical and financial patient navigation services. Shannon Health also offers on site supportive care, including social work and registered dietitians. The radiation oncology department is officially recognized as a tattoo- and mark-free radiation treatment center – the only program of its kind in the western half of Texas. This designation from Vision RT highlights Shannon Health’s adoption of surface-guided radiation therapy (“SGRT”), which eliminates the need for permanent or semi-permanent tattoos for patients undergoing radiation treatments. This exclusive, cutting-edge technology allows Shannon Health to offer more comfortable and more accurate treatment for radiation patients.
 - **Drive-Thru Flu Shot Clinics**: In Q1 FY2024, Shannon Health hosted a series of drive-thru shot clinics at the SMC South campus. The clinic was open to patients six months and older.
 - **Inspire Sleep Therapy**: Shannon Health began offering inspire therapy, a breakthrough obstructive sleep apnea (“OSA”) treatment option for those who cannot use Continuous Positive Airway Pressure (“CPAP”) therapy. Inspire works inside the body with a patient’s natural breathing process to treat sleep apnea. Mild stimulation opens the airway during sleep, allowing oxygen to flow naturally.

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

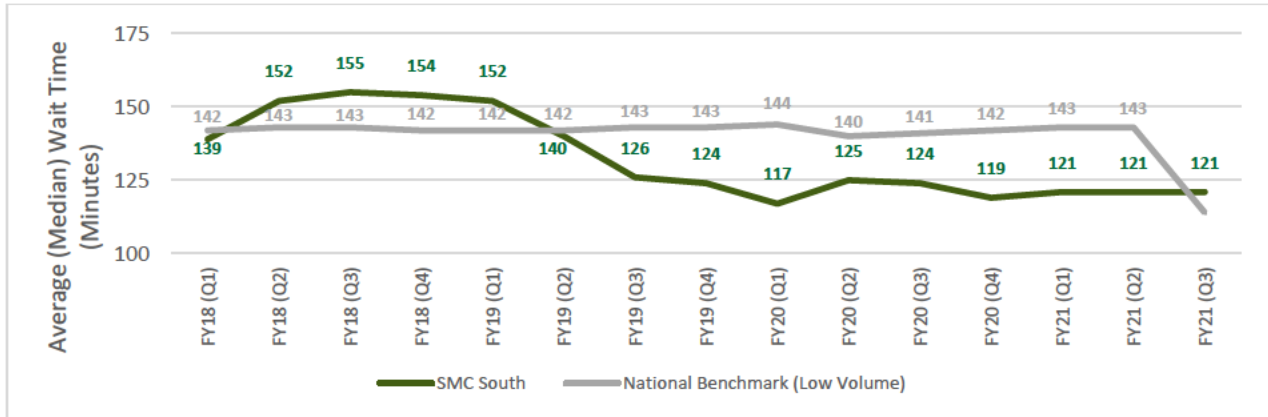
- Emergency Department Wait Times: Average Emergency Department (“ED”) wait times for Quarter 1 FY2024 for SMC are included below in **Table 25a**. (**Table 25b** shows data for SMC South when it was reported separate from SMC). For the purposes of this Report, average ED wait time is defined as the median time from arrival at the ED until time of discharge for outpatient ED patients.
- In the data released during Q1 FY2024, Shannon Health’s median ED wait time was 155 minutes, compared to a national benchmark of 192 minutes. The reporting period for ED wait time data released by CMS during Q1 FY2024 was January 1, 2022 to December 31, 2022. SMC was designated on the CMS Care Compare website as a very high volume emergency department (60,000+ patients annually). **Table 25a** shows the most recent updates.

Table 25a: SMC Average ED Wait Times³⁸



³⁸ Post-Merger, SMC South operates under the same CMS CCN as SMC, and the wait times included in Table 25a include combined performance for SMC and SMC South. Note that the CMS data lags the date in which it is released. Shannon Health revised the ED wait times chart as follows: From Q2 FY2021 through Q1 FY2022, the CMS Care Compare website did not report any emergency department volumes for SMC (the volume was shown as “not available”). Rather, only the ED wait times for SMC were reported. Therefore, there were no national benchmarks included for comparison to SMC during this period. Shannon Health revised the Q4 FY2021 wait time to 146 minutes and the Q1 FY2022 wait time to 161 minutes, consistent with CMS Care Compare.

Table 25b: SMC South Average ED Wait Times³⁹



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

- During Quarter 1 FY2024, Shannon Health increased access to health care services for patients in its communities through the following initiatives to expand service delivery:
 - **Shannon Cancer Center:** During Q1 FY2024, Shannon Health opened its new cancer center on the campus of SMC. Shannon Health provides a comprehensive cancer program to patients and families in San Angelo and the surrounding areas. Specialists offer a complete range of services, enabling enhanced patient access. Services include medical oncology, radiation oncology, and surgical treatment. The Shannon Cancer Center provides a comprehensive continuum of services for cancer care and is equipped with: 28 outpatient chemotherapy chair stations, with each equipped with a personal entertainment unit/television; two image guidance linear accelerators; fully staffed on-site pharmacy; patient education center; and clinical and financial patient navigation services. Shannon Health also offers on site supportive care, including social work and registered dietitians. The radiation oncology department is officially recognized as a tattoo- and mark-free radiation treatment center – the only program of its kind in the western half of Texas. This designation from Vision RT highlights Shannon Health’s adoption of surface-guided radiation therapy (“SGRT”), which eliminates the need for permanent or semi-permanent tattoos for patients undergoing radiation treatments. This exclusive, cutting-edge technology allows Shannon Health to offer more comfortable and more accurate treatment for radiation patients.
 - **Drive-Thru Flu Shot Clinics:** In Q1 FY2024, Shannon Health hosted a series of drive-thru shot clinics at the SMC South campus. The clinic was open to patients six months and older.

³⁹ As a result of the Merger in October 2020, legacy SACMC’s (now SMC South) CCN was retired, therefore, no data is in CMS’s database to report for legacy SACMC. Going forward, all data on CMS’s website for Shannon Medical Center (120 E Harris Ave) is combined performance for both SMC and SMC South.

- **Inspire Sleep Therapy:** Shannon Health began offering inspire therapy, a breakthrough obstructive sleep apnea (“OSA”) treatment option for those who cannot use Continuous Positive Airway Pressure (“CPAP”) therapy. Inspire works inside the body with a patient’s natural breathing process to treat sleep apnea. Mild stimulation opens the airway during sleep, allowing oxygen to flow naturally.

27. **Data demonstrating rehabilitation room capacity before and after the merger.**

- *Pre-Merger Rehabilitation Room Capacity:* Please refer to the Baseline Performance Report.
- *Post-Merger Rehabilitation Room Capacity:* As noted in the Quarter 2 FY2021 Performance Report, on March 29, 2021, Shannon Health opened the Shannon Rehabilitation Hospital through a joint venture with Encompass Health, a national leader in healthcare and rehabilitation services. The Shannon Rehabilitation Hospital includes 40 private inpatient rehabilitation rooms, an expansive therapy gym featuring the latest technologies and equipment, an on-site cafeteria, in-house pharmacy, and a four-chair dialysis suite. The Shannon Rehabilitation Hospital provides inpatient rehabilitation services to treat conditions such as amputations; brain injuries; burns, cardiac and pulmonary conditions; complex orthopedic conditions; hip fractures; multiple trauma; neurological conditions (*e.g.*, Parkinson’s disease, Guillain-Barré, Multiple Sclerosis); orthopedic conditions such as joint replacements or lower extremity fractures; spinal cord injuries; and strokes. A multidisciplinary team of providers provide care for patients at Shannon Rehabilitation Hospital, including physicians trained in physical medicine and rehabilitation, physical therapists, occupational therapists, speech-language pathologists, nurses specialized in rehabilitation care, pharmacists, dietitians/nutritionists, case managers and more. The hospital has 40 private, inpatient rooms, an expansive therapy gym featuring the latest technologies and equipment, an onsite cafeteria, an in-house pharmacy, and a four-chair dialysis suite. Opening the Shannon Rehabilitation Hospital expanded rehabilitation capacity from 14 to 40 dedicated patient beds and enhanced patient care available to the community with significant investments in the latest equipment and technology.
- Shannon Health continues to operate the Outpatient Neuro Rehabilitation Clinic, which opened in Quarter 3 FY2021.
 - The clinic, located at 3501 Executive Drive, includes an expanded floor plan with more space for patients and therapists as well as expanded services including state-of-the-art physical therapy equipment. The space allows therapists to provide an enhanced level of care for patients in a more comfortable setting. Shannon Health also offers a community-based exercise program for patients post-therapy; there is a dedicated exercise room for this program.
 - Shannon Neuro Rehabilitation is a multidisciplinary team of occupational therapists, physical therapists, and speech language pathologists who provide outpatient neuro therapy services within San Angelo. Shannon Health is looking to grow the Physical Therapy staff to accommodate the increased growth.

- Patients needing specialized physical therapy after suffering debilitating injuries or conditions now have a facility in San Angelo with enhanced capabilities in which to receive treatment.

28. A list of rehabilitative services accessible to patients and a schedule of services demonstrating the referenced service delivery hours.

- Inpatient Rehabilitation: The Shannon Rehabilitation Hospital, a 40-bed inpatient rehabilitation hospital, opened in Quarter 2 FY2021 through a joint venture with Encompass Health. The Shannon Rehabilitation Hospital is open 24 hours a day, 7 days a week. Care is provided by a multidisciplinary team of providers including physicians trained in physical medicine and rehabilitation, physical therapists, occupational therapists, speech-language pathologists, nurses specialized in rehabilitation care, pharmacists, dietitians/nutritionists, case managers and more. The conditions treated include:
 - Amputations
 - Brain injuries
 - Burns, Cardiac and pulmonary conditions
 - Complex orthopedic conditions
 - Hip fractures, Multiple trauma
 - Neurological conditions (e.g., Parkinson’s disease, Guillain-Barré, multiple sclerosis)
 - Orthopedic conditions such as joint replacements or lower extremity fractures
 - Spinal cord injuries
 - Strokes
- Outpatient Rehabilitation: SMC has three locations providing outpatient rehabilitation services; all three locations had service delivery hours of Monday through Friday, 8:00 AM to 5:00 PM:
 - Shannon Clinic – West: providing outpatient orthopedic rehabilitation;
 - Shannon Clinic – Jackson: providing outpatient sports medicine; and
 - Shannon Outpatient Neuro Rehabilitation Clinic: providing outpatient neuro therapy and rehabilitation

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

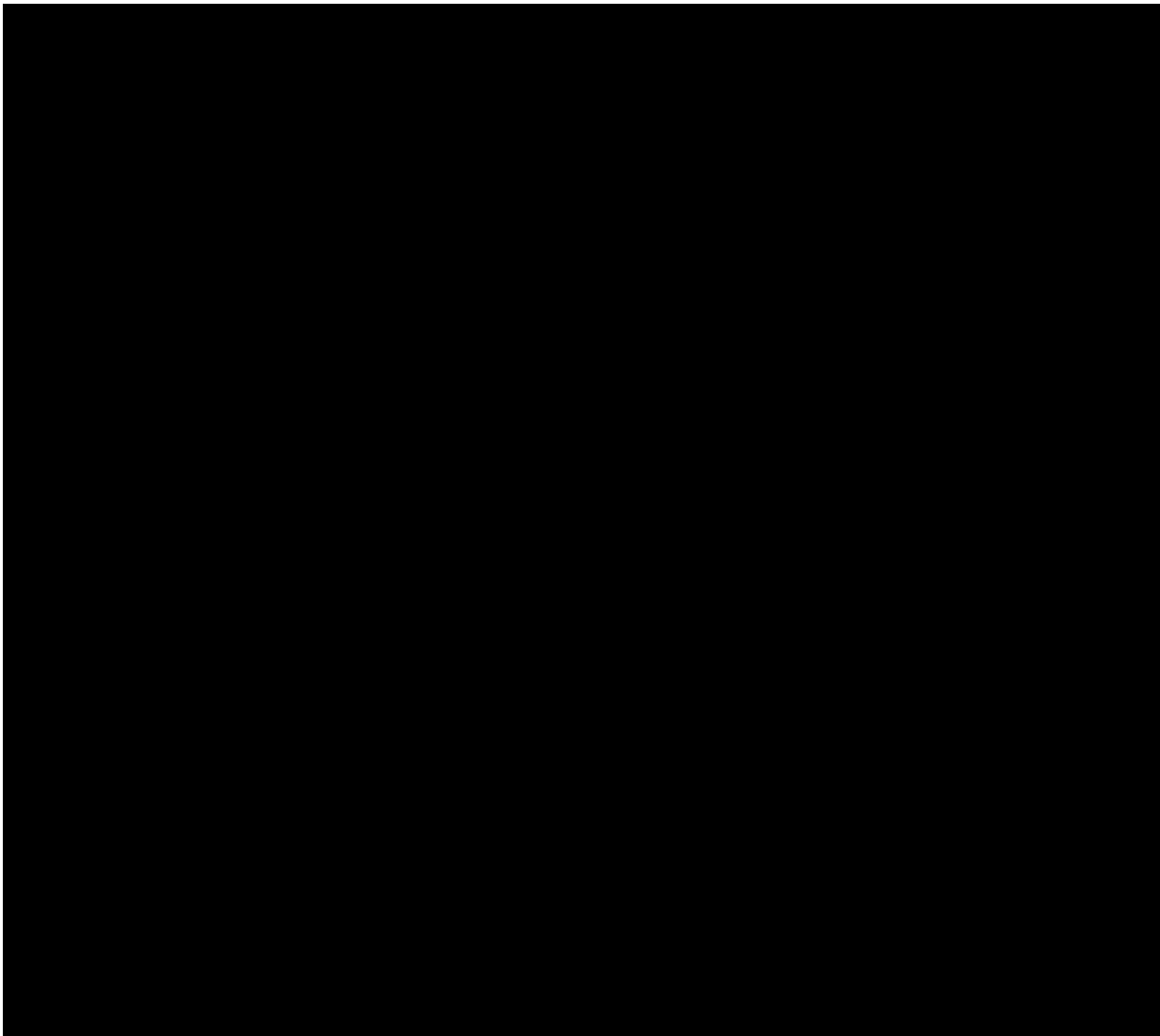
[This Item contains proprietary, competitively sensitive information redacted from the public version.]

- Infrastructure Investment and Capital Expenditures: During Quarter 1 FY2024, Shannon Health invested approximately \$20 million in capital expenditures. See **Table 29a** for a summary of capital, infrastructure, and operating expenditures for Shannon Health (SMC and SMC South combined) and **Table 29b** for a detailed breakout of capital expenditures for Quarter 1 FY2024.

- Consistent capital expenditures indicate Shannon Health’s additional post-Merger investment in its operations and community, with the goal of improving the overall patient experience and patient care.

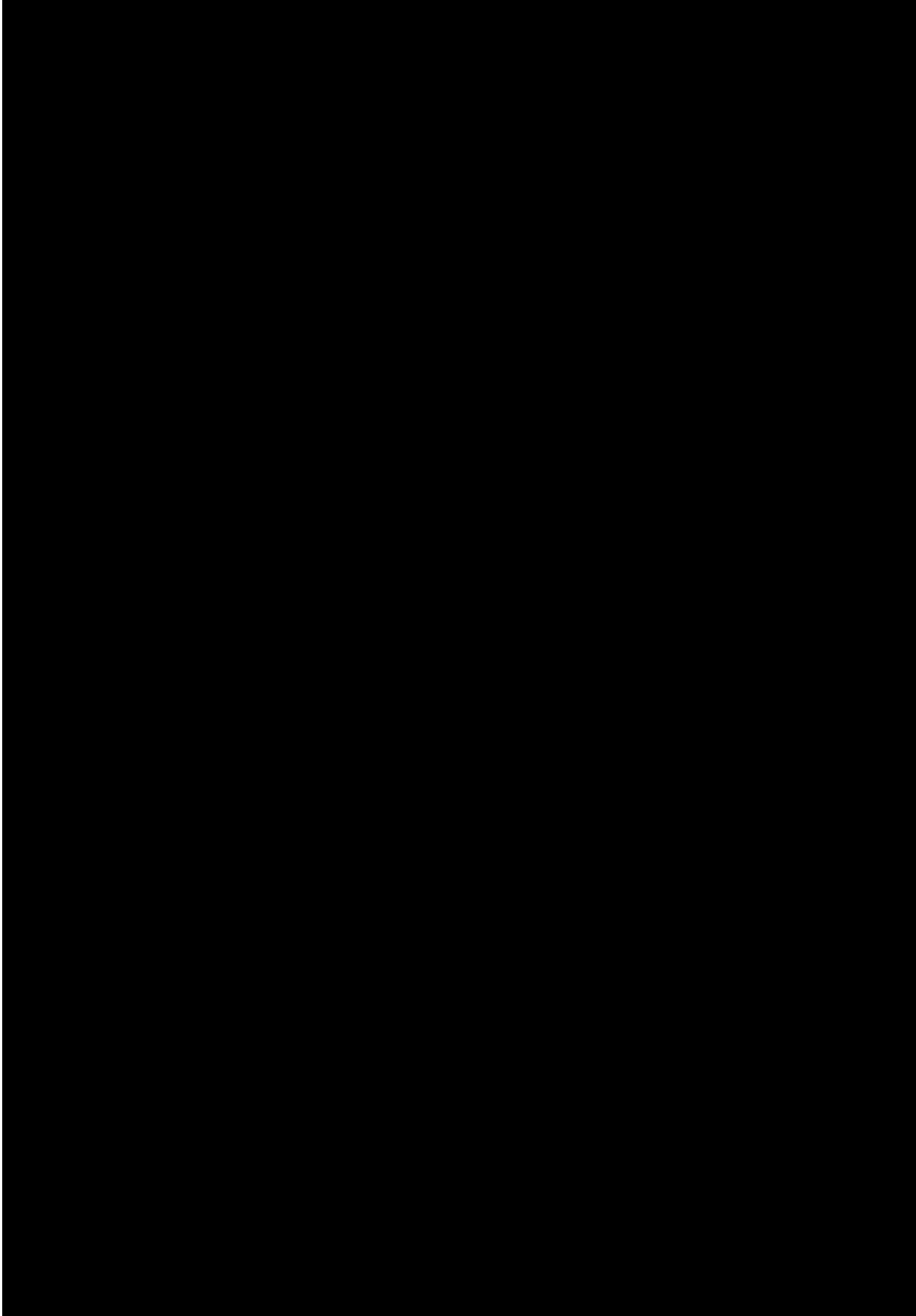
Table 29a: Shannon Health Capital, Infrastructure, and Operating Expenditures for Q1 FY2024

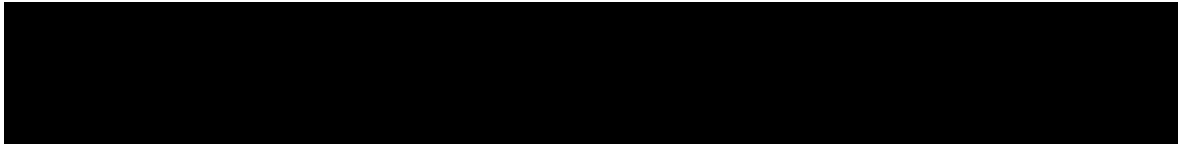
	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023	Q1 FY2024
Capital Expenditures ⁴⁰	\$21,507,422	\$17,571,016	\$13,800,257	\$16,858,678	\$15,309,121	\$17,939,185	\$36,975,862	\$28,749,665	\$20,025,225
Infrastructure Expenditures	\$17,686,080	\$10,485,069	\$11,130,484	\$10,206,712	\$10,619,924	\$13,473,806	\$31,286,024	\$24,719,692	\$14,176,313
Operating Expenditures ⁴¹	\$170,026,494	\$175,688,015	\$176,149,383	\$176,657,268	\$180,976,285	\$188,339,357	\$191,933,287	\$196,694,946	\$204,537,263



⁴⁰ “Infrastructure Expenditures” are included within the “Capital Expenditures” Line in **Table 29a**.

⁴¹ The expenditure amounts reported in this **Table 29a** reflect the unaudited financial figures as recorded by Shannon Health.





Total Capital Expenditures (totals are rounded)	\$20,025,225
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30. Evidence of any expansion of clinical services.

- In prior quarterly reports, Shannon Health noted various examples of clinical services expansion. Shannon Health is continuing to thoughtfully evaluate clinical services across SMC and SMC South for additional clinical optimization and/or expansion opportunities. The following are examples of service expansion in Q1 FY2024:
 - **Shannon Cancer Center:** During Q1 FY2024, Shannon Health opened its new cancer center on the campus of SMC. Shannon Health provides a comprehensive cancer program to patients and families in San Angelo and the surrounding areas. Specialists offer a complete range of services, enabling enhanced patient access. Services include medical oncology, radiation oncology, and surgical treatment. The Shannon Cancer Center provides a comprehensive continuum of services for cancer care and is equipped with: 28 outpatient chemotherapy chair stations, with each equipped with a personal entertainment unit/television; two image guidance linear accelerators; fully staffed on-site pharmacy; patient education center; and clinical and financial patient navigation services. Shannon Health also offers on site supportive care, including social work and registered dietitians. The radiation oncology department is officially recognized as a tattoo- and mark-free radiation treatment center – the only program of its kind in the western half of Texas. This designation from Vision RT highlights Shannon Health’s adoption of surface-guided radiation therapy (“SGRT”), which eliminates the need for permanent or semi-permanent tattoos for patients undergoing radiation treatments. This exclusive, cutting-edge technology allows Shannon Health to offer more comfortable and more accurate treatment for radiation patients.
 - **Drive-Thru Flu Shot Clinics:** In Q1 FY2024, Shannon Health hosted a series of drive-thru shot clinics at the SMC South campus. The clinic was open to patients six months and older.
 - **Inspire Sleep Therapy:** Shannon Health began offering inspire therapy, a breakthrough obstructive sleep apnea (“OSA”) treatment option for those who cannot use Continuous Positive Airway Pressure (“CPAP”) therapy. Inspire works inside the body with a patient’s natural breathing process to treat sleep apnea. Mild stimulation opens the airway during sleep, allowing oxygen to flow naturally.

31. A copy of each hospital’s charity care policy, identifying any changes to the policy in the previous quarter when changes occur.

- Post-Merger, the Charity Care policy for Shannon Health was extended to encompass both SMC and SMC South. This policy was not revised during Q1 FY2024.

32. The number of patients enrolled in each hospital’s charity care program.

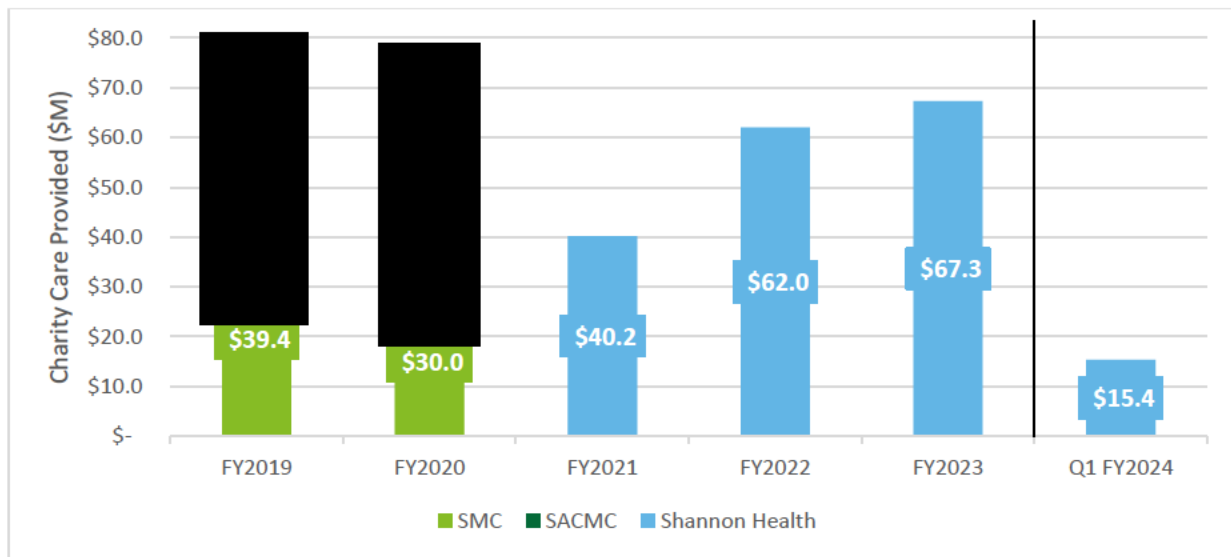
- During Quarter 1 FY2024, Shannon Health enrolled a total of 4,060 patients in charity care and financial assistance programs. Post-Merger, Shannon Health’s Charity Care Policy applies to SMC South, which Shannon Health believes allows for additional access for patients in need of financial assistance (e.g., Shannon Health patients become eligible at 10% of annual gross income (“AGI”), whereas legacy SACMC patients became eligible at 50% of AGI).

33. Data and financial reports for charity care services provided by each hospital.

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

- The financial investment in charity care for Shannon Health for Quarter 1 FY2024 is shown below in Table 33. Shannon Health incurred \$15.4 million in charity care during Quarter 1 FY2024.

Table 33: Charity Care⁴²



34. Data demonstrating expansion efforts for the Shannon Care Coordination Program.

- During Quarter 1 FY2024, 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.

⁴² Charity care amounts are rounded.

- As part of the Shannon Care Coordination Program, the Transitional Care Program lasts for 30 days and follows identified Congestive Heart Failure (“CHF”) and Chronic Obstructive Pulmonary Disease (“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 days to follow patient progression. Shannon Health continued its partnership with Angelo State University (“ASU”) (relaunched in Q3 FY2022), which is designed to help patients by pairing them with a student health coach.

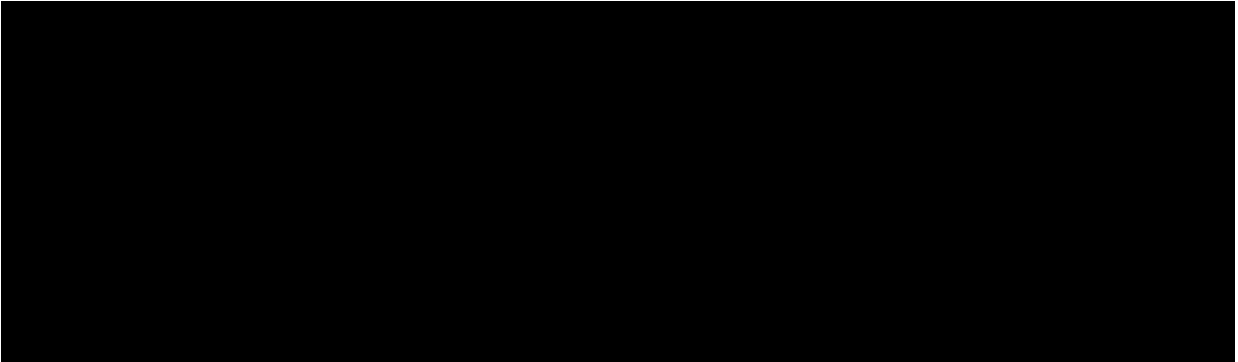
35. An explanation of how SMC South will utilize providers, nurses and other medical staff to strengthen the Shannon Care Coordination Program.

- Shannon Health’s Care Coordination Program manages high-risk patients with multiple disease processes, addresses social and healthcare barriers, and supports patients’ goals of independence in their health care management. The Shannon Care Coordination program was developed as a patient-centric strategy to impact patient care beyond the four walls of the hospital.
- The Shannon Care Coordination Program is designed to improve patient outcomes by utilizing a team to focus on population health efforts as it relates to chronic disease. The program’s structure and ability to utilize a team to focus on population health efforts as it relates to chronic disease has provided Shannon Health the opportunity to identify possible areas for patient care—all in service of providing care to patients in the community.
- During Quarter 1 FY2024, the Care Coordination Program continued serving discharged patients with CHF, 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.

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

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

- As discussed in this and prior Reports, Shannon Health has undertaken efforts to increase clinical integration between SMC and SMC South and reduce costs for the combined organization. Shannon Health continues to evaluate opportunities for further clinical integration.



- The Leapfrog Safety Grade is one relevant indicator to show efforts and outcomes for reducing medical errors. It includes a category for “Practices to Prevent Errors”. Within that category, there are six measures: (1) doctors order medications through a computer; (2) safe medication administration; (3) handwashing; (4) communication about medicines; (5) communication about discharge; and (6) staff work together to prevent errors. In the Fall 2023 Leapfrog Safety Grade, SMC performed better than average in five of the six measures.

37. A description of how the merger has impacted rural healthcare in the hospitals’ 25-county service area during the previous quarter, including any reduction in services.

- As a result of the Merger, during Quarter 1 FY2024, Shannon Health was able to further enhance or increase the services offered to the hospitals’ rural communities, including the following:
 - **Continued Telehealth.** Telehealth capabilities remain available and are utilized by patients choosing that method of care. As previously noted, Shannon Health has dedicated additional resources to this area to further expand virtual care options throughout the service area. Shannon Health also maintains strong relationships with critical access hospital partners in order to keep open the option of traveling to provide services and to provide services virtually in rural counties.
 - **Community education programs:** 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. AirMed 1 staff provided the following educational classes during Quarter 1 FY2024: Landing Zone Safety Class – Rancho Wind Farm; Nursing Lecture – Howard College Nursing Lecture; Airway Emergencies – Angelo State University Nursing Lecture and Howard College Medic School; and Trauma – Angelo State University Nursing Lecture.
- There were no reductions in Shannon Health services within the service area during Q1 FY2024.

38. 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 this Report lists the health plans⁴³ that Shannon Health contracted with as of the end of Quarter 1 FY2024. This list is unchanged from the Quarter 4 FY2023 report. No contracts were terminated.

Table 38: Health Plans Accepted by Shannon Health

Organization
Aetna
Ambetter Superior Health
American Health Plan
Amerigroup Medicaid
Assured Benefits Administrators
Blue Choice
Blue Cross Advantage HMO
Blue Cross HMO Blue Essentials
Blue Cross Medicare Advantage
Blue Cross Traditional
Caprock Healthplans
CIGNA
First Health
FirstCare Medicaid
Galaxy Health Network
HealthSmart Preferred Care
HealthSmart Preferred Care (Accel)
Humana
Humana Medicare Advantage
Humana TriCare
Independent Medical Systems, Ltd.
MultiPlan
Omni Networks
Partners Direct Health Plan
PHCS
Point Comfort
Prime Health Services, Inc
Provider Network of America
Scott & White
Select Plus Network
Superior Health Plan Medicaid
Texas True Choice
United Healthcare
United Healthcare – Medicare

⁴³ This list does not include direct employer agreements, workers’ compensation, or other arrangements for discrete services (e.g., school services, behavioral health).

39. Data identifying changes to service levels at the hospitals and at other facilities, including service levels available to the public and any reduction in service levels available to the public.

- **Table 39** includes the pre- and post-Merger service levels for both SMC and SMC South (legacy SACMC) for Trauma/Emergency Department (“ED”), Neonatal, and Maternal. In terms of pre-Merger service levels, only the service levels as of FY2020 are provided to establish a baseline for comparison of any changes post-Merger. As of Quarter 1 FY2024, service levels have changed as follows:
 - **Neonatal/Maternal:** During Q1 FY2024, Shannon Health moved all maternal and neonatal care services to the Shannon Women’s & Children’s Hospital on the SMC campus. This facility has undergone a physical expansion over the past 18 months to accommodate the delivery volume for the region. Shannon Health tracked census data for over a year prior to the relocation and expansion to ensure the creation of enough beds to meet the needs of the community. Movement of these services to one central location allows for the most efficient use of resources, reduction in duplication of services, and higher quality care.
 - **Trauma/ED:** During Quarter 2 FY2022, SMC South was granted a Level 4 designation for trauma care. Trauma and ED have been combined in **Table 39**.

Table 39: Pre- and Post-Merger Key Service Levels

Location	Pre-Merger Service Level (FY2020)				Q3 FY2021 Service Level				Q4 FY2021 Service Level			
	ED	Neonatal	Maternal	Trauma	ED	Neonatal	Maternal	Trauma	ED	Neonatal	Maternal	Trauma
SMC	3	2	2	3	3	2	2	3	3	2	2	3
SMC South	3	2	Not Applicable	3	4 (pursuing)	1	1	4 (pursuing)	4 (pursuing)	1	1	4 (pursuing)
Location	Q1 FY2022 Service Level				Q2 FY2022 Service Level				Q3 FY2022 Service Level			
	ED	Neonatal	Maternal	Trauma	ED	Neonatal	Maternal	Trauma	ED	Neonatal	Maternal	Trauma
SMC	3	2	2	3	3	2	2	3	3	2	2	3
SMC South	4 (pursuing)	1	1	4 (pursuing)	4	1	1	4	4	1	1	4
Location	Q4 FY2022 Service Level				Q1 FY2023 Service Level				Q2 FY2023 Service Level			
	ED	Neonatal	Maternal	Trauma	ED	Neonatal	Maternal	Trauma	ED	Neonatal	Maternal	Trauma
SMC	3	2	2	3	3	2	2	3	3	2	2	3
SMC South	4	1	1	4	4	1	1	4	4	1	1	4
Location	Q3 FY2023 Service Level				Q4 FY2023 Service Level				Q1 FY2024 Service Level			
	ED	Neonatal	Maternal	Trauma	ED	Neonatal	Maternal	Trauma	Neonatal	Maternal	Trauma	
SMC	3	2	2	3	3	2	2	3	2	2	3	
SMC South	4	1	1	4	4	1	1	4	-	-	4	

40. Data illustrating the organizations’ payment models.

- Shannon Health currently participates in the payment models listed in **Table 40** below, which have remained unchanged from the Baseline Performance Report.

Table 40: Shannon Health Payment Models⁴⁴

Payment Models
APR-DRG/MS-DRG
Case Rate
Medicare Fee Schedules
Percent of Billed Charges
Per Diem
Quality Metric-Based Compensation
Texas Medicaid Fee Schedules

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

- As of the end of Quarter 1 FY2024, no new payment models have been established.

⁴⁴ Excludes workers compensation payment models.

D. Competition

42. 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.

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, most of which are gaining strength. These health systems are located throughout the Texas region and are rapidly expanding. Shannon Health considers these health systems, among others, to be competitors for high-end or tertiary inpatient and outpatient services. The robust competition for inpatient acute facility services will continue from many other hospitals, listed below, all located in surrounding counties. Likewise, Shannon Health also faces competition from freestanding emergency departments, urgent care locations, ambulatory surgery centers, rural health clinics, and other healthcare providers located in Tom Green County and the surrounding counties.

Shannon Health has identified the following set of competitors, without limitation:

- Covenant Health; 3615 19th St., Lubbock, TX 79410; Lubbock County
- Odessa Regional Medical Center; 520 E. 6th St., Odessa, TX 79761; Ector County
- Medical Center Hospital; 500 W. 4th St., Odessa, TX 79761; Ector County
- Midland Memorial Hospital; 400 Rosalind Redfern Grover Pkwy, Midland, TX 79701; Midland County
- United Regional Health Care; 1600 11th St, Wichita Falls, TX 76310; Wichita County

Additionally, Shannon Health will continue to compete with the large health systems, including without limitation:

- Lubbock University Medical Center
- University Health System in San Antonio
- Houston Methodist – The Woodlands
- Parkland Health & Hospital System
- Texas Health Harris Methodist Hospital Alliance
- Texas Health Resources

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

- Ballinger Memorial Hospital District; 608 Ave. B, Ballinger, TX 76821; Runnels County
- Big Spring State Hospital; 1901 N Hwy. 87, Big Spring, TX 79720; Howard County
- Hendrick Medical Center Brownwood; 1501 Burnett Rd., Brownwood, TX 76801; Brown County
- Concho County Hospital; 614 Eaker St., Eden, TX 76837; Concho County
- Coleman County Medical Center; 310 S Pecos St., Coleman, TX 76834; Coleman County
- Heart of Texas Healthcare System; 2008 Nine Rd., Brady, TX 76825; McCulloch County
- Iraan General Hospital; 600 TX-349, Iraan, TX 79744; Pecos County
- Lillian M. Hudspeth Memorial Hospital; 308 Hudspeth St., Sonora, TX 76950; Sutton County

- McCamey Hospital District; 2500 S Hwy. 305, McCamey, TX 79752; Upton County
- Mitchell County Hospital; 997 W I-20, Colorado City, TX 79512; Mitchell County
- North Runnels Hospital; 7821 E TX-153, Winters, TX 79567; Runnels County
- Pecos County Memorial Hospital; 387 W I-10, Fort Stockton, TX 79735; Pecos County
- Rankin County Hospital District; 1611 TX-Spur 576, Rankin, TX 79778; Upton County
- Reeves County Hospital District; 2323 Texas St., Pecos, TX 79772; Pecos County
- River Crest Hospital; 1636 Hunters Glen Rd., San Angelo, TX 76901; Tom Green County
- Reagan Memorial Hospital; 1300 N Main Ave., Big Lake, TX 76932; Reagan County
- Rolling Plains Memorial Hospital; 200 E Arizona Ave., Sweetwater, TX 79556; Nolan County
- Scenic Mountain Medical Center; 1601 W 11th Pl., Big Spring, TX 79720; Howard County
- Schleicher County Medical Center; 102 N US-277, Eldorado, TX 76936; Schleicher County
- Val Verde Regional Medical Center; 801 N Bedell Ave., Del Rio, TX 78840; Val Verde County
- West Texas VA Health Care System; 2400 S Gregg St., Big Spring, TX 79720; Howard County

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

Primary 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; 110 S Park Dr., Brownwood, TX 76801
- Hendrick Clinic 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
- Hensley Family Health Clinic; 105 N 2nd St., Santa Anna, TX 79606

Coke County

- Not Applicable

Concho County

- Concho Medical Clinic; 814 W Broadway St., Eden, TX 76837
- Eden Medical Clinic PA; 506 Eaker St, Eden, TX 76837

Crockett County

- Not Applicable

Howard County

- Howard County Community Health Clinic; 1300 S Gregg St., Big Spring, TX 79720
- Stewart Medical Group – Scenic Mountain Medical Group – Main Street; 910 S Main Street, Big Spring, TX 79720
- Fresenius Kidney Care West Texas; 501 Birdwell Ln., Suite 10, Big Spring, TX 79905

Irion County

- Not Applicable

Kimble County

- Frontera Healthcare Network – Junction Clinic; 1003 College St., Junction, TX 76849
- Junction Medical Clinic; 109 Reid Rd., Junction, TX 76849

McCulloch County

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

Menard County

- Frontera Healthcare Network – Menard Clinic; 119 Ellis St., Menard, TX 76859

Mitchell County

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

Reagan County

- Hickman Rural Health Clinic; 1300 N Main Ave, Big Lake, TX 76932

Runnels County

- Ballinger Hospital Clinic; 2001 Hutchins Ave, Suite C, Ballinger, TX 76821
- North Runnels Hospital District Clinic; 7571 TX-153, Winters, TX 79567

Schleicher County

- Schleicher County Family Clinic; 100 N US-277, Eldorado, TX 76936

Sterling County

- Family Clinic; 304 4th St, Sterling City, TX 76951

Sutton County

- Sonora Medical Clinic; 301 Hudspeth St., Suite B, Sonora, TX 76950

Tom Green County

- Angelo Kidney Connection Home Therapies LLC; 3626 50th Street, Lubbock, TX 79413
- Angelo Kidney Connection, PLLC; 2901 Sherwood Way, Suite 100, San Angelo, TX 76901
- Angelo MRI; 4114 S Jackson St., San Angelo, TX 76903
- Concho Valley ER; 5709 Sherwood Way, San Angelo, TX 76901
- Fresenius Kidney Care San Angelo; 2018 Pulliam St., San Angelo, TX 76905
- Goodfellow AFB Ross Clinic; 271 Ft. Richardson Ave., San Angelo, TX 76908
- La Esperanza Clinic; 1610 S Chadbourne St., San Angelo, TX 76903
- La Esperanza Clinic; 2033 W Beauregard Ave., San Angelo, TX 76901
- La Esperanza Health & Dental Clinic; 35 E 31st St., San Angelo, TX, 76901
- DaVita San Angelo Dialysis; 3518 Knickerbocker Rd., San Angelo, TX 76904
- VA San Angelo Clinic; 4240 Southwest Boulevard, San Angelo, TX 76904

Secondary Service Area

Mason County

- Frontera Healthcare Network – Mason Clinic; 216 E College Ave., Mason, TX 76856

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

Nolan County

- Family Medical Associates; 997 I-20, Colorado City, TX 79512
- Fresenius Kidney Care Rolling Plains; 100 E Arizona Ave., Sweetwater, TX 79556
- Rolling Plains Rural Health Clinic; 201 E Arizona Ave., Sweetwater, TX 79556

Pecos County

- Family Care Center Walk In Clinic; 511 N Main, Fort Stockton, TX 79735
- DaVita Fort Stockton Dialysis; 387 W Interstate 10, Suite C, Fort Stockton, TX 79735
- Iraan General Hospital District Rural Health Clinic; 600 Hwy. 349 N, Iraan, TX, 79744

San Saba County

- Baylor Scott & White Clinic – San Saba; 200 E Wallace St., San Saba, TX 76877
- Hendrick Clinic – San Saba; 403 W Wallace St., San Saba, TX 76877

Terrell County

- Sanderson Rural Health Center; 213 Persimmon Ave., Sanderson, TX 79848

Upton County

- McCamey Hospital Rural Health Clinic; 2500 Hwy. 305 S, McCamey, TX 79752

Val Verde County

- Del Rio Med & Surgical Clinic; 1200 N Bedell Ave., Del Rio, TX 78840
- Family Care Clinic; 119 E Academy St., Del Rio, TX 78840
- Fresenius Kidney Care Val Verde; 608 N Bedell Ave., Del Rio, TX 78840
- Fresenius Kidney Care Del Rio; 2201 N Bedell Ave., Suite D, Del Rio, TX 78840
- South TX Urgent Care-Del Rio; 612 N Bedell Ave. A, Del Rio, TX 78840
- VVRMC Walk-In Clinic/VVRMC Rural Health Clinic; 1801 N Bedell Ave., Del Rio, TX 78840

Shannon Health may continue to compete with other health care facilities located in Tom Green County, including without limitation:

Home Health Agencies

1. Angels Care Home Health of San Angelo; 2412 College Hills Blvd., Suite 220, San Angelo, TX 76904
2. Carter Healthcare; 2725 Sherwood Way, Suite 700, San Angelo, TX 76904
3. Caprock Home Health Services Inc.; 215 S Irving, San Angelo, TX 76903
4. Comfort Keepers San Angelo; 3121 Executive Drive; San Angelo, TX 76904
5. Concho Valley Home Health Care; 430 W Beauregard Ave., Suite B, San Angelo, TX 76903
6. Encompass Health Home Health; 334 W Highland Blvd., San Angelo, TX 76903
7. Home Preferred Senior Care; 3180 Executive Dr., Suite 109, San Angelo, TX 76904
8. Intrepid USA Healthcare Services; 3310 W Loop 306, San Angelo, TX 76904
9. Kindred At Home; 1518 W Beauregard, San Angelo, TX 76901
10. Outreach Home Care; 17 S. Chardbourne Street, Suite 500, San Angelo, TX 76903
11. San Angelo Home Health; 423 S Irving Street, San Angelo, TX 76903
12. Texas Home Health of America; 4202 Sherwood Way, Suite A, San Angelo, TX 76904
13. TLC In Home Care Inc.; 1932 Sherwood Way, San Angelo, TX 76901
14. Visiting Angels; 3290 Sherwood Way, San Angelo, TX 76901

Hospice Agencies

1. Concho Hearts Hospice, LLC; 2007 W Beauregard Ave., San Angelo, TX 76901
2. Hospice of San Angelo Inc.; 36 E Twohig, Suite 1100, San Angelo, TX 76903
3. Interim Hospice of West Texas; 3280 Sherwood Way, San Angelo, TX 76901
4. Kindred Hospice; 116 W Concho Ave., San Angelo, TX 76903
5. Oxyatlantic Hospice, LLC; 4001 Sul Ross St., Suite 261, San Angelo, TX 76904
6. Solaris Hospice; 5301 Knickerbocker Road, Suite 100, San Angelo, TX 76904
7. St. Gabriel's Hospice and Palliative Care; 2412 College Hills Blvd., San Angelo, TX 76904

Skilled Nursing Facilities

1. Arbor Terrace Healthcare Center; 609 Rio Concho Dr., San Angelo, TX 76903
2. Cedar Manor Nursing and Rehabilitation; 1915 Greenwood St., San Angelo, TX 76901
3. Elsie Gayer Health Care Center; 902 N Main St., San Angelo, TX 76903
4. Meadow Creek Nursing and Rehabilitation; 4343 Oak Grove Blvd., San Angelo, TX 76904
5. Park Plaza Ltc Partners Inc.; 2210 Howard St., San Angelo, TX 76901
6. Regency House; 3745 Summer Crest Dr., San Angelo, TX 76901
7. Sagecrest Alzheimer's Care Center; 438 Houston-Harte, San Angelo, TX 76903
8. San Angelo Nursing and Rehab; 5455 Knickerbocker Rd., San Angelo, TX 79604

Select Other Health Care Facilities

1. Baptist Retirement Community; 902 N Main St., San Angelo, TX 76903
2. Cook Children's Pediatric Specialties San Angelo; 1002 S Abe St. #B, San Angelo, TX 76903
3. Trisun Care Center Regency House; 3745 Summer Crest Dr., San Angelo, TX 76901
4. West Texas Ltc Partners Inc.; 1915 Greenwood St., San Angelo, TX 76901

43. Evidence of how patient choice is being preserved.

- The patient choice policy for Shannon Health was extended post-Merger to encompass both SMC and SMC South. The policy continues to conform with CMS mandated patient choice requirements. No revisions were made to the patient choice policy during Quarter 1 FY2024.

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

- Open Positions: In Quarter 1 FY2024, Shannon Health posted 192 positions. These roles cover both clinical and non-clinical positions across the organization and indicate significant demand for talent within Shannon Health following the Transaction Closing. A list of posted positions in Quarter 1 FY2024 is provided in **Attachment 2**.

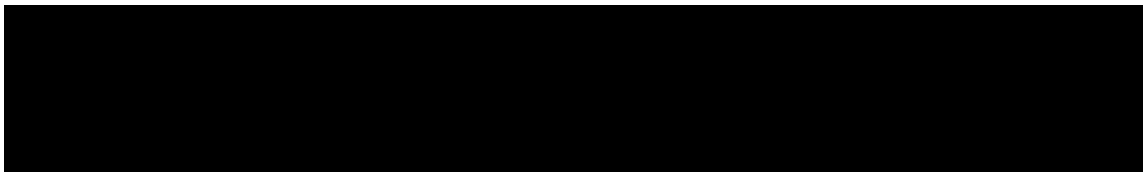
- New Positions: During Quarter 1 FY2024, Shannon Health created 201 positions in order to support identified needs for the combined system, including both administrative and clinical roles. For example, Shannon Health added the following positions:
 - Laboratory Supervisor (1)
 - Accounts Receivable Specialist – SMM (1)
 - Anesthesia Technician (1)
 - Biomedical Tech I (1)
 - Central Scheduling Specialist (2)
 - Communication Center Tech I (1)
 - Customer Support Associate – SMM (1)
 - Echo Tech (2)
 - Employee Relations Partner (1)
 - Environmental Services Tech (5)
 - Environmental Services Tech – SMM (3)
 - ER Registration Supervisor (1)
 - Home Caregiver (1)
 - Insurance Auth/Patient Reg SPL (5)
 - Insurance Authorization Specialist (1)
 - Insurance Authorization Specialist – SMM (2)
 - Laboratory Assistant (2)
 - Lean Clin Optim SPL (1)
 - License Athletic Trainer – SMM (1)
 - Licensed Master Social Worker (1)
 - Licensed Vocational Nurse – SMM (2)
 - Maintenance Mechanic I (3)
 - Mammographer II (1)
 - Medical Assistant – SMM (8)
 - Mental Health Tech (1)
 - Nurse Navigator (1)
 - Office Management Assistant (1)
 - Ophthalmic Assistant – SMM (1)
 - Patient Care Tech I (8)
 - Patient Experience Representative – SMM (1)
 - Patient Experience Specialist I (1)
 - Patient Experience Specialist I – SMM (2)
 - Patient Financial Advisor (1)
 - Patient Registration Specialist (1)
 - Patient Registration Specialist – SMM (1)
 - Pharmacy Technician I (1)
 - Phlebotomist – AMM (1)
 - Physical Therapist (1)
 - Physical Therapist – SC (1)
 - Quality Assurance Nurse (1)

- Radiographer II (1)
 - Radiographer II – SMM (1)
 - Radiology Assistant (1)
 - Registered Nurse (106)
 - Registered Nurse – SMM (2)
 - Registered Respiratory Therapist (3)
 - Revenue Cycle Specialist I (2)
 - Revenue Cycle Specialist I – SMM (2)
 - Scribe-Medical Assistant - AMM (1)
 - Sitter (1)
 - Social Worker (3)
 - Sterilization Assistant (1)
 - Sterilization Technician (1)
 - Surgical Tech - First Assist (1)
 - Surgical Tech II (2)
 - Teacher Child Care Asst (1)
- New Hires: During Quarter 1 FY2024, Shannon Health hired 231 new employees.

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

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

- Changes to Contracted Services: Shannon Health is continuing to evaluate potential contract alignment opportunities through the post-Merger integration process. During Q1 FY2024, Shannon Health further aligned contracted services across SMC and SMC South as follows:



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

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

- **Table 46a** lists the practice areas and counties served by providers employed by Shannon Health as of the end of Quarter 1 FY2024. Care in the various specialties outlined in **Table 46a** are being provided by Shannon Health providers in those counties. The region is also served by a number of community physicians not employed by Shannon Health. **Table 46b** lists the number of practicing physicians along with their practice area. Practicing physicians include employed physicians, locum tenens physicians, and contracted physicians related to Shannon Health-offered specialties. While Shannon Health does not maintain a comprehensive directory of these community physicians

beyond those with medical staff privileges at Shannon Health, public sources that identify community physicians, including the Texas Medical Board Healthcare Provider Search and health plan provider directories are available.

- Shannon Health notes that the numbers presented in **Table 46b** are Practicing Physicians with Inpatient Privileges. At the time of the acquisition, all SACMC physicians had both inpatient and outpatient privileges, even if they did not use inpatient privileges. When Shannon Health on-boarded these physicians, they honored the SACMC credentialing contracts for 90 to 120 days. This timeframe allowed the SACMC physicians to complete the Shannon Health credentialing process, which occurred during Q2 FY2021 and Q3 FY2021. During the credentialing process, it was determined which physicians saw patients in the hospital.
- Shannon Health continually assesses, based on need, where rural-based specialty care visits should be offered. Shannon Health also maintains strong relationships with critical access hospital partners to keep open options for the provision of services in rural counties by traveling or through virtual means

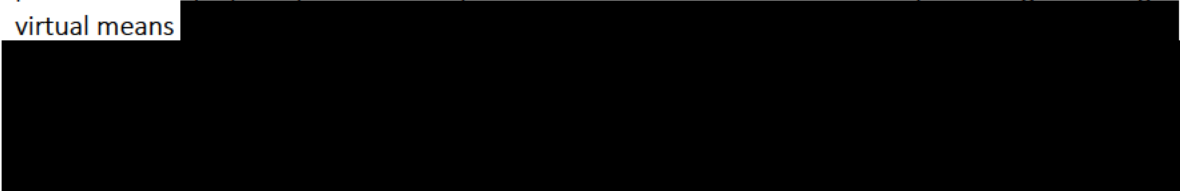


Table 46a: Practice Area Service Arrangements by County – Q1 FY2024

Practice Area	County Service Locations					
	Tom Green	Howard	McCulloch	Runnels	Sutton	Crockett
Access Clinic	✓					
Allergy	✓					
Anesthesiology	✓					
Cardiology	✓	✓	✓	✓	✓	✓
CV Surgery	✓					
Dermatology	✓	✓				
Electrophysiology	✓					
Emergency	✓					
Endocrinology	✓					
Family Practice	✓	✓				✓
Gastroenterology	✓					
Hematology Oncology	✓	✓				
Hospitalist	✓					
Internal Medicine	✓					
Laboratory	✓					
Nephrology	✓		✓			
Neurology	✓					
Neurosurgery	✓					
OB/GYN	✓ *	✓	✓			
Ophthalmology	✓					
Orthopedics	✓	✓	✓		✓	
Otolaryngology	✓					
Pain Management	✓					
Palliative Care	✓					
Pathology	✓					
Pediatrics	✓ *					
Phys & Rehab Medicine	✓					
Physician Recruitment	✓					
Podiatry	✓					
Psychiatry	✓					
Pulmonology	✓					
Radiation Oncology	✓					
Radiology Services	✓					
Rheumatology	✓					
Senior Clinic	✓					
Surgery	✓	✓				
Urgent Care	✓					
Urology	✓				✓	
Wound Care	✓					

* In addition to providing services at Shannon these specialties also provide routine clinics at the FQHC located in Tom Green County.

Table 46b: Practicing Physicians by Practice Area

Practice Area	Practicing Physicians
Allergy	2
Anesthesiology	40
Cardiology	5
CV Surgery	4
Dermatology	6
Electrophysiology	4
Emergency	48
Endocrinology	1
Family Practice	13
Gastroenterology	14
Hematology Oncology	2
Hospitalist	47
Infectious Disease	1
Internal Medicine	9
Neonatology	2
Nephrology	7
Neurology	4
Neurosurgery	10
OB/GYN	13
Ophthalmology	3
Orthopedics	6
Otolaryngology	3
Pain Management	2
Palliative Care	2
Pathology	5
Pediatrics	16
Phys & Rehab Medicine	2
Plastic, Hand, and Upper Extremity Surgery	1
Podiatry	3
Psychiatry	7
Pulmonology	29
Radiation Oncology	3
Radiology Services	20
Rheumatology	1
Surgery	9
Urology	10
Wound Care	4
TOTAL	358

Other Requirements

47. 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: Shannon Health provides in **Attachment 3** relevant portions of meeting minutes regarding the COPA.
48. Any healthcare-related service contract changes in the previous quarter and the explanation for the change.
- Changes to Contracted Health Care Services: As noted in the Baseline Performance Report, SMC and legacy SACMC maintain agreements with a variety of third-party service providers to support their operations.
 - Shannon Health will continue to evaluate potential healthcare-related service contract alignment opportunities throughout the post-Merger integration process and will provide updates in subsequent reports, as necessary.
49. The number of physicians, allied professionals and other health care providers providing medical services that have privileges to practice at the hospital.
- Privileged Providers: As of Quarter 1 FY2024, Shannon Health provided privileges to 624 health care providers at SMC and 367 health care providers at SMC South, as detailed in **Table 49** below.
 - As noted in previous Performance Reports, beginning in Quarter 1 FY2021, the provider privileging and credentialing policies at SMC South were adjusted to align with SMC's policies, which allows for a more streamlined, uniform process.

Table 49: Shannon Health Privileged Providers

Privileged Provider Category	SMC Downtown	SMC South
Physicians	389	238
AHPs	92	29
Telemedicine Physicians	143	100
Total	624	367

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

- By thoughtfully combining the resources of SMC and legacy SACMC, Shannon Health continues to better coordinate services, increase efficiencies, and optimize patient care. The Merger allows for 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. The following are examples of how Shannon Health continued reinvesting in the combined healthcare system during Quarter 1 FY2024:
 - **Capital expenditures:** To improve its facilities, grow its operations, and expand access, Shannon Health incurred capital expenditures totaling approximately \$20 million across both SMC and SMC South.
 - **Shannon Cancer Center:** During Q1 FY2024, Shannon Health opened its new cancer center on the campus of SMC. Shannon Health provides a comprehensive cancer program to patients and families in San Angelo and the surrounding areas. Specialists offer a complete range of services, enabling enhanced patient access. Services include medical oncology, radiation oncology, and surgical treatment. The Shannon Cancer Center provides a comprehensive continuum of services for cancer care and is equipped with: 28 outpatient chemotherapy chair stations, with each equipped with a personal entertainment unit/television; two image guidance linear accelerators; fully staffed on-site pharmacy; patient education center; and clinical and financial patient navigation services. Shannon Health also offers on site supportive care, including social work and registered dietitians. The radiation oncology department is officially recognized as a tattoo- and mark-free radiation treatment center – the only program of its kind in the western half of Texas. This designation from Vision RT highlights Shannon Health’s adoption of surface-guided radiation therapy (“SGRT”), which eliminates the need for permanent or semi-permanent tattoos for patients undergoing radiation treatments. This exclusive, cutting-edge technology allows Shannon Health to offer more comfortable and more accurate treatment for radiation patients.
 - **Drive-Thru Flu Shot Clinics:** In Q1 FY2024, Shannon Health hosted a series of drive-thru shot clinics at the SMC South campus. The clinic was open to patients six months and older.
 - **Inspire Sleep Therapy:** Shannon Health began offering inspire therapy, a breakthrough obstructive sleep apnea (“OSA”) treatment option for those who cannot use Continuous Positive Airway Pressure (“CPAP”) therapy. Inspire works inside the body with a patient’s natural breathing process to treat sleep apnea. Mild stimulation opens the airway during sleep, allowing oxygen to flow naturally.
 - **Community education programs.** 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. AirMed 1 staff provided the following educational classes during Quarter 1 FY2024: Landing Zone Safety Class – Rancho Wind Farm; Nursing Lecture – Howard College Nursing Lecture; Airway Emergencies – Angelo State University Nursing Lecture and Howard College Medic School; and Trauma – Angelo State University Nursing Lecture.

IV. Attachments