Hendrick Health

Quarterly Report for Quarter 4 of Fiscal Year 2022
Reporting Period: 6/1/22 – 8/31/2022
Submission Date: November 28, 2022

Certificate of Public Advantage ("COPA")

Quarterly Performance Report for Quarter 4 of Fiscal Year 2022

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

This Report reflects the performance of HMC and HMC-S (formerly ARMC) for the fourth quarter of fiscal year 2022 ("Quarter 4 FY2022" or "Fourth Quarter FY2022"), the period of June 1, 2022 to August 31, 2022.[1] Where applicable, this Report includes information or refers to information provided in the Baseline Performance Report that was submitted to HHSC on January 15, 2021, and reflects the pre-Merger baseline period of FY2018 – FY2020 (the "Baseline Performance Report").

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

Report Contents

I. Abbreviation Key

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

II. Quarterly Performance Report – Quarter 4 FY2022

A. Summary of Requirements

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

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

B. Description of Process

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

Hendrick Health Leadership

Name	Position
Brad D. Holland, FACHE	President and Chief Executive Officer
Mike Murphy	System Vice President & Chief Operating Officer
Jeremy Walker	System Vice President & Chief Financial Officer
Bradley Benham	System Vice President, Foundation
Susan Greenwood, BSN, RN, FACHE	System Vice President & Chief Nursing Officer
R. David Evans, Esq.	System Vice President & General Counsel
David Stephenson, FACHE	System Vice President, Hendrick Clinic & Hendrick Anesthesia Network
Susan Wade, FACHE	System Vice President, Infrastructure & Support
Kirk Canada	System Vice President, Business Development, HMC Abilene Chief Operating Officer
Brian Bessent	Chief Administrative Officer, Hendrick Medical Center South
Judy LaFrance, MSN, RN, NE-BC	Assistant Chief Nursing Officer, Hendrick Medical Center South
Chris Ford	System Assistant Vice President, Support Services
Courtney Head	System Assistant Vice President, Human Resources
Mark Huffington	System Assistant Vice President, Analytics
Tave Kelly	System Assistant Vice President, Revenue Cycle
Adam Wood	System Assistant Vice President, Supply Chain
Tim Riley	System Integration Consultant

III. Terms and Conditions for COPA-Approved Health System

A. Quality

1. Evidence demonstrating how health care quality has improved.

- *CMS Star Ratings*: In July 2022, HMC (which includes HMC-S) earned an overall rating of four 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 2022 Star Rating, the data collection period for some measures goes back to July 1, 2017. Other measures have more recent data, going up through September 30, 2020. As noted in the Quarter 3 and 4 FY2021 Performance 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 Ratings[2]

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

- *Leapfrog Hospital Safety Grades*: HMC earned a "B" overall in the most recent Leapfrog Hospital Safety Grade release (from Fall of 2022) (see **Table 1b** below). HMC-S received an overall designation of "C". Leapfrog evaluates performance by measures that gather data from different sources, including CMS and the Leapfrog Hospital Survey. The time periods covered by each measure may vary as well. For example, several measures from the most recent report include CMS data going back to July 1, 2018 and Leapfrog Hospital Survey data from 2021 and 2022. Therefore, a portion of the data for the Fall 2022 update pre-dated the Merger.

[2] *Source:* Care Compare: https://www.medicare.gov/care-compare/#search.

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

Table 1b: Leapfrog Safety Grades[4]

Location	Pre-Merger Period						Post-Merger Period			
	FY2018		FY2019		FY2020		FY2021		FY2022	
	Spring	*Fall*	*Spring*	*Fall*	*Spring*	*Fall*	*Spring*	*Fall*	*Spring*	*Fall*
HMC	A	A	A	A	A	B	B	B	A	B
ARMC (HMC-S)	C	C	C	B	C	C	C	Not Graded[5]	C	C

- *Patient Admissions & Medicare Cost Report Data*: Inpatient admissions and outpatient volumes are provided below in **Item 2** of this Report. Hendrick Health is awaiting final settlement of its 2019 Cost Report for HMC with a Notice of Program Reimbursement (NPR), and will provide the cost report once finalized. Similarly, Hendrick Health will also provide 2020 cost reports once Hendrick Health receives final settlement with a Notice of Program Reimbursement (NPR).

- *Patient Experience Ratings*: Using the CMS data reported in July 2022 (data reporting period of October 1, 2020 through September 30, 2021), HMC and HMC-S (combined performance) maintained a rating of three stars on the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey of patient satisfaction (see **Table 1c** below).

Table 1c: Patient Experience Rating Results[6]

Location	Pre-Merger Period												Post-Merger Period							
	FY2018				FY2019				FY2020				FY2021				FY2022			
	Q1	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*
HMC	3	3	3	4	3	3	3	3	4	3	5	3	3	3	3	3	3	3	3	3
ARMC (HMC-S)	3	3	3	3	3	3	3	3	3	3	2	3	3	3	3					

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

- *Inpatient Volumes*[7]*:* Overall, inpatient admissions for Hendrick Health increased by 3.95% from Quarter 3 FY2022 to Quarter 4 FY2022, from 7,663 to 7,966. **Table 2a** shows quarterly inpatient admissions for HMC and HMC-S. As mentioned in previous reports, HMC and legacy ARMC (HMC-S) experienced significant declines in patient volumes in 2020, largely as a result of the COVID-19 pandemic, followed by gradual increases toward historical rates. Volume numbers are shown on a

[4] *Source:* Leapfrog Research Group: https://ratings.leapfroggroup.org/.

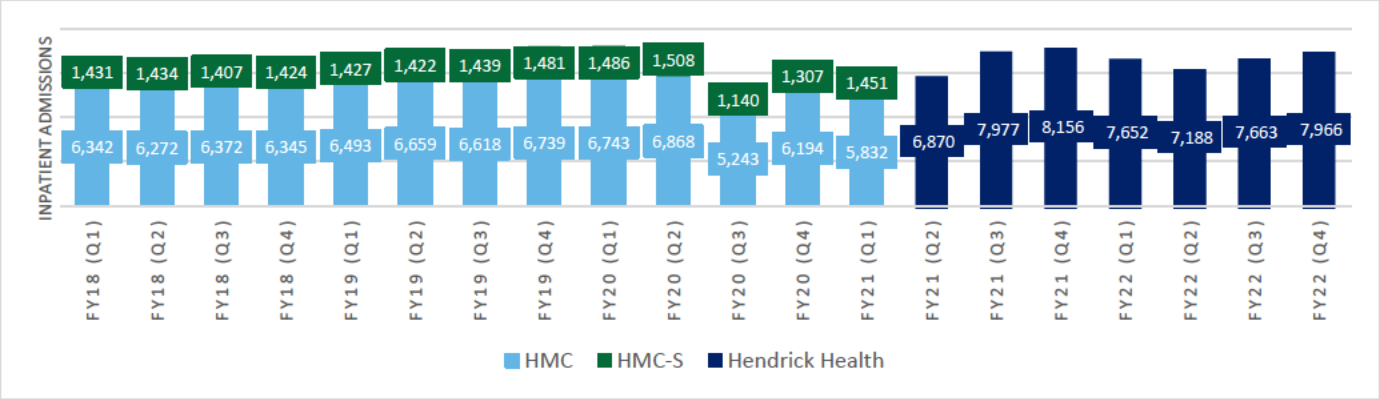
[5] Legacy ARMC received an overall designation of "Not Graded" as there was no data available for Leapfrog to use to complete a Safety Grade because ARMC/CHS chose not to report CMS data during the COVID waiver period in 2020.

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

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

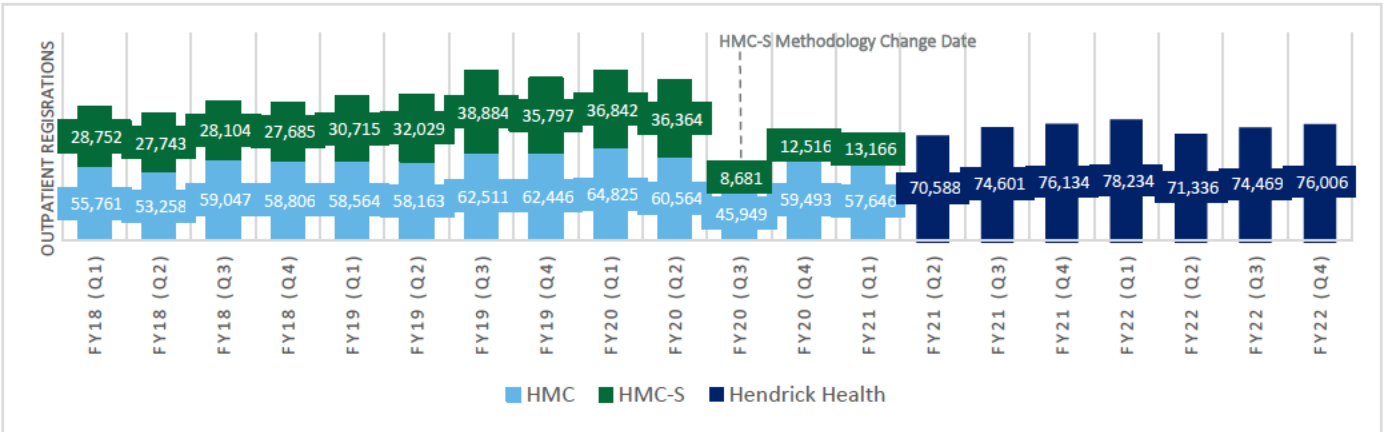
combined basis for Hendrick Health post-Merger (Quarter 2 FY2021 and beyond) as both hospitals are reported under a single National Provider Identifier ("NPI").

Table 2a: Inpatient Admissions



- *Outpatient Volumes*[8]: Overall, outpatient registrations for Hendrick Health increased 2.06% from Quarter 3 FY2022 to Quarter 4 FY2022, from 74,469 to 76,006. **Table 2b** below displays the quarterly outpatient volumes for HMC and HMC-S. Volume numbers are shown on a combined basis for Hendrick Health post-Merger (Quarter 2 FY2021 and beyond) as both hospitals are reported under a single NPI.

Table 2b: Outpatient Registrations[9]



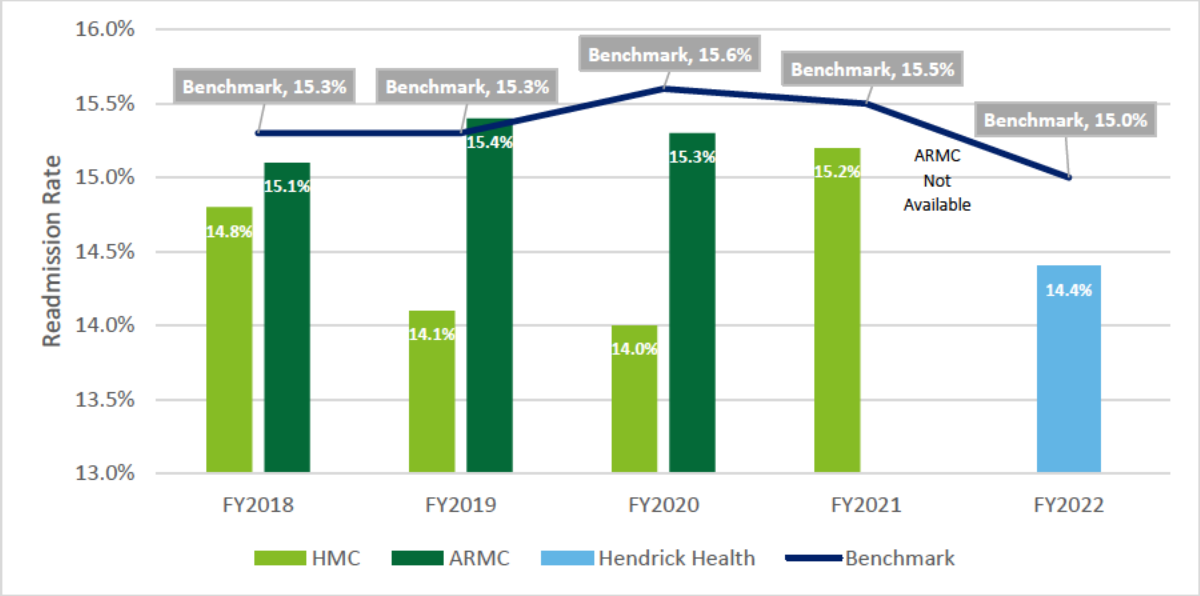
[8] Prior to the Transaction Closing Date, ARMC operated on a calendar fiscal year of January 1 – December 31. Post-Merger, HMC S's (legacy ARMC) fiscal year will be adjusted to reflect Hendrick Health's fiscal year of September 1 – August 31. As such, HMC-S's historical volume information has been adjusted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

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

3. Patient readmission numbers before and after the merger.

- *Patient Readmission Numbers*: As described in previous Performance Reports, the reported readmission rates during the Baseline Period included all unplanned readmissions[10] within 30 days of a hospital stay or inpatient procedure and are not adjusted to reflect underlying differences in acuity or comorbidities. CMS typically reports readmission data on an annual basis, in July or August. *See* **Table 3**.

Table 3: Patient Readmissions[11, 12]



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

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

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

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

- *Protocols and Treatments*: Continuing with reporting from Quarter 3 FY2022, Hendrick Health strives towards keeping patients in their local community with evidence-based, high-quality care. During Quarter 4 FY2022, Hendrick Health continued to face capacity limits at times, especially in the early part of the quarter, with a shortage of ICU beds. Regional transfer challenges have improved at both campuses. However, having both campuses under the same operation has helped meet the community's need for increased access to high-quality healthcare. If there is an issue at one campus (e.g., equipment being repaired), there are resources available at the other campus. Uniform oversight of both campuses has led to efficient staffing and direction of patients to the best care venue. Hendrick Health continues to further coordinate practices across both campuses to the benefit of patients in the community. For example, staff "float" between HMC and HMC-S, when needed, to ensure optimized staffing levels across the Abilene market. On the Hendrick Health daily huddle, which includes key leadership and staff from both HMC and HMC-S, capacity and staff issues are discussed, and often resolved as relevant stakeholders are part of the call. The same is true with other resources or concerns, such as equipment or technological problems, safety, medication shortages, and Joint Commission readiness. Overall, Hendrick Health is better together, due to the ability to share resources and work together to resolve barriers to delivering high-quality care at both campuses.

- *Combined Quality of Care Committees*: Hendrick Health believes its larger, post-Merger combined medical staff has led to better planning and improvement in system-wide mechanisms for quality of care. Hendrick Health has further coordinated and unified its practices and processes in the emergency departments at HMC and HMC-S. In Quarter 4 FY2022, Hendrick Health continued to utilize its combined medical staff, nursing workforce, and ancillary staff to establish and execute various integrated committees, a few of which are described below, to improve the quality of care for the community and to strive toward integrated processes and procedures.
    - The Evidence-Based Medicine Committee continued its review of current order sets and protocols for the combined campuses, such as sliding scale insulin orders, hypoglycemia orders, nurse-driven ED orders, cardiology procedural orders, COPD order set, and OB orders.
    - The Patient Safety Committee continued to meet monthly to discuss and examine current safety initiatives, sentinel event alerts, patient falls, and concerns regarding restraints, suicide risk, and emergency detention orders. The Patient Safety Committee and the Multi-Campus Fall Prevention Task Force have worked to streamline the process for when falls occur across the system, creating an algorithm to help educate staff on the process. Patient safety review included analysis of reported events, root cause data, and safety rounds. Projects included blood culture contamination reduction through changing to SteriPath products and radiation safety.
    - The consolidated members of the Performance Improvement Committee and the Physician Review Committee continued reviewing and addressing various system-wide quality of care concerns related to procedural and provider issues and initiatives. With combined medical staff membership, perspectives on processes and standards of care

allow for insightful discussions with increased involvement in decision-making for the organization.

- In Quarter 4 FY2022, the inpatient diabetes educators continued to offer education for new-onset diabetics at both campuses. The cases at HMC-S have continued to grow as staff have recognized the benefit of the program and the load it takes off the nursing staff. Hendrick Health continued to promote this program at HMC-S, along with other programs that have expanded to include both campuses. Additionally, this program has continued to identify pre-diabetes patients in Hendrick Health's surgical population and educate those patients about the condition/management of the same.
- The Quality Council includes leaders from across the system and focuses on quality of care concerns, performance improvement projects, and data from regulatory-required and high-impact monitoring. In Quarter 4 FY2022, the committee's process of receiving and sharing data from departments and programs from both campuses has continued, and templates have been provided for continuity and clarity of reported data. The focus of this committee continues to include a close watch on the executive quality goals, which include: cross-matched to transfused ratio, readmission rates, hospital-acquired infections, and patient safety initiatives. Additionally, this committee made recommendations to executive staff about quality goals for the upcoming fiscal year. The Readmission Committee, which includes personnel from both HMC and HMC-S and reports to the Quality Council, continues to target Chronic Obstructive Pulmonary Disease ("COPD") and heart failure populations to decrease readmissions and utilize best practices from each facility. The Readmission Committee and its subcommittees believe that utilizing best practices from each campus will improve system-wide issues, including readmission rates.
- Joint market perception of care and joint patient safety meetings continued. These meetings involve efforts between HMC and HMC-S to identify best processes, root cause analyses, and potential patient safety issues. Calls are conducted twice daily between HMC and HMC-S to prevent holds in the emergency departments and to address staff sharing to improve capacity across the system.
- Hendrick Health established the Executive Patient Experience Committee to meet quarterly. This committee is comprised of executive leadership and key physicians to help drive strong patient experience in the emergency department and on the inpatient units.

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

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

- After the Transaction closed in October 2020, Hendrick Health immediately began the process of evaluating opportunities across the combined system with the goal of optimizing patient services and enhancing the overall patient experience. During the Fourth Quarter FY2022, Hendrick Health implemented or continued the following initiatives:

- Continued improvement of patient care through upgrading technology and replacing older equipment.
- During Quarter 4 FY2022, Hendrick continued to face capacity and staffing limitations, particularly in the emergency room and intensive care unit ("ICU") at both HMC and HMC-S, and relieved capacity by transferring patients to the other campus for care. The community had increased access to care when they may otherwise have been waiting at one of the campuses, or worse, having to travel to another city for care.
- The centralized patient transfer process, which has streamlined patient transfers and increased access to care, continues to allow for smoother inbound transfers from surrounding cities such as Brownwood, Eastland, Anson, Rotan, Comanche, and Winters. In addition, the centralized patient transfer process allowed for quicker and smoother transitions between HMC and HMC-S as needed to help alleviate capacity constraints (mentioned above). A single electronic medical record ("EMR") across the system has also helped facilitate these transitions more efficiently. Providers can easily access the patient's record in its entirety so that safe, quality care can be provided without delay.
- Continued recruitment for critical staff is ongoing to provide the needed care for our community. For example, Hendrick Health recruited Dr. Sunhee Kim who started on June 15, 2022. Dr. Kim is fellowship-trained in neurophysiology/IONM and board certified by the American Board of Psychiatry and Neurology. Hendrick Health also added a new oncologist at HMC-S who began providing inpatient and weekly clinic visits to patients in July 2022.
- Joint market perception of care and joint patient safety meetings continued. These meetings involve efforts between HMC and HMC-S to identify best processes, root cause analyses, and potential patient safety issues. Calls are conducted twice daily between HMC and HMC-S to prevent holds in the emergency departments and to address staff sharing to improve capacity across the system.
- Hendrick Health established the Executive Patient Experience Committee to meet quarterly. This committee is comprised of executive leadership and key physicians to help drive strong patient experience in the emergency department and on the inpatient units.
- Clinical integration and physician integration team meetings continued to ensure all areas of the Abilene market (HMC and HMC-S) are continuously reviewed for best practices, coordinated efforts, and streamlined processes, policies, procedures, etc. These meetings occur on at least a quarterly basis.
- The Risk/Safety "on call team" continued efforts to field calls 24/7 regarding patient safety and risk management issues, including the standardized approach to end of life decision-making consistent with Texas law, rule and regulation.
- During Q4 FY2022, HMC-S attained laboratory accreditation through the College of American Pathologists ("CAP"). CAP accreditation helps laboratories maintain accuracy of test results, ensure accurate patient diagnosis, meet regulatory standards, manage changes in laboratory medicine/technology, exchange best practices, and have access to professional development for laboratory staff.

- Hendrick Health has expanded access to various robotic procedures, including totally extraperitoneal incisional hernia repair ("ETEP"). This robotic abdominal wall reconstruction is used for complex abdominal wall hernias. [redacted]

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.]

- In Quarter 4 FY2022, Hendrick Health continued pursuing the executive quality goals recommended by the system-wide Quality Council: Cross-Matched to transfused ratio; readmission rates; hospital-acquired infections; and culture of safety survey metrics. As noted above, a committee was formed to work on matters related to readmission rates, focusing on COPD and heart failure, which have high readmission populations. The fiscal year 2022 goals, as previously reported, are included below.
  - Reduce Cross-Matched to Transfused Blood ratio: 1:1.4
  - Inpatient 30-Day Readmission Reduction[13]: O/E < 1.0 in 5 of 6 conditions. (This benchmark had to be changed mid-year due to a change in data vendors. It was changed to Observed Rate =< Peer in 5 of 6 measures)
  - Culture of Safety Survey
    - Q1 "How comfortable would you feel stopping a process when you feel something is not being done correctly that might harm a patient?" to 4.7
    - Q2 "Do you know how to report a safety concern to be addressed at the Huddle by going through the Patient Safety link on the Hendrick Hub?" to 80%
  - HAC Reduction Domain 2 HAI SIRs: Achieve ≤ 1.00 in each of 4 of 5 underlying measures, which are:
    - Central Line Associated Bloodstream Infection (CLABSI): 1.00 or less.
    - Catheter-Associated Urinary Tract Infection (CAUTI): 1.00 or less.
    - Surgical Site Infection (SSI): 1.00 or less.
    - Methicillin-Resistant Staphylococcus aureus Bacteremia (MRSA): 1.00 or less.

[13] Definition: Inpatient all cause 30-day readmission (Lower is better). Due to a change in vendor, the Readmission Quality Goal was reevaluated, as the new vendor was not able to calculate risk adjustment for expected values for readmissions. Hendrick Health formed peer groups for each campus, by size, type, and quality of facility and will use the peer groups for benchmarking.

    - Clostridium Difficile Infection (CDI): 1.00 or less.
  - Patient's Likelihood of Recommending the Hospital: Above 64% ranking 9 or 10 out of 10
- In establishing and working toward the goals in these key areas, Hendrick Health continues to work collaboratively across HMC and HMC-S to drive quality improvement performance for the system. Hendrick Health tracks these quality measures internally on a continual basis, to develop strategies and understand current performance.
- Quality measures for CMS Star Rating, Leapfrog Safety Grades, Patient Experience, and Readmissions are summarized below in Table 6.

Table 6: Hendrick Health Summary of Quality Measure Performance

Quality Metrics	Page Ref.	Pre-Merger						Post-Merger							
		FY2018		FY2019		FY2020		FY2021				FY2022			
								Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
CMS Star Rating, HMC	Pg. 8	4	4	3	3	5	5	Not Applicable (rating to be released in Q3)		4	4	Not available (rating to be released in Q3)		4	4[14]
CMS Star Rating, HMC-S	Pg. 8	3	3	2	2	2	2	Not Applicable (rating to be released in Q3)		4	4				
Leapfrog Safety Grades, HMC	Pgs. 8-9	A	A	A	A	A	B	Not Applicable (rating to be released in Q3)		B	B	Not available (rating to be released in Q3)		A	B[15]
Leapfrog Safety Grades, HMC-S	Pgs. 8-9	C	C	C	B	C	C	Not Applicable (rating to be released in Q3)		C	Not Graded	Not Graded[16] Not available (rating to be released in Q3)		C	C[17]
Pt. Experience Rating, HMC	Pg. 9	3	3	3	4	3	3	3	3	4	3	5	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3[18]
Pt. Experience Rating, HMC-S	Pg. 9	3	3	3	3	3	3	3	3	3	3	2	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3

Inpatient Volumes, HMC	Pgs. 9-10	25k		27k		25k		6k	7k	8k	8k	8k	7k	8k	8k
Inpatient Volumes, HMC-S	Pgs. 9-10	[redacted]						1k							
Outpatient Volumes, HMC	Pg. 10	227k		242k		231k		59k	71k	75k	76k	78k	71k	74k	76k
Outpatient Volumes, HMC-S[19]	Pg. 10	[redacted]						13k							
Patient Readmissions, HMC	Pg. 11	14.8%		14.1%		14.0%		15.2% (CMS update in July 2021 – applied the July rate to the fiscal year in which it was released)				14.4% (CMS update in July 2022 – applied the July rate to the fiscal year in which it was released)			
Patient Readmissions, HMC-S	Pg. 11	15.1%		15.4%		15.3%		Not Available[20]							

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

[15] Leapfrog evaluates performance by measures that gather data from different sources, including CMS and the Leapfrog Hospital Survey. The time periods covered by each measure may vary as well. For example, several measures from the most recent report include CMS data going back to July 1, 2018 and Leapfrog Hospital Survey data from 2021 and 2022.

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

[17] *See* Footnote 15.

[18] Data reporting period of October 1, 2020 through September 30, 2021

[19] [redacted]

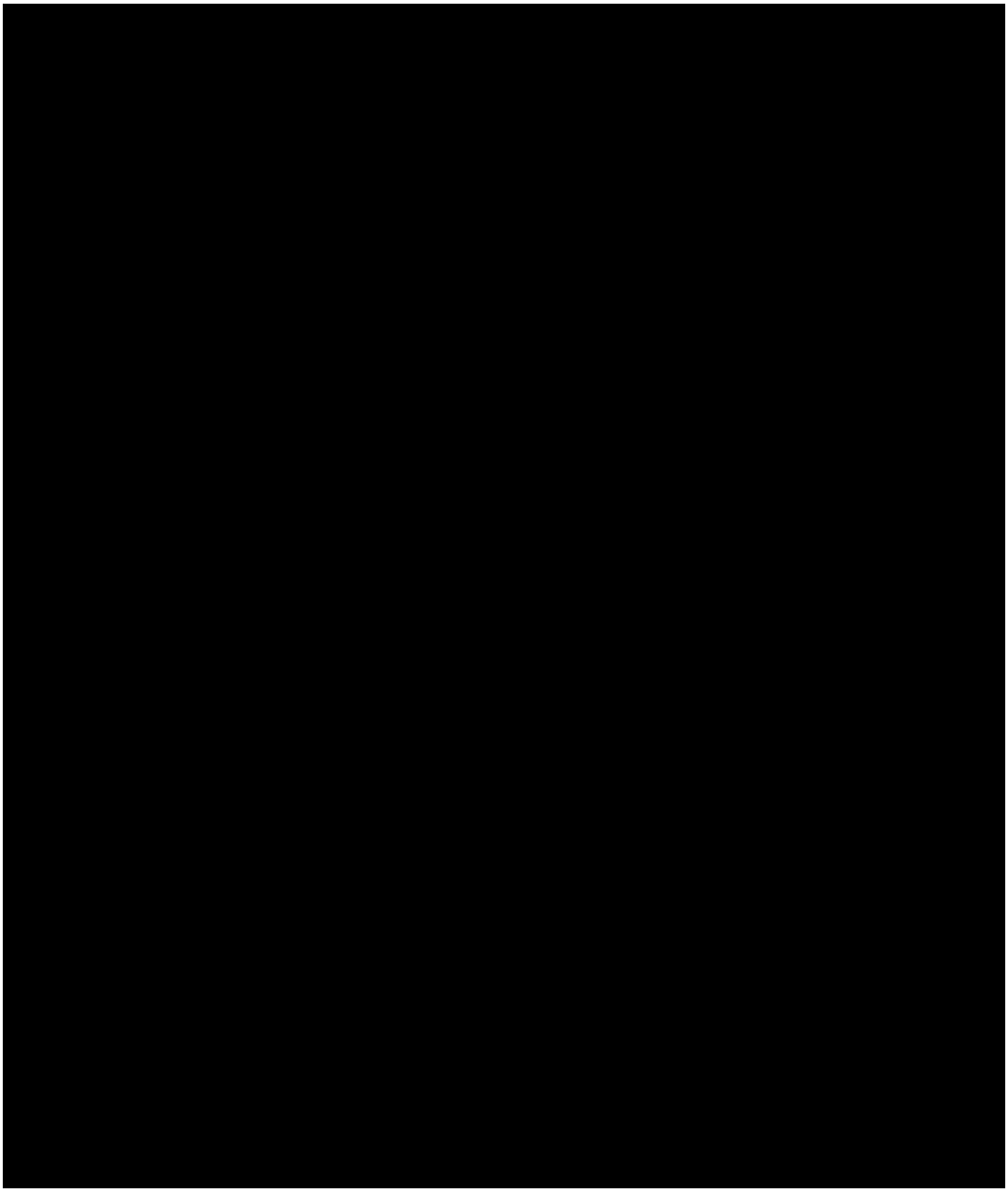
[20] As a result of the Merger in October 2020, legacy ARMC's (now HMC-S) CMS Certification Number (CCN) was retired, therefore, no data would be in CMS's database to report for legacy ARMC. Going forward, all data on CMS's website for Hendrick Medical Center (1900 Pine Street) will be combined performance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

B. Efficiencies

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

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

- *Steps Taken to Reduce Costs:* Hendrick Health continues to adhere to the structured process, as outlined in previous Performance Reports, to reduce costs and improve efficiency. In Quarter 4 FY2022, Hendrick Health undertook additional steps to reduce costs and improve efficiency:



8. Data regarding emergency department closures since the merger.

- *Current Emergency Department Locations*: During Quarter 4 FY2022, there were no changes in the number of Emergency Departments that Hendrick Health operated. As such, Hendrick Health still operates two Emergency Departments at HMC and one Emergency Department at HMC-S, as reported in the Baseline Performance Report. Each location is listed in **Table 8a** and **Table 8b** below.

Table 8a: HMC Emergency Departments

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

Table 8b: HMC-S Emergency Department

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

- *Emergency Department Closures*: Hendrick Health has no plans to close any Emergency Departments as of the date of this Report.

9. A description of how the hospitals have expanded telehealth and an explanation of how the expansion has improved access to healthcare for the rural community by: (1) Providing data demonstrating the expansion of telehealth and technology; and (2) Explaining how the expansion of telehealth and technology improved the hospitals' ability to treat a larger patient population.

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

- *Telehealth*: During Quarter 4 FY2022, Hendrick Health provided ambulatory telehealth services, including primary and other non-emergency care services, to 1,547 patients through its virtual care platforms (see **Table 9**). For comparison, the volume of in-person physician clinic visits was 77,628 in Quarter 4 FY2022, and the following represents historical data on in-person physician clinic visits:
  - Q3 FY2020: 37,244
  - Q4 FY2020: 50,905
  - Q1 FY2021: 47,971
  - Q2 FY2021: 66,398
  - Q3 FY2021: 60,761
  - Q4 FY2021: 57,581
  - Q1 FY2022: 58,691

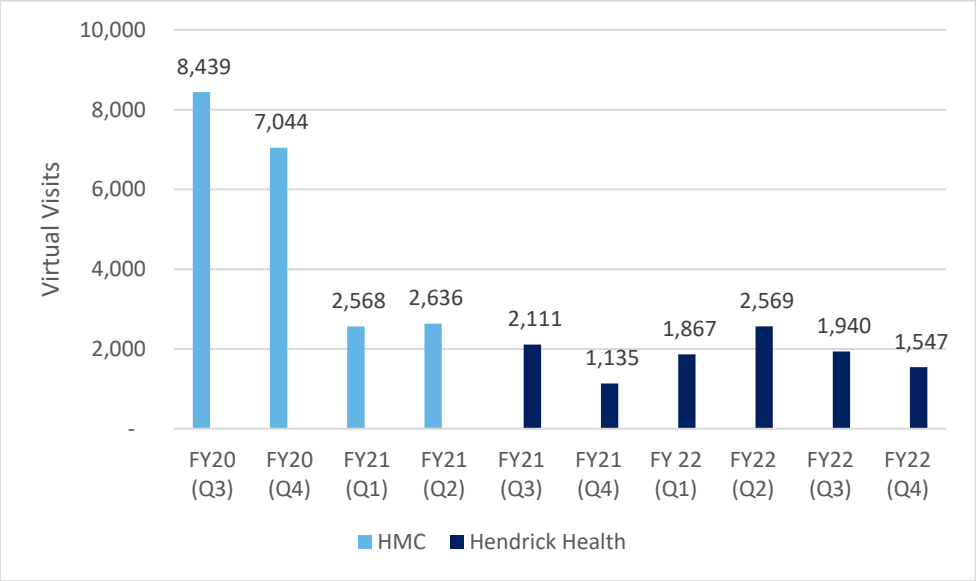
- Q2 FY2022: 55,789
- Q3 FY2022: 79,862
- Q4 FY2022: 77,628

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

- As discussed in the Quarter 3 FY2021 report, effective May 2021, Telehealth Maternal Fetal Medicine (MFM) services were added to provide remote MFM evaluation and treatment (including MFM ultrasound) in the hospital's Labor and Delivery department. This continued in Q4 FY2022.

- Hendrick Health will continue to address how the expansion of telehealth and technology improved the hospitals' ability to treat a larger patient population in future quarterly reports, as applicable, and depending upon new laws, rules and regulations promulgated as the public health emergency comes to a close. Volume numbers will be shown on a combined basis as both hospitals are reported under a single NPI.
- In 2022, Hendrick Health developed the Virtual Care Steering Committee. This committee's objective is to serve as a clearinghouse for vetting proposed virtual care services to ensure a consistent approach to implementing those services. As part of ensuring a consistent approach, the committee identified three immediate priorities of focus: increase access, improve the health of our community/region, and build community/regional healthcare partnerships. Virtual care will be a key component to furthering the Hendrick goals and priorities throughout our service area.

Table 9: Ambulatory Telehealth Visits – Number of Patients Treated via Telehealth[21]



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

- *IT Platform*: As reported in prior Performance Reports, HMC and HMC-S completed the planned migration to Allscripts Acute EMR platform with a go-live date of June 1, 2021, providing the organization with a single hospital EMR system across both campuses. The single EMR has allowed for physicians to document and see results in one system and for patients to access one portal, providing greater connected care between facilities. The combined market allowed Hendrick Health to weather the change in control and ownership of Allscripts to Altera Digital Health.

11. A description of any reduction in workforce since the issuance of the COPA based on occupation, i.e. doctors, nurses, support staff, etc. Include the numbers and job titles of any position eliminated, the total number of employees before and after the reduction, and any impact the reduction has on patient service delivery.

- As noted in previous quarterly reports, neither HMC nor HMC-S reduced its workforce as a result of the pandemic. Rather, both facilities have experienced increased demand for staff.
- Hendrick Health has been selected as a finalist for the 2022 Texas Workforce Solutions Large Employer of the Year award.
- As noted in the Q3 FY2022 Performance Report, Hendrick Health launched its service excellence training program. This program provides employees with tools to continuously deliver high quality

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

healthcare and patient experience. Through Q4 FY2022, 4,106 employees completed a four-hour training session.

- As of August 31, 2022, Hendrick Health employed 4,652 individuals, as compared to 4,596 as of May 31, 2022 (end of Quarter 3 FY2022) (see **Table 11** below). Hendrick Health continued to hire additional local staff within the region, as needed to provide necessary services at HMC-S that had been provided previously by out-of-state or third-party contracted workers before the Merger. For example, in Quarter 4 FY2022, Hendrick Health hired 385 new employees in the Abilene market.
- To support staffing needs in Quarter 4 FY2022, Hendrick Health contracted with 355 travel healthcare professionals.
- Please note from Quarter 3 FY2021 forward, employee counts for Hendrick Health (HMC and HMC-S) will be reported on a consolidated basis as both hospitals are reported under a single NPI.

Table 11: Workforce as of Quarter 4 FY2022[22]

Location	Employees as of Transaction Closing Date[23]	Employees as of Q1 FY2021	Employees as of Q2 FY2021	Employees as of Q3 FY2021	Employees as of Q4 FY2021	Employees as of Q1 FY2022	Employees as of Q2 FY2022	Employees as of Q3 FY2022	Employees as of Q4 FY2022
HMC	3,493	3,461	3,547	4,172	4,220	4,356	4,494	4,596	4,652
HMC-S	667	621	607						
Total	**4,160**	**4,082**	**4,154**	**4,172**	**4,220**	**4,356**	**4,494**	**4,596**	**4,652**

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

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

[redacted]

[22] Please note that employee headcount includes employed physicians and advanced practice clinicians.

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

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

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

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

- *Pre-Merger Coordination of Services*: Please refer to the Baseline Performance Report.
- *Post-Merger Coordination of Services*: By thoughtfully combining the resources of HMC and legacy ARMC, Hendrick Health intends to better coordinate services, increase efficiencies, and optimize patient care. As of the end of Quarter 4 FY2022, Hendrick Health continued to enhance the coordination of services through the following:
    - **Coordination of Inpatient Capacity:** During Quarter 4 FY2022, Hendrick Health faced capacity limits, particularly emergency room and intensive care unit (ICU) capacity, at both HMC and HMC-S, and relieved capacity by transferring patients to the other campus for care. The community had increased access to care when they may otherwise have been waiting at one of the campuses.
    - **Combined Operations and Executive Staff Meetings:** Weekly Joint Abilene Operations Meetings and Joint Abilene Executive Staff Meetings continued in an effort to streamline leadership reporting, communication, and responsibilities across both campuses.
    - **Unified Organizational Structure:** Hendrick Health continued to integrate the organizational chart across HMC and HMC-S in order to provide increased integration of staffing, policy/procedures, and processes across both campuses. As previously reported:

- House Supervisor Integration across HMC and HMC-S: House Supervisor integration continued between both Abilene campuses to provide ability to float/flex staff and increase vital communication between two facilities and the centralized transfer center.
- Quality of Care Committees: In Quarter 4 FY2022, Hendrick Health continued to utilize its combined medical staff to establish and execute various committees. The committees are responsible for reviewing and improving quality of care procedures. The integration of these quality-of-care committees support quality of care initiatives across the system.
- Operating Room (OR)/Surgical Committee: As previously reported, an OR/Surgical Committee was created at HMC-S to establish a process for evaluating metrics and efficiencies related to surgical services. This committee rolls up to the Medical Advisory Committee at HMC-S, which rolls up to the Medical Executive Committee for the Abilene market, increasing communication and streamlining processes across both campuses under the same medical model. Recurring meetings are held by the OR/Surgical Committee.
- Clinical labor float pool: Hendrick Health has continued to develop a pool of shared clinical employees across HMC and HMC-S, i.e., a float pool, to address the staffing needs of each campus. The float pool will ensure the resources are available across both campuses. Other individual departments also evaluate when their staff can float between HMC and HMC-S. In addition, as noted above, calls are conducted twice daily between HMC and HMC-S to prevent holds in the emergency departments and to address staff sharing to improve capacity across the system.
- Centralized Transfer Center: Hendrick Health continued use of its centralized Transfer Center, developed post-Merger, to better coordinate patient transfer requests from surrounding hospitals. The centralized process allows Hendrick Health to better coordinate services and access across its campuses as well as increase patient transfers into the system. Below is the count of transfers from the region for Quarter 4 FY2022:
  - June 2022: Accepted [redacted] transfers
  - July 2022: Accepted [redacted] transfers
  - August 2022: Accepted [redacted] transfers

- **Coordination of additional clinical staffing at HMC-S:** During the Fourth Quarter FY2022, Hendrick Health contracted with 355 travel healthcare professionals. HMC and HMC-S engaged in significant coordination to ensure traveling nurses and providers were evenly staffed between both campuses. Hendrick Health anticipates additional opportunities to enhance clinical staffing at HMC-S in order to optimize patient services. [redacted]
- **New Robotic Procedures**: Hendrick Health has expanded access to various robotic procedures, including totally extraperitoneal incisional hernia repair ("ETEP"). This robotic abdominal wall reconstruction is used for complex abdominal wall hernias. [redacted]

- *Cost Savings Reinvestment Evidence*: During FY2022, Hendrick Health has experienced increased costs due to inflationary pressures consistent with general economic conditions. In addition to the significant increase in expenses due to the COVID-19 pandemic, Hendrick Health has seen costs continue to rise from materials and supplies to capital investment. Despite these financial pressures, Hendrick Health continues to reinvest cost savings, where possible, to various local initiatives, such as the Hendrick Service Center, [redacted] and through other capital expenditures.

14. Data demonstrating reinvestment in the combined healthcare system.

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

- *Reinvestment:* As discussed in this Report, the Merger allows for the better coordination of resources and decision-making, resulting in improved efficiency, elimination of waste, and the achievement of cost savings. Hendrick Health is committed to reinvesting these savings in its operations and community, with the goal of improving the overall patient experience and patient care. The following are examples of how Hendrick Health reinvested in the combined healthcare system during Quarter 4 FY2022:
  - **COVID-19 vaccine distribution:** Combining and coordinating resources has allowed Hendrick Health to develop a more efficient COVID-19 vaccine distribution process. In Q4 FY2022, Hendrick Health distributed 60 vaccine doses. The reduction in vaccine doses from the prior quarter is, in large part, due to the widespread availability of the

COVID-19 vaccine in area pharmacies. In addition, Hendrick Health was focused on employee vaccines during this time.

- **Planned opening of Hendrick Service Center**: As previously reported, Hendrick Health will open a new shared service center, which will allow for the relocation of valuable space to expand clinical services for patients. Hendrick Service Center construction continued through Q4 FY2022, with an anticipated opening in Spring 2023. [redacted]
- **Capital expenditures:** In Quarter 4 FY2022, Hendrick Health spent $10.4 million in capital expenditures across both HMC and HMC-S. [redacted]
- **Camp Courage for Children and Teens**: From June 6, 2022 to June 10, 2022, Hendrick Hospice Care provided Camp Courage for children and teens entering third through 12th grade who have experienced the death of a loved one. Combining the benefits of recreational and therapeutic activities, this five-day camp provides children the opportunity to safely explore and express their grief. [redacted]

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

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

- *Post-Merger Operating Efficiencies*: After the Merger closed, Hendrick Health developed a process to identify, track, and report data and financial reports reflecting efficiencies achieved post-Merger. In Quarter 4 FY2022, Hendrick Health identified several potential opportunities or initiatives that are likely to generate efficiencies and reduce unnecessary costs, as summarized below.

[redacted]

[redacted]

Table 15: Hendrick Health Purchased Services and Supply Contract Savings

[redacted]

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

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

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

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

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

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

- Hendrick Health has used current operating efficiencies, including clinical and SG&A efficiencies, to positively impact healthcare service delivery, patient care, staff, the local community, and counties served. For example, as reported herein:
- **Combined Quality of Care committees.** Hendrick Health believes its larger, post-Merger combined medical staff has led to better planning and improvement in system-wide mechanisms for quality of care. Hendrick Health has further coordinated and unified its practices and processes in the emergency departments at HMC and HMC-S. In Quarter 4 FY2022, Hendrick Health continued to utilize its combined medical staff, nursing workforce, and ancillary staff to establish and execute

various integrated committees, a few of which are described below, to improve the quality of care for the community and to strive toward integrated processes and procedures.

- The Evidence-Based Medicine Committee continued its review of current order sets and protocols for the combined campuses, such as Sliding Scale Insulin orders, Hypoglycemia Orders, Nurse-Driven ED Orders, Cardiology procedural orders, COPD order set, and OB orders.
- The Patient Safety Committee continued to meet monthly to discuss and examine current safety initiatives, sentinel event alerts, patient falls, and concerns regarding restraints, suicide risk, and emergency detention orders. The Patient Safety Committee and the Multi-Campus Fall Prevention Task Force have worked to streamline the process for when falls occur across the system, creating an algorithm to help educate staff on the process. Patient safety review included analysis of reported events, root cause data, and safety rounds. Projects included blood culture contamination reduction through changing to SteriPath products and radiation safety. Additionally, quarterly reports were reviewed and actions taken when needed.
- The consolidated members of the Performance Improvement Committee and the Physician Review Committee continued reviewing and addressing various system-wide quality of care concerns related to procedural and provider issues and initiatives. With combined medical staff membership, perspectives on processes and standards of care allow for insightful discussions with increased involvement in decision-making for the organization.
- In Quarter 4 FY2022, the inpatient diabetes educators continued to offer education for new-onset diabetics at both campuses. The cases at HMC-S have continued to grow as staff have recognized the benefit of the program and the load it takes off the nursing staff. Hendrick Health continued to promote this program at HMC-S, along with other programs that have expanded to include both campuses. Additionally, this program has continued to identify pre-diabetes patients in Hendrick Health's surgical population and educate those patients about the condition/management of the same.
- The Quality Council includes leaders from across the system and focuses on quality of care concerns, performance improvement projects, and data from regulatory-required and high-impact monitoring. In Quarter 4 FY2022, the committee's process of receiving and sharing data from departments and programs from both campuses has continued, and templates have been provided for continuity and clarity of reported data. The focus of this committee continues to include a close watch on the executive quality goals, which include: Cross-matched to transfused ratio, readmission rates, hospital-acquired infections, and patient safety initiatives. Additionally, this committee made recommendations to executive staff about quality goals for the upcoming fiscal year. The Readmission Committee, which includes personnel from both HMC and HMC-S and reports to the Quality Council, continues to target Chronic Obstructive Pulmonary Disease ("COPD") and heart failure populations to decrease readmissions and utilize best practices from each facility. The Readmission Committee and its subcommittees believe that

utilizing best practices from each campus will improve system-wide issues, including readmission rates.

- Organization of Patient Services. After the Transaction closed in October 2020, Hendrick Health immediately began the process of evaluating opportunities across the combined system with the goal of optimizing patient services and enhancing the overall patient experience. During the Fourth Quarter FY2022, Hendrick Health implemented or continued the following initiatives:
    - Continued improvement of patient care through upgrading technology and replacing older equipment.
    - During Quarter 4 FY2022, Hendrick continued to face capacity and staffing limitations, particularly in the emergency room and intensive care unit (ICU) at both HMC and HMC-S, and relieved capacity by transferring patients to the other campus for care. The community had increased access to care when they may otherwise have been waiting at one of the campuses, or worse, having to travel to another city for care.
    - The centralized patient transfer process, which has streamlined patient transfers and increased access to care, continues to allow for smoother inbound transfers from surrounding cities such as Brownwood, Eastland, Anson, Rotan, Comanche, and Winters. In addition, the centralized patient transfer process allowed for quicker and smoother transitions between HMC and HMC-S as needed to help alleviate capacity constraints (mentioned above). A single EMR across the system has also helped facilitate these transitions more efficiently. Providers can easily access the patient's record in its entirety so that safe, quality care can be provided without delay.
    - Continued recruitment for critical staff is ongoing (permanent and temporarily) to provide the needed care for our community. For example, Hendrick Health recruited Dr. Sunhee Kim who started on June 15, 2022. Dr. Kim is fellowship-trained in neurophysiology/IONM and board certified by the American Board of Psychiatry and Neurology. Hendrick Health also added a new oncologist at HMC-S who began providing inpatient and weekly clinic visits to patients in July 2022.
    - Joint market perception of care and joint patient safety meetings continued. These meetings involve efforts between HMC and HMC-S to identify best processes, root cause analyses, and potential patient safety issues. Calls are conducted twice daily between HMC and HMC-S to prevent holds in the emergency departments and to address staff sharing to improve capacity across the system.
    - Hendrick Health established the Executive Patient Experience Committee to meet quarterly. This committee is comprised of executive leadership and key physicians to help drive strong patient experience in the emergency department and on the inpatient units.
    - Clinical integration and physician integration team meetings continued to ensure all areas of the Abilene market (HMC and HMC-S) are continuously reviewed for best practices, coordinated efforts, and streamlined processes, policies, procedures, etc. These meetings occur on at least a quarterly basis.

- The Risk/Safety "on call team" continued efforts to field calls 24/7 regarding patient safety and risk management issues, including the standardized approach to end of life decision-making consistent with Texas law, rule and regulation.
- During Q4 FY2022, HMC-S attained laboratory accreditation through the College of American Pathologists ("CAP"). CAP accreditation helps laboratories maintain accuracy of test results, ensure accurate patient diagnosis, meet regulatory standards, manage changes in laboratory medicine/technology, exchange best practices, and have access to professional development for laboratory staff.
- Hendrick Health has expanded access to various robotic procedures, including totally extraperitoneal incisional hernia repair ("ETEP"). This robotic abdominal wall reconstruction is used for complex abdominal wall hernias. [redacted]

- **Staffing/organizational impact**.
  - Combine Operations and Executive Staff Meetings: Weekly Joint Abilene Operations Meetings and Joint Abilene Executive Staff Meetings continued in an effort to streamline leadership reporting, communication, and responsibilities across both campuses.
  - Unified Organizational Structure: Hendrick Health continued to integrate the organizational chart across HMC and HMC-S in order to provide increased integration of staffing, policy/procedures, and processes across both campuses.
  - Clinical labor float pool: Hendrick Health has continued to develop a pool of shared clinical employees across HMC and HMC-S, i.e., a float pool, to address the staffing needs of each campus.
  - Coordination of additional clinical staffing at HMC-S: During the Fourth Quarter FY2022, Hendrick Health contracted with 355 travel healthcare professionals. HMC and HMC-S engaged in significant coordination to ensure traveling nurses and providers were evenly staffed between both campuses. Hendrick Health anticipates additional opportunities to enhance clinical staffing at HMC-S in order to optimize patient services. [redacted]
- **Other community impact.**
  - Hendrick Health continued its support to rural hospitals through affiliation agreements, including assistance with physician recruitment, continuing education opportunities, leadership training and mentoring, staff training opportunities, and program development assistance and advice.

- Previously, a centralized Hendrick Health team implemented a comprehensive vaccine roll-out plan, concentrating on expanding access to the local and wider rural community.
- Hendrick Health continued to provide ambulatory telehealth services, including primary and other non-emergency care services, to patients in the surrounding area. Telehealth capabilities remain available and are utilized by patients choosing that method of care. [redacted]

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

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

- *Ancillary Health Services Pricing and Availability*: The gross charges[24] for Hendrick Health's ancillary health services are set forth in the HMC Charge Description Master ("CDM"). Hendrick Health contracts with various commercial health plans, which generally reimburse ancillary health services based on a negotiated fee schedule or percentage discount of gross charges. However, less than [redacted] of Hendrick Health's patients are insured by commercial payors. The majority of Hendrick Health's patients are insured by government payors which set the reimbursement rates for those patients without negotiations. **Table 18a** below identifies Quarter 4 FY2022 volumes and **Table 18b** CDM charges for select tests, treatments, or procedures for the following categories of ancillary health services: Laboratory, Imaging, Pharmacy, and Respiratory Therapy. Hendrick Health posts online its listing of charges for each service it provides in compliance with State and Federal price transparency laws.[25]
- Please note that legacy ARMC (or HMC-S) data is not included in the table below for FY2020 or for the first two months of Quarter 1 FY2021 as legacy ARMC data was not available to Hendrick Health pre-Merger. Beginning in Quarter 2 FY2021 (the first full quarter post-Merger) and going forward, the ancillary health services data include both HMC and HMC-S combined.

Table 18a: HMC Ancillary Health Services - Volume

	Volume								
Ancillary Service	FY20[26]	Q1 FY21[27]	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22
Laboratory Services[28]									
Routine Venipuncture	277,465	71,721	82,199	83,165	93,264	92,967	85,510	90,781	90,716
Blood Glucose Monitor	176,460	53,369	71,606	59,016	58,756	65,856	60,970	55,983	53,749
CBC With Diff	144,129	37,576	43,715	46,185	49,135	48,728	44,414	47,782	47,816
Comp. Metabolic Panel	106,789	29,060	35,295	37,175	39,146	38,355	34,850	37,619	37,614
Basic Metabolic Panel	38,365	9,322	10,666	11,947	11,519	11,421	10,734	11,435	11,851

[24] Gross charges are charges prior to any contractual discount allowance for various payor classes.

[25] *See* https://www.hendrickhealth.org/patients-visitors/price-transparency/

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

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

[28] Volumes for Lab and Imaging Services may appear lower than in the Baseline Performance Report because data related to Hendrick-owned locations in Brownwood were previously reported under HMC.

Imaging Services									
SCR Mammography	11,064	3,138	3,649	3,695	4,151	4,266	3,750	3,842	4,304
Breast Tomo Screening	10,503	3,026	3,608	3,674	4,112	4,231	3,701	3,809	4,272
Vascular Ultrasound	2,958	869	881	916	1,174	1,559	1,196	1,227	1,144
Renal Ultrasound	2,370	567	654	678	759	660	587	694	721
Gallbladder Ultrasound	2,287	473	491	671	741	661	630	756	774
Pharmacy									
Sodium Chloride 0.9%	507,539	127,525	134,331	125,793	126,249	130,970	123,366	140,889	136,916
Insulin Injection (1 Unit)	448,408	145,870	210,552	148,083	162,183	175,331	175,763	131,906	127,752
Iodine Contrast (LOCM)	401,327	159,108	216,805	192,696	109,747	109,611	88,544	103,786	250,875
Iodine Contrast (Visipaque)	280,579	69,301	70,546	99,250	108,902	103,271	95,100	95,375	128,515
Insulin Injection (5 Units)	110,294	44,387	60,211	44,424	34,427	44,997	40,249	25,118	131,423
Respiratory Therapy									
SVN-MDI Airway Treatment	74,606	27,075	46,666	26,859	31,038	42,741	37,646	24,535	20,098
Arterial Puncture	6,653	1,939	2,621	1,859	2,997	3,851	3,222	1,833	1,566
Full Body Chamber (30 min)	5,785	1,606	2,134	2,394	2,953	1,957	2,000	2,490	2,085
Ventilation Assist[29]	4,552	1,621	3,304	1,619	1,796	2,701	2,097	1,121	821
CPAP	4,254	1,582	2,808	1,870	2,058	2,584	2,334	1,720	1,373

Table 18b: HMC Ancillary Health Services – Charges

	Gross CDM Charges								
Ancillary Service	FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22
Laboratory Services									
Routine Venipuncture		$19.54	$19.54	$19.54	$19.54	$21.10	$21.10	$21.10	$21.10
Blood Glucose Monitor		$32.70	$32.70	$32.70	$32.70	$35.32	$35.32	$35.32	$35.32
CBC With Diff		$173.65	$173.65	$173.65	$173.65	$187.54	$187.54	$187.54	$187.54
Comp. Metabolic Panel		$491.19	$491.19	$491.19	$491.19	$530.49	$530.49	$530.49	$530.49
Basic Metabolic Panel		$360.70	$360.70	$360.70	$360.70	$389.56	$389.56	$389.56	$389.56
Imaging Services									
SCR Mammography		$499.71	$499.71	$499.71	$499.71	$539.69	$539.69	$539.69	$539.69
Breast Tomo Screening		$123.68	$123.68	$123.68	$123.68	$133.57	$133.57	$133.57	$133.57
Vascular Ultrasound		$6,723.27	$6,723.27	$6,723.27	$6,723.27	$7,261.13	$7,261.13	$7,261.13	$7,261.13
Renal Ultrasound		$1,149.48	$1,149.48	$1,149.48	$1,149.48	$1,241.44	$1,241.44	$1,241.44	$1,241.44
Gallbladder Ultrasound		$1,159.20	$1,159.20	$1,159.20	$1,159.20	$1,251.94	$1,251.94	$1,251.94	$1,251.94
Pharmacy									
Sodium Chloride 0.9%		$1.43	$1.43	$1.44	$1.44	$1.56	$1.56	$1.56	$1.56
Insulin Injection (1 Unit)		$3.51	$3.51	$3.51	$3.51	$3.79	$3.79	$3.79	$3.79
Iodine Contrast (LOCM)		$4.44	$4.44	$4.44	$4.44	$4.80	$4.80	$4.80	$4.80
Iodine Contrast (Visipaque)		$2.24	$2.24	$2.24	$2.24	$2.42	$2.42	$2.42	$2.42
Insulin Injection (5 Units)		$5.29	$5.29	$5.29	$5.29	$5.71	$5.71	$5.71	$5.71
Respiratory Therapy									
SVN-MDI Airway Treatment		$699.43	$699.43	$699.43	$699.43	$755.38	$755.38	$755.38	$755.37
Arterial Puncture		423.53	$423.53	$423.53	$423.53	$457.41	$457.41	$457.41	$457.41
Full Body Chamber (30 min)		$640.07	$640.07	$640.07	$640.07	$691.28	$691.28	$691.28	$691.28
Ventilation Assist		$5,878.87	$5,878.87	$5,878.87	$5,878.87	$6,349.18	$6,349.18	$6,349.18	$6,349.18
CPAP		$2,467.57	$2,467.57	$2,467.57	$2,467.57	$2,664.98	$2,664.98	$2,664.98	$2,664.98

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

- *Ancillary Health Services Quality*: **Table 18c** and **Table 18d** below show the CMS Care Compare and Leapfrog Safety Group quality measures specifically related to ancillary health services for HMC and legacy ARMC (now HMC-S), respectively.
    - As noted in previous Performance Reports, performance for HMC-S is combined with HMC for Use of Medical Imaging measures – MRI Lumbar Spine – Low Back Pain (OP-8) and Abdomen CT – Use of Contrast Material (OP-10). This data is based on claims reviewed by Medicare. Hendrick Health is exploring how to generate internal reports for this data. The scores for OP-8 and OP-10 below are largely driven by physician determinations. Depending on a patient's symptoms and presentation, physicians may make the decision to obtain an MRI before deciding on therapy.
        - The OP-8 score is from the July 2022 CMS data release and covers the reporting period of July 1, 2020 through June 30, 2021. Hendrick Health was slightly above the national average (45.2%) and Texas average (46.7%) for the reporting period.
        - The OP-10 score is from the July 2022 CMS data release and covers the reporting period of July 1, 2019 through December 31, 2019. Hendrick Health was slightly above the national average (6.2%) and Texas average (9.1%) for the reporting period.
    - The Medication Safety measure (Safe Medication Ordering) is refreshed by Leapfrog in the Spring and Fall, and as such, the 70 for HMC and the 40 for legacy ARMC reflect the most recently available scores.
        - The measure results are not based on actual patient encounters. Rather, the Leapfrog tool requires hospitals to download a series of test patients and medication orders and to input those test patient/medication combinations into the hospital's Computerized Physician Order Entry (CPOE) system. Hospitals then report to Leapfrog on the alerts their prescribers received at point of order-entry. [redacted]

Table 18c: HMC Ancillary Health Services Quality Scores[30]

	Baseline Period												Post-Merger Period							
Experience	FY2018				FY2019				FY2020				FY2021				FY2022			
Use of Medical Imaging[31]	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
OP-8. MRI Lumbar Spine – Low Back Pain	44 8%	44.8%	44.8%	36.4%	36.4%	36.4%	36.4%	35.1%	35.1%	35.1%	35.1%	31.8%	31.8%	31 8%	31.8%	N/A[32]	N/A	N/A	N/A	48.3%
OP-10. Abdomen CT – Use of Contrast Material	9.0%	9.0%	9.0%	6 8%	6.8%	6.8%	6.8%	7 8%	7.8%	7.8%	7.8%	6.9%	6.9%	6.9%	6.9%	4.5%	4 5%	4 5%	4.5%	10%
Medication Safety – Safe Medication Ordering[33]	N/A		N/A		N/A		N/A		N/A		100		N/A		100		N/A		100	70

Table 18d: Legacy ARMC (now HMC-S) Ancillary Health Services Quality Scores[34]

	Baseline Period												Post-Merger Period							
Experience	FY2018				FY2019				FY2020				FY2021				FY2022			
Use of Medical Imaging[35]	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[36]	Q1	Q2	Q3	Q4
OP-8. MRI Lumbar Spine – Low Back Pain	46.0%	46.0%	46.0%	44 8%	44.8%	44 8%	44.8%	43.7%	43.7%	43.7%	43.7%	34.2%	34.2%	34.2%	34 2%	N/A				
OP-10. Abdomen CT – Use of Contrast Material	7.5%	7.5%	7.5%	11.1%	11.1%	11.1%	11.1%	5.9%	5.9%	5.9%	5.9%	5.4%	5.4%	5.4%	5.4%	N/A				
Medication Safety – Safe Medication Ordering[37]	N/A		N/A		N/A		N/A		N/A		45		N/A		45		N/A		45	40

[30] Information reported by CMS Care Compare, and Leapfrog Safety Group agencies (Medicare.gov and Leapfrog Group).

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

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

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

[34] Information reported by CMS Care Compare, and Leapfrog Safety Group agencies (Medicare.gov and Leapfrog Group).

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

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

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

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

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

- *Physician Services Pricing and Availability*: The gross charges for HMC's hospital-based physician services are set forth in the HMC CDM. HMC contracts with various commercial health plans, which generally reimburse physician services based on a negotiated fee schedule or percentage discount of gross charges. However, less than [redacted] of HMC's patients are insured by commercial payors. The majority of HMC patients are insured by government payors which set the reimbursement rates for those patients without negotiations. **Table 19a** below identifies Quarter 4 FY2022 volumes and **Table 19b** the CPT charges for select CPT codes for hospital-based emergency department physician services.
- Please note that legacy ARMC (HMC-S) data is not included in the pre-Merger period (FY2020 through the first two months of Quarter 1 FY2021) in **Tables 19a** and **19b** as pre-Merger data for legacy ARMC was not available to Hendrick Health. Beginning with the Second Quarter FY2021 (the first full quarter post-Merger) and going forward, the physician services data in **Tables 19a** and **19b** includes both HMC and HMC-S combined.

Table 19a: HMC Physician Services – Volume

		Volume								
CPT	Description	*FY20*[38]	*Q1 FY21*[39]	*Q2 FY21*	*Q3 FY21*	*Q4 FY21*	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22
99281	ED Visit and Evaluation – Level 1	2,430	617	631	662	1,433	653	805	575	712
99282	ED Visit and Evaluation – Level 2	7,614	2,018	1,531	1,613	2,705	1,956	1,331	1,346	1,555
99283	ED Visit and Evaluation – Level 3	22,120	4,690	4,872	5,409	7,467	7,547	7,001	6,677	6,797
99284	ED Visit and Evaluation – Level 4	17,905	5,077	6,081	5,727	7,190	7,026	7,817	7,486	8,047
99285	ED Visit and Evaluation – Level 5	11,406	5,706	6,382	5,091	7,116	6,840	6,654	6,330	6,642

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

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

Table 19b: HMC Physician Services – Average CPT Charge

		Average CPT Charge								
CPT	Description	*FY20*[40]	*Q1 FY21*	*Q2 FY21*	*Q3 FY21*	*Q4 FY21*	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22
99281	ED Visit and Evaluation – Level 1	$428	$480	$480	$480	$480	$519	$519	$519	$519
99282	ED Visit and Evaluation – Level 2	$807	$901	$901	$901	$901	$973	$973	$973	$973
99283	ED Visit and Evaluation – Level 3[41]	$1,185	$1,327	$1,327	$1,329	$1,329	$1,438	$1,438	$1,438	$1,438
99284	ED Visit and Evaluation – Level 4	$2,391	$2,667	$2,667	$2,667	$2,667	$2,881	$2,881	$2,881	$2,881
99285	ED Visit and Evaluation – Level 5	$5,210	$5,836[42]	$5,836	$5,836	$5,836	$6,303	$6,303	$6,303	$6,303

- *HMC Physician Services Quality*: The composite Merit-Based Incentive Program ("MIPS") score serves as an indicator of the quality and cost of physician services. HMC received 94.9 as a composite MIPS score out of 100 possible points for performance year 2021 (January 1 – December 31, 2021). See below **Table 19c** for historical MIPS scores.

Table 19c: MIPS Score[43]

	Performance Year 2018	Performance Year 2019	Performance Year 2020	Performance Year 2021
Historical MIPS Score				
Hendrick Provider Network	100/100	97/100	94.4/100	94.9/100

- The 2021 performance year MIPS score was based on four categories, each representing a specific weight of the final composite score: (i) Quality (55%); (ii) Promoting Interoperability (30%); (iii) Improvement Activities (15%); and (iv) Cost (0%).[44] When reporting on the composite score, CMS does not report MIPS scores broken down by category. Additionally, Hendrick Health does not have access to historical MIPS scores for legacy ARMC.

[40] *See* Footnote 38.

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

[42] FY2021 Q1 figure updated to reflect corrected amount.

[43] Performance year is January 1 – December 31. Table 19b has been updated from fiscal year to "performance year" for consistency with CMS reporting.

[44] Centers for Medicare Services, Quality Payment Program (https://qpp.cms.gov/mips/overview).

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

- *Consolidation of Services:* As of the end of Quarter 4 FY2022, Hendrick Health has not consolidated any services. Hendrick Health continues to evaluate opportunities for service line optimization or consolidation and will note any changes in subsequent reports. Services offered as of Quarter 4 FY2022 by Hendrick Health are outlined in Attachment 1.

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

- *Impact on patient outcomes:* As of the end of Quarter 4 FY2022, Hendrick Health has not consolidated any clinic services. Hendrick Health continues to evaluate opportunities for service line optimization or consolidation and will note any changes in subsequent reports.

C. Accessibility

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

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

- The COPA application described the severe risks facing Taylor County in the context of Hendrick Health's Community Health Needs Assessment ("CHNA") from 2019. The CHNA report involved a year-long study to identify the more prevalent, unmet health needs of residents within Taylor County. Typically, Hendrick Health utilizes a CHNA to identify prevalent, unmet health needs to allocate resources to the areas of greatest need. Accordingly, Hendrick Health's CHNA identified three predominant health needs in the community to be prioritized, as of 2019: (1) improving access to care (including mental health care, substance abuse support, primary care services, and affordable health care services); (2) establishing crisis services, such as crisis or emergency care programs, and early intervention programs for substance abuse; and (3) promoting awareness, prevention, and screening services for health care needs, as well as specifically for those recovering from substance abuse.
- The Merger has allowed Hendrick Health to continue focusing on impacting the predominant health needs in the community. In particular, during the Fourth Quarter FY2022, the following post-Merger initiatives show efforts in furtherance of mitigating the prioritized community health needs identified in the 2019 CHNA:
    - Increasing Access to Care: A centralized Hendrick Health team continued with its COVID-19 vaccine distribution strategy. In Q4 FY2022, Hendrick Health distributed 60 vaccine doses. The reduction in vaccine doses from the prior quarter is, in large part, due to the widespread availability of the COVID-19 vaccine in area pharmacies. In addition, Hendrick Health was focused on employee vaccines during this time.
    - Coordination of Patient Care: Hendrick Health continued use of its new, centralized patient transfer process to streamline patient transfers, which allowed for [redacted] inbound transfers during Quarter 4 FY2022 from surrounding cities.
    - Promoting awareness, prevention, and education for health care needs: Hendrick Health previously expanded its Inpatient Diabetes education for new-onset diabetics to include HMC-S, to provide in-house comprehensive education from a navigator or pharmacist at the bedside prior to discharge. Since Quarter 4 FY2021, newly diagnosed diabetics at HMC-S receive one-on-one teaching by a Certified Diabetic Educator. This program is in full operation and Hendrick's Certified Diabetes Educators are seeing patients at both campuses. This includes consultation by physicians, nurses, case managers, and dietitians on newly diagnosed diabetics, or previously diagnosed diabetics who are education and life-change ready.
    - As previously reported, Hendrick Health continued its expedited process for obtaining emergency detention orders from local Justice of the Peace in order to appropriately treat inpatients who, because of mental illness, are a substantial risk of serious harm to themselves or to others.

- Hendrick Health completed the year-long study for the CHNA, and the resulting 2019 CHNA report, before the unprecedented COVID-19 pandemic and Merger. Hendrick Health recently completed its 2022 CHNA. This included a public survey portion to assist in identifying what the community considers to be the top needs of residents in medical care, access to healthcare services, mental health, transportation, and other areas. Hendrick Health is in the process of preparing an implementation plan for the CHNA. Results of the 2022 CHNA and efforts to mitigate risks identified therein will be provided in future quarterly reports.

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

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

- Hendrick Health did not discontinue any patient services in Q4 FY2022.
- Rather, as noted herein and in prior Performance Reports, Hendrick Health has expanded patient services. For example:
  - Addition of Hendrick Anesthesia Services to HMC-S;
  - Expansion of dialysis services at Hendrick Health through the transition from a third-party provider to an in-house model;
  - Expansion of Peripheral Artery Disease (PAD) Rehab to HMC-S;
  - Addition of Cardiology Outreach Clinic in Ballinger to increase access to care in the region;
  - Expansion of Peripherally Inserted Central Catheter (PICC) Services at HMC-S;
  - Expansion of Clinical Pharmacy Services at HMC-S through the addition of an onsite Clinical Pharmacist;
  - Expansion of Tele-Sitter Program to HMC-S;
  - Expansion of inpatient diabetes education to HMC-S;
  - Continued use of a centralized Patient Transfer Center allowing for the acceptance of more patient transfers to Hendrick Health;
  - Combined and coordinated resources to develop a more efficient COVID-19 vaccine distribution process;
  - Continued physician recruiting efforts, with a goal to recruit 84 physicians within the next three years (38 filled as of this Report – 30 for FY2022, seven for FY2023, and one for FY2024);
  - Added neurosurgery outreach clinic in Colorado City and a nephrology outreach clinic in Haskell;
  - Added a new oncologist at HMC-S who began providing inpatient and weekly clinic visits to patients in July 2022;
  - Continued Camp Courage through Hendrick Hospice Care for children and teens entering third through 12th grade who have experienced the death of a loved one;

- Attained laboratory accreditation through the College of American Pathologists ("CAP") at HMC-S;
- Expanded access to various robotic procedures, including totally extraperitoneal incisional hernia repair ("ETEP");

[redacted]

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

- *Emergency Department Wait Times*: Average Emergency department (ED) wait times for HMC are provided below in Table 24a. For Q4 FY2022, Hendrick Health's average ED wait time was 166 minutes, compared to the national benchmark of 183 minutes.
- For purposes of this Report, average ED wait time is defined as the median time from arrival at the ED until time of discharge for outpatient ED patients. HMC was considered a "Very High" volume hospital in Quarter 4 FY2022 because its ED patient volume is estimated to be over 60,000 annually. During Quarter 4 FY2022, HMC's ED wait times remained below the national median time for "Very High" volume hospitals. As a result of the Merger in October 2020, legacy ARMC's (now HMC-S) CMS Certification Number (CCN) was retired, therefore, no data is in CMS's database to report for legacy ARMC. Going forward, all data on CMS's website for Hendrick Medical Center (1900 Pine Street) is combined performance for both HMC and HMC-S (see Table 24b for historical ARMC/HMC-S data).
- Post-merger, HMC-S continued to utilize MedHost, the EMR in place under the former owner, CHS. In late fiscal year 2021, HMC-S went live with Allscripts (now Altera Digital Health) and no data on wait times is available to harvest from the legacy MedHost system. Since the EMR conversion, Hendrick Health has worked with its new independent ED Provider group (Team Health) to further calibrate the calculation and reporting of ED wait times across the merged health system. Once finalized, data can be reported to HHSC in this new format, benchmarked to volume and provided in subsequent reports.
- Hendrick Health does not track any other patient wait times in the ordinary course of business.

Table 24a: HMC Average ED Wait Times

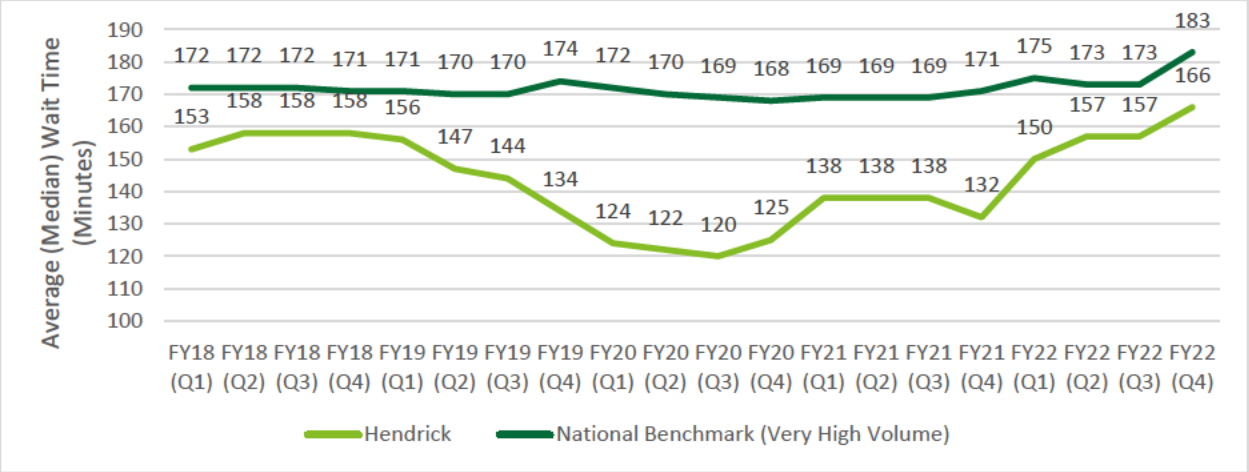
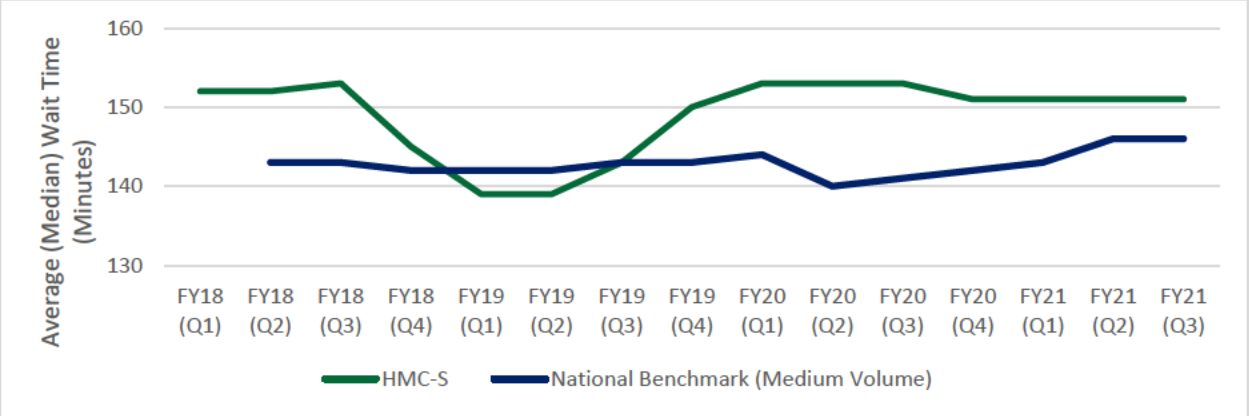


Table 24b: HMC-S Average ED Wait Times[45]



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

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

- As of the end of the Fourth Quarter FY2022, Hendrick Health increased access to healthcare services for patients in its communities through the following initiatives to expand service delivery:
    - **Planned opening of Hendrick Service Center**: As previously reported, Hendrick Health will open a new shared service center, which will allow for the relocation of valuable space to expand clinical services for patients. Hendrick Service Center construction continued through Q4 FY2022, with an anticipated opening in Spring 2023.

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

- **Patient transfers to Hendrick Health**: Through the continued use of a centralized Patient Transfer Center, Hendrick Health now has the ability to accept more patient transfers to both HMC and HMC-S than was possible prior to the Merger.
- **Physician recruiting**: Hendrick Health has a goal to recruit 84 physicians within the next three years. As of this Report, Hendrick Health has filled 38 (30 for FY2022, seven for FY2023, and one for FY2024) of the 84 positions.
- **New oncologist**: Addition of a new oncologist at HMC-S who began providing inpatient and weekly clinic visits to patients in July 2022.
- **New physician specializing in neurology**: Addition of Dr. Sunhee Kim who is fellowship-trained in neurophysiology/IONM and board certified by the American Board of Psychiatry and Neurology.
- **Robotic procedures**: Expansion of access to various robotic procedures, including totally extraperitoneal incisional hernia repair ("ETEP"). This robotic abdominal wall reconstruction is used for complex abdominal wall hernias. [redacted]

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

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

- *Infrastructure Investment and Capital Expenditures*: As of the end of the Fourth Quarter FY2022, Hendrick Health invested approximately $10.4 million in capital and infrastructure expenditures as a combined health system. **Table 26a** shows a combined summary of quarterly capital, infrastructure, and operating expenditures for prior reporting periods compared to the Fourth Quarter FY2022 for Hendrick Health. **Table 26b** shows the expenditures by facility. **Table 26c** shows a detailed breakout of capital expenditures for Fourth Quarter FY2022, by facility.

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

	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022
Hendrick Health								
Capital Expenditures	$6,040,340	$7,659,424[46]	$10,295,638	$7,100,841	$6,752,296	$5,415,146	$8,289,552	$10,437,564
Infrastructure Expenditures[47]	$1,986,273	$770,391	$349,032	$1,193,002	$755,318	$507,270	$921,737	$623,324
Operating Expenditures	$123,982,728[48]	$129,478,930[49]	$138,592,951	$153,563,078	$153,482,593	$153,422,084	$160,692,221	$154,688,013

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

[redacted]

Table 26c: Q4 FY2022 Capital Expenditure Breakout

[redacted]

Total Capital Expenditures	[redacted]	$10,437,563.73

[46] "Capital Expenditures" for Q2 FY2021 have been restated to exclude capital expenditures for Hendrick Medical Center Brownwood, which were included erroneously ($2,056,825 had been included in the Q2 FY2021 report).

[47] "Infrastructure Expenditures" are included within "Capital Expenditures" line in Table 26a.

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

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

27. Evidence of any expansion of clinical services.

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

- Hendrick Health is in the process of thoughtfully evaluating clinical services across HMC and HMC-S for clinical optimization and/or expansion opportunities. As of the end of Quarter 4 FY2022, Hendrick has identified the following potential opportunities:
    - **Planned opening of Hendrick Service Center**: As previously reported, Hendrick Health will open a new shared service center, which will allow for the relocation of valuable space to expand clinical services for patients. Hendrick Service Center construction continued through Q4 FY2022, with an anticipated opening in Spring 2023.
    - **New oncologist and physician specializing in neurology**: Hendrick Health recruited Dr. Sunhee Kim who started on June 15, 2022. Dr. Kim is fellowship-trained in neurophysiology/IONM and board certified by the American Board of Psychiatry and Neurology. Hendrick Health also added a new oncologist at HMC-S who began providing inpatient and weekly clinic visits to patients in July 2022.
    - **Robotic procedures**: Expansion of access to various robotic procedures, including totally extraperitoneal incisional hernia repair ("ETEP"). This robotic abdominal wall reconstruction is used for complex abdominal wall hernias. [redacted]

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

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

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

- During the Fourth Quarter FY2022, Hendrick Health enrolled 4,304 patients in charity care and financial assistance programs (see **Table 29**). Post-Merger, Hendrick Health's Charity Care Policy now applies to HMC-S. Because charity applications and payments are retroactive, certain patients will be re-classified as charity patients upon and after this transition and will be recorded and reported on in future submissions.

Table 29: Count of Patients Enrolled in Charity Care

	FY2020	Q1 FY2021[50]	Q2 FY2021[51]	Q3 FY2021[52]	Q4 FY2021	Q1 FY2022[53]	Q2 FY2022	Q3 FY2022	Q4 FY2022
Charity Care Patients									
HMC	5,382	2,729	3,103	3,773	3,542	3,026	3,013	4,188	4,304
HMC-S (legacy ARMC)	38	842							

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

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

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

- The combined financial investment in charity care of $36.7 million for both HMC and HMC-S for Quarter 4 FY2022 is shown below in **Table 30**. Notably, most of the charity care assigned occurs after care has already been provided, which means charity is typically approved 90 to 120 days post-discharge.
- As a result of the Merger, Hendrick is now maintaining charity care amounts as a combined total for HMC and HMC-S. Therefore, going forward, this data will reflect combined performance.

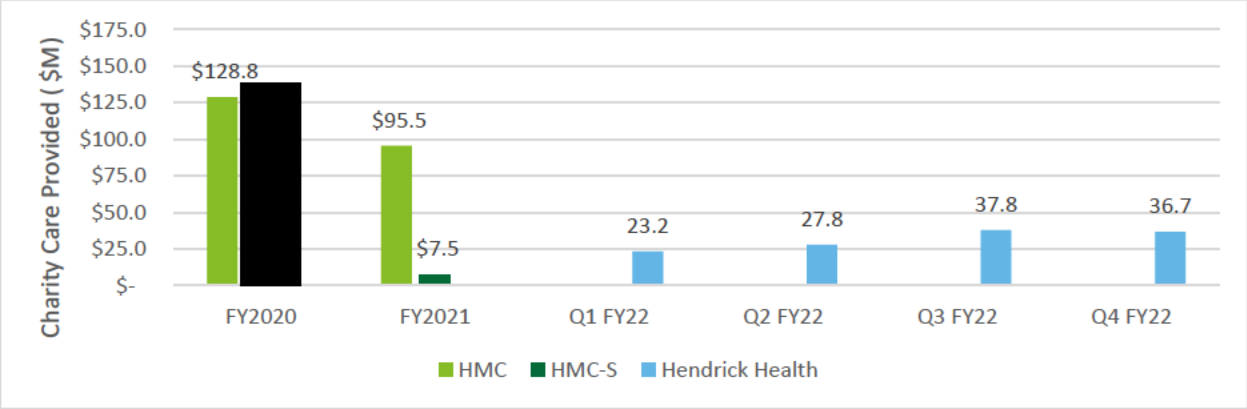
[50] Q1 FY2021 charity care patients at HMC have been restated from 2,593 (per Q1 FY2021 Performance Report) to 2,729 due to retroactive reclassifications of charity patients.

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

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

[53] Q1 FY2022 charity care patients have been restated from 3,208 (per Q1 FY2022 Performance Report) to 3,026 due to retroactive reclassifications of charity patients.

Table 30: Charity Care[54]



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

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

- As discussed in this Report, Hendrick Health is in the process of evaluating opportunities for clinical integration. As of the end of Quarter 4 FY2022, Hendrick Health has implemented the following initiatives that will increase clinical integration between the facilities and providers:
    - **Coordination of Inpatient Capacity:** During Quarter 4 FY2022, Hendrick Health faced capacity limits, particularly emergency room and intensive care unit ("ICU") capacity, at both HMC and HMC-S, and relieved capacity by transferring patients to the other campus for care. The community had increased access to care when they may otherwise have been waiting at one of the campuses.
    - **Combined Operations and Executive Staff Meetings:** Weekly Joint Abilene Operations Meetings and Joint Abilene Executive Staff Meetings continued in an effort to streamline leadership reporting, communication, and responsibilities across both campuses.
    - **Unified Organizational Structure:** Hendrick Health continued to integrate the organizational chart across HMC and HMC-S in order to provide increased integration of staffing, policy/procedures, and processes across both campuses. As previously reported:

[redacted]

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

- House Supervisor Integration across HMC and HMC-S: House Supervisor integration continued between both Abilene campuses to provide ability to float/flex staff and increase vital communication between two facilities and the centralized transfer center.
- Quality of Care Committees: In Quarter 4 FY2022, Hendrick Health continued to utilize its combined medical staff to establish and execute various committees. The committees are responsible for reviewing and improving quality of care procedures. The integration of these quality-of-care committees support quality of care initiatives across the system.
- Operating Room (OR)/Surgical Committee: As previously reported, an OR/Surgical Committee was created at HMC-S to establish a process for evaluating metrics and efficiencies related to surgical services. This committee rolls up to the Medical Advisory Committee at HMC-S, which rolls up to the Medical Executive Committee for the Abilene market, increasing communication and streamlining processes across both campuses under the same medical model. Recurring meetings are held by the OR/Surgical Committee.
- Clinical labor float pool: Hendrick Health has continued to develop a pool of shared clinical employees across HMC and HMC-S, i.e., a float pool, to address the staffing needs of each campus. The float pool will ensure the resources are available across both campuses. Other individual departments also evaluate when their staff can float between HMC and HMC-S. In addition, as noted above, calls are conducted twice daily between HMC and HMC-S to prevent holds in the emergency departments and to address staff sharing to improve capacity across the system.
- Centralized Transfer Center: Hendrick Health continued use of its centralized Transfer Center, developed post-Merger, to better coordinate patient transfer requests from surrounding hospitals. The centralized process allows Hendrick Health to better coordinate services and access across its campuses as well as increase patient transfers into the system.

[redacted]

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

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

- As a result of the Merger, during Quarter 4 FY2022, Hendrick Health was able to further enhance and increase the services offered to the hospitals' rural communities, including the following:
    - As discussed in this Report, Hendrick Health continued improving its Centralized Transfer Center to coordinate transfer requests from surrounding rural hospitals to any of the three Hendrick Health campuses. This unified process and single transfer line has improved access to more local care for patients and hospitals in Hendrick Health's service area. The Centralized Transfer Center allows Hendrick Health to accept more patient transfers, which enables patients to receive care more quickly and closer to home than they would have previously received. In Quarter 4 FY2022, Hendrick accepted [redacted] inbound transfer patients.
    - Hendrick Health continued its support to rural hospitals through affiliation agreements, including assistance with physician recruitment, continuing education opportunities, leadership training and mentoring, staff training opportunities, and program development assistance and advice. In Q4 FY2022, Hendrick provided the following continuing education to surrounding facilities/providers:
        - The ED/Inpatient Workup: A Review of Radiographical Findings Requiring a Neurosurgical Consultation (June 2022)
        - Practice Management Institute Course: Appeals, Refunds & Recoupment (June 2022)
        - 340B Drug Pricing Program: An Overview at Hendrick Health (July 2022)
        - Pre-Hospital Committee AMI/Stroke/Trauma Regional Meeting (Monthly)
        - Enduring CME continues to be available via the Hendrick CME Portal
    - Combining resources has allowed Hendrick Health to develop a more efficient COVID-19 vaccine distribution process. In Q4 FY2022, Hendrick Health distributed 60 vaccine doses. The reduction in vaccine doses from the prior quarter is, in large part, due to the widespread availability of the COVID-19 vaccine in area pharmacies. In addition, Hendrick Health was focused on employee vaccines during this time.
    - Hendrick Health continued to provide ambulatory telehealth services, including primary and other non-emergency care services, to patients in the surrounding area. In Quarter 4 FY2022, Hendrick Health provided care to 1,547 patients through its virtual care platforms. Telehealth capabilities remain available and are utilized by patients choosing that method

of care. [redacted]

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

- Table 38 of the Baseline Performance Report shows a list of the health plans each hospital contracted with during fiscal year 2019. **Table 33** lists the health plans Hendrick Health contracted with as of the Quarter 4 FY2022, which have remained unchanged from the previous report (the Quarter 3 FY2022 Performance Report).

Table 33: Health Plans Accepted by Hendrick Health as of Quarter 4 FY2022

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

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

- **Table 34** includes the pre- and post-Merger service levels for both HMC and HMC-S (legacy ARMC) for the Emergency Department (ED)/Trauma, Neonatal Intensive Care Unit ("NICU"), and Maternal Fetal Medicine ("MFM") care. As of Quarter 4 FY2022, service levels at HMC have been maintained post-Merger. As of Quarter 4 FY2022, service levels at HMC-S are as follows:
    - **ED/Trauma**: The post-Merger change of ownership process required HMC-S to re-apply for Level 4 ED status (which requires an on-site survey). Due to scheduled EMR conversion (reported on in Quarter 4 FY2021), Hendrick Health was advised to hold and have a minimum of six months of consistent EMR data for surveyors' review. Pending re-survey,

HMC-S may maintain its Level 4 designation and receive reimbursement. This will be reported on in Q1 FY2023.

- **NICU**: As a result of the change in ownership through the Merger, the NICU at HMC-S moved from a Level 2 to a Level 1 designation. Hendrick Health continues to evaluate options for re-establishing the Level 2 NICU designation at HMC-S.
- **MFM**: Hendrick Health pursued a Level 1 MFM designation for HMC-S, as described in the Quarter 2 FY2021 Performance Report, and successfully received the designation in Quarter 3 FY2021. This level has been maintained in Quarter 4 FY2022. Achievement of Level 1 MFM designation allows Hendrick Health to be a better steward of ensuring all relevant policies and procedures are consistent with current standards of maternal practice, enabling early identification and diagnoses of at-risk populations, and providing treatments to reduce morbidity and mortality.

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

Location	Pre-Merger Service Level (FY2020)			Q2 FY2021 Service Level			Q3 FY2021 Service Level			Q4 FY2021 Service Level		
	ED	*NICU*	*MFM*	*ED*	*NICU*	*MFM*	*ED*	*NICU*	*MFM*	*ED*	*NICU*	*MFM*
HMC	3	3	3	3	3	3	3	3	3	3	3	3
HMC-S	4	2	N/A	4 (pursuing)	1	1 (pursuing)	4 (pursuing)	1	1	4 (pursuing)	1	1
Location	**Q1 FY2022 Service Level**			**Q2 FY2022 Service Level**			**Q3 FY2022 Service Level**			**Q4 FY2022 Service Level**		
	ED	*NICU*	*MFM*	*ED*	*NICU*	*MFM*	*ED*	*NICU*	*MFM*	*ED*	*NICU*	*MFM*
HMC	3	3	3	3	3	3	3	3	3	3	3	3
HMC-S	4 (pursuing)	1	1	4 (pursuing)	1	1	4 (pursuing)	1	1	4 (pursuing)	1	1

35. Data illustrating the organizations' payment models.

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

Table 35: Hendrick Health Payment Models as of Quarter 4 FY2022[55]

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

[55] Excludes workers compensation payment models.

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

- As of Quarter 4 FY2022, no new payment models have been established since the Merger.

D. Competition

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

- HMC and HMC-S face competition from a number of hospitals and health systems. Post-Merger, Hendrick Health continues to compete with large and significant health systems throughout the region, most of which are gaining strength. The robust competition for inpatient hospital services will continue from at least 24 other hospitals, listed below. Likewise, Hendrick Health also faces competition from freestanding emergency departments, urgent cares, ambulatory surgery centers, rural health clinics, and other healthcare providers located in Taylor County and the surrounding counties.

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

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

  One method to measure Hendrick Health's market is to look at Core-based Statistical Areas ("CBSAs") located within a 150-mile radius, specifically the Medicare Inpatient Prospective Payment System ("IPPS") hospitals within those CBSAs that are most similar to Hendrick Health based on gross charges (Critical Access Hospitals excluded). Using that methodology, Hendrick Health competes with the following inpatient acute facilities, without limitation:

  1. AdventHealth Rollins Brook Community Hospital; 608 N Key Ave., Lampasas, TX 76550; Lampasas County
  2. Anson General Hospital; 101 Ave. J, Anson, TX 79501; Jones County
  3. Ballinger Memorial Hospital; District 608 Ave. B, Ballinger, TX 76821; Runnels County
  4. Cogdell Memorial Hospital; 1700 Cogdell Blvd., Snyder, TX 79549; Scurry County
  5. Coleman County Medical Center; 310 S Pecos St., Coleman, TX 76834; Coleman County
  6. Comanche County Medical Center; 10201 TX-16, Comanche, TX 76442; Comanche County
  7. Eastland Memorial Hospital; 304 S Daugherty Ave., Eastland, TX 76448; Eastland County

8. Encompass Health Rehabilitation Hospital of Abilene; 6401 Directors Pkwy., Abilene, TX 79606; Taylor County
9. Fisher County Hospital District; 774 TX-70, Rotan, TX 79546; Fisher County
10. Hamilton General Hospital; 400 N Brown Ave., Hamilton, TX 76531; Hamilton County
11. Haskell Memorial Hospital; 1 Avenue N, Haskell, TX 79521; Haskell County
12. Heart of Texas Healthcare System; 2008 Nine Rd., Brady, TX 76825; McCulloch County
13. Knox County Hospital District; 701 S E 5th St., Knox City, TX 79529; Knox County
14. Mitchell County Hospital; 997 W I-20, Colorado City, TX 79512; Mitchell County
15. North Runnels Hospital 7821 TX-153, Winters, TX 79567; Runnels County
16. Rolling Plains Memorial Hospital; 200 E Arizona Ave., Sweetwater, TX 79556; Nolan County
17. Stephens Memorial Hospital; 200 S Geneva St., Breckenridge, TX 76424; Stephens County
18. Stonewall Memorial Hospital; 821 N Broadway St., Aspermont, TX 79502; Stonewall County
19. Throckmorton County Memorial Hospital; 802 N Minter Ave., Throckmorton, TX 76483; Throckmorton County
20. Medical City Arlington; 3301 Matlock Rd, Arlington, TX 76015; Tarrant County
21. Texas Health Harris Methodist Hospital Fort Worth, 1301 Pennsylvania Ave, Fort Worth, TX 76104; Tarrant County
22. Midland Memorial Hospital, 400 Rosalind Redfern Grover Parkway, Midland, TX 79701; Midland County
23. Tarrant County Hospital District d/b/a JPS Health Network (John Peter Smith Hospital), 1500 South Main Street, Fort Worth, TX 76104; Tarrant County
24. Medical City Fort Worth, 900 8th Ave, Fort Worth, TX 76104; Tarrant County

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

Primary Service Area

Callahan County

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

Jones County

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

Taylor County

- Abilene Cataract & Refractive Surgery Center; 2120 Antilley Rd., Abilene, TX 79606
- Abilene Center for Orthopedic and Multispecialty Surgery, LLC; 6449 Central Park Blvd., Abilene, TX 79606
- Abilene Community Health Center; 1749 Pine St., Abilene, TX 79601
- Abilene Diagnostic Clinic; 1665 Antilley Rd. 314, Suite 200, Abilene, TX 79606

- Abilene Endoscopy Center; 1249 Ambler Ave., Suite 100, Abilene, TX 79601
- Abilene Surgery Center LLC; 5601 Health Center Dr., Abilene, TX 79606
- Abilene Taylor County Public Health District; 850 N 6th St., Abilene, TX 79601
- Abilene White Rock Surgery Center, LLC; 2401 N Treadaway Blvd., Abilene, TX 79604
- Affordacare Urgent Care Clinic; 4009 Ridgemont Dr., Abilene, TX 79606
- Affordacare Urgent Care Clinic; 3101 S 27th, Abilene, TX 79605
- ELM Place Ambulatory Surgical Center; 2217 S Danville Dr., Abilene, TX 79605
- Express ER; 4157 Buffalo Gap Rd., Abilene, TX 79605
- Frenesius Kidney Care – Abilene South; 2009 Hospital Pl., Abilene, TX 79606
- Fresenius Kidney Care – Abilene Lone Star; 349 S Danville Dr., Abilene, TX 79605
- Fresenius Kidney Care – Abilene; 1802 Pine St., Abilene, TX 79601
- Medical Diagnosing Imaging of Abilene; 4349 S Treadaway Blvd., Abilene, TX 79602
- My Emergency Room 24/7; 4438 S Clack St., Suite 100, Abilene, TX 79606
- NextCare/Dr. J's Urgent Care: Catclaw; 3802 Catclaw Dr., Abilene, TX 79606
- NextCare/Dr. J's Urgent Care: Highway 351; 1634 TX-351, Abilene, TX 79601
- Texas Midwest Endoscopy Center LLC; 14 Hospital Dr., Suite B, Abilene, TX 79606
- Walk-In Care Clinic; 1665 Antilley Rd., Suite 120, Abilene, TX 79606

Secondary Service Area

Brown County

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

Coleman County

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

Comanche County

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

Eastland County

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

Fisher County

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

Hamilton County

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

Haskell County

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

Kent County

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

Knox County

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

Lampasas County

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

McCulloch County

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

Mills County

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

Mitchell County

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

Nolan County

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

Runnels County

- Ballinger Hospital Clinic; 2001 Hutchins Ave., Suite C, Ballinger, TX 76821
- NRH Clinic; 7571 TX-153, Winters, TX 79567

San Saba County

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

Scurry County

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

Shackelford County

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

Stephens County

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

Stonewall County

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

Throckmorton County

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

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

Home Health Agencies

1. Abilene Home Health Professional Care Inc.; 265 S Leggett Dr., Suite 1 Abilene, TX 79605
2. Angels Care Home Health of San Angelo; 1961 Industrial Blvd., Abilene, TX 79602
3. Angels of Care Pediatric Home Health; 2585 S Danville Dr., Abilene, TX 79605
4. Beyond Faith Homecare & Rehab LLC; 1290 S Willis St., Suite 100, Abilene, TX 79605
5. Big Country Healthcare Services; 749 Gateway St., Suite 702, Abilene, TX 79602

6. Caprock Home Health Services Inc.; 749 Gateway St., Suite 101, Abilene, TX 79602
7. Educare Community Living Corporation; 749 Gateway St., Suite B-202, Abilene, TX 79602
8. Elara Caring; 749 Gateway St., Suite E-502A, Abilene, TX 79602
9. Encompass Health Home Health; 1 Village Dr., Suite 200, Abilene, TX 79606
10. Generations Home Health; 1290 S Willis St., Suite 209, Abilene, TX 79605
11. Home Instead Senior Care; 441 Lone Star Dr., Abilene, TX 79602
12. Kinder Hearts Home Health; 842 N Mockingbird Ln., Abilene, TX 79603
13. Kindred At Home; 100 Chestnut St., Abilene, TX 79602
14. Kindred At Home; 4400 Buffalo Gap Rd., Suite 2400, Abilene, TX 79606
15. Lifecare Home Care; 1290 S Willis St., Suite 107, Abilene, TX 79605
16. Outreach Home Care; 409 N Willis St., Abilene, TX 79603
17. Renew Home Health; 6382 Buffalo Gap Rd., Suite C, Abilene, TX 79606
18. Texas Home Health of America; 3303 N 3rd St., Suite A, Abilene, TX 79603
19. Theracare Services, LLC; 209 S Danville Dr., Suite B107, Abilene, TX 79605
20. Touching Hearts At Home; 3926 S. Treadway Blvd., Suite A-1, Abilene, TX 79602
21. Visiting Angels; 4090 S Danville Dr., Suite A, Abilene, TX 79605

Hospice Agencies

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

Skilled Nursing Facilities

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

14. Windcrest Health & Rehabilitation; 6050 Hospital Rd., Abilene, TX 79606
15. Wisteria Place; 3202 S Willis St., Abilene, TX 79605

Select Other Health Care Facilities

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

38. Evidence of how patient choice is being preserved.

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

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

- *Open positions*: During Quarter 4 FY2022, Hendrick Health posted 491 new job openings. These roles cover both clinical and non-clinical positions across the organization and indicate significant demand for talent within the combined Hendrick Health system. The list of open positions as of the end of the Fourth Quarter FY2022 is provided in Attachment 2, which includes a mix of vacant positions and new positions created by the Merger.
- *Recruitment efforts:* Hendrick Health continues to use various resources to recruit medical providers to the community. In Quarter 4 FY2022, Hendrick Health continued to use multiple online recruitment platforms (Indeed, GasWorks, Ethesia, Doximity, PracticeLink, Practice Match, CareerMD, LinkedIn, Facebook, Instagram, Glassdoor, the Hendrick Health website, and other association websites) to disseminate job postings for physician and nursing positions. Hendrick Health also partnered with over 160 recruitment firms and circulated open job positions through email blasts to current employees.
- In Quarter 4 FY2022, the Medical Staff Development Committees of Hendrick Health continued to evaluate the physician to population ratios, ER call coverage, and appointment wait times to determine gaps in coverage and needs for the service area. Hendrick Health has a goal to recruit 84 physicians within the next three years. As of this Report, Hendrick Health has filled 38 (30 for FY2022, seven for FY2023, and one for FY2024) of the 84 positions. These physicians will include additional primary care and subspecialties to allow better access to care within our communities. Hendrick Health has also hired a recruiter dedicated to hiring registered nurses.
- *New hires:* In addition, during Quarter 4 FY2022, Hendrick Health hired 385 new employees in the Abilene market.

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

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

- *Changes to Contracted Services*: As of the end of Quarter 4 FY2022, Hendrick Health is continuing the process of evaluating potential alignment opportunities. [redacted] Hendrick Health will continue to evaluate potential contract alignment opportunities through the post-Merger integration process and will provide updates in subsequent reports once more information becomes available.

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

- **Table 41** lists the specialty and county location for the 117 physicians Hendrick Health employed during Quarter 4 FY2022. The region is also served by a number of community physicians not employed by Hendrick Health. While Hendrick Health does not maintain a comprehensive directory of these community physicians beyond those with medical staff privileges at Hendrick Health (discussed in **Item 44** of this Report), public sources that identify community physicians including the Texas Medical Board Healthcare Provider Search and health plan provider directories are available.

Table 41: Employed Physicians by County Location

Specialty	Facility		County Service Locations	
	HMC	HMC-S	Taylor	Brown
Anesthesia[56]	12	6	✓	
Cardiology	11	1	✓	✓
Cardiovascular Surgery	4	-	✓	
Colorectal Surgery	1	-		
Electrophysiology	1	-	✓	
Endocrinology	3	-	✓	
Family Medicine	5	3	✓	✓
Gastroenterology	0	2	✓	✓
General Surgery	5	3	✓	✓
Hospice	1	-	✓	
Infectious Disease	2	-	✓	
Internal Medicine	9	3	✓	✓
Nephrology	3	-	✓	✓
Neurology	3	-	✓	
Neurosurgery	1	-	✓	
OB/GYN	5	0	✓	
Oncology	4	-	✓	✓
Orthopedic Surgery	6	0	✓	✓
Pain Medicine	3	-	✓	✓
Palliative Care	4	-	✓	
Plastic Surgery	1	-	✓	
Pulmonary/Critical Care	-	1		
Radiation/Oncology	3	-	✓	✓
Rehab	1	-	✓	
Rheumatology	3	-	✓	
Urology	5	-	✓	✓
Wound Care	2	-	✓	
Grand Total	**98**	**19**		

[56] A central pool of anesthesiologists covers both HMC and HMC-S. Assignment to a particular facility in Table 41 represents where a majority of time is spent for a particular anesthesiologist.

E. Other Requirements

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

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

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

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

- *Changes to Contracted Health Care Services*: As noted in the Baseline Performance Report, HMC and legacy ARMC maintained agreements with a variety of third-party service providers to support their operations. Following the Merger, Hendrick Health began the process of evaluating such services to identify potential alignment opportunities across the legacy organizations. [redacted]

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

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

- *Privileged Providers*: A complete list of physicians, allied professionals, and other healthcare providers with privileges at Hendrick Health is provided in **Attachment 4** to this Report. As of the end of Quarter 4 FY2022, Hendrick Health provided privileges to 587 health care providers at HMC and 459 health care providers at HMC-S, as detailed in **Table 44** below.

Table 44: Hendrick Health Privileged Providers as of Quarter 4 FY2022

Privileged Provider Category	HMC	HMC-S
Physicians	424	337
Advanced Practice Providers	163	122
Total	**587**	**459**

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

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

- As discussed in this Report, Hendrick Health continues to invest in the combined health system, thereby improving patient care and access, as illustrated by the following infrastructure, capital, and operating investments:
  - *Infrastructure Investment and Capital Expenditures*: During the Fourth Quarter FY2022, Hendrick Health invested approximately $10.4 million in capital and infrastructure expenditures as a combined health system, including various infrastructure updates, equipment, software, Hendrick Service Center, and other small property purchases/building renovations.
  - *Cost Savings Reinvestment*: During Quarter 4 FY2022, Hendrick Health continued reinvesting in the combined healthcare system, with the goal of improving the overall patient experience and patient care, including: COVID-19 vaccine distribution; expansion of access to various robotic procedures; and [redacted] strategic investments at HMC-S to increase service levels available to patients in the community.
  - *Coordination of Services*: Throughout Quarter 4 FY2022, Hendrick Health continued to enhance the coordination of services to increase clinical integration, standardization, and quality of care across both campuses through the following: coordination of inpatient capacity to increase access to care for the community; ambulatory telehealth services, [redacted] maintaining a COVID-19 vaccine distribution strategy; [redacted]

IV. Attachments