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Hendrick Health

Quarterly Report for Quarter 1 of Fiscal Year 2026

Reporting Period: 9/1/25 – 11/30/25

Submission Date: February 23, 2026

Certificate of Public Advantage ("COPA")

Quarterly Performance Report for Quarter 1 of Fiscal Year 2026

This Quarterly Performance Report (the “Report”) is submitted pursuant to the revised Terms and Conditions of Compliance (effective October 1, 2023) governing the Certificate of Public Advantage (“COPA”) issued to Hendrick Medical Center *d/b/a* Hendrick Health on October 2, 2020 (“COPA Approval Date”) with respect to the purchase of substantially all of the assets used in the operation of Abilene Regional Medical Center (“ARMC”, subsequently to be known as “Hendrick Medical Center South” or “HMC-S”) (collectively, the “Merger”). The underlying transaction closed on October 26, 2020 (the “Transaction Closing Date”). Information related to Hendrick Medical Center and Hendrick Medical Center South are collectively referred to herein as “Hendrick Health”.

This Report reflects the performance of HMC and HMC-S (formerly ARMC) for the first quarter of fiscal year 2026 (“Quarter 1 FY2026” or “First Quarter FY2026”), the period of September 1, 2025 to November 30, 2025. Where applicable, this Report includes information or refers to information provided in the Baseline Performance Report that was submitted to the Texas Health and Human Services Commission (“HHSC”) on January 15, 2021, and reflects the pre-Merger baseline period of FY2018 – FY2020 (the “Baseline Performance Report”). The Texas Office of Public Insurance Counsel (“OPIC”) is now the state agency supervising the activities under the COPA.

Report Contents

I.	Abbreviation Key	6
II.	Quarterly Performance Report – Quarter 1 FY2026	7
A.	Summary of Requirements	7
B.	Description of Process	7
III.	Terms and Conditions for COPA-Approved Health System	8
A.	Quality	8
1.	Evidence demonstrating how health care quality has improved.	8
2.	Inpatient and outpatient numbers before the merger and the current quarter.	10
3.	Patient readmission numbers before and after the merger.	11
4.	Any association between increased patient volumes and better patient outcomes.	12
5.	Explanation of how patient services were optimized since the merger and how service optimization impacted patient care.	14
6.	A summary of quality improvement measures for each hospital to address performance in meeting quality performance standards.	15
B.	Efficiencies	17
7.	A description of steps taken to reduce costs and improve efficiency.	17
8.	Data regarding emergency department closures since the merger.	18
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.	18
10.	Progress reports regarding the adoption of any new IT Platform.	20
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.	21
12.	Data and financial reports demonstrating savings from the reduction in duplication of resources.	22
13.	Data showing the coordination of services before and after the merger and evidence demonstrating how cost savings will be reinvested locally.	22
14.	Data demonstrating reinvestment in the combined healthcare system.	23
15.	Data and financial reports reflecting the savings in each area referenced above.	23
16.	Operating deficiencies that existed before the merger and how any operating efficiencies have been achieved since the merger.	24
17.	An explanation of how any operating efficiencies achieved have impacted healthcare service delivery, patient care, staff, the local community, and counties served.	25
18.	Data on the pricing, quality, and availability of ancillary health care services.	28

19.	Data on the pricing, quality, and availability of hospital-based physician services.	32
20.	Data on the consolidation of clinic services, identifying the types of services per county.	34
21.	Data indicating how the consolidation of these services improved patient outcomes.	34
C.	Accessibility	35
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.	35
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.	39
24.	Data illustrating the impact to patient wait times, including emergency department wait times, before and after the merger.	41
25.	Data demonstrating any expansion in service delivery since the merger.	42
26.	Data and financial reports regarding infrastructure investment, capital expenditures, and operating costs since the merger.	43
27.	Evidence of any expansion of clinical services.	46
28.	A copy of each hospital's charity care policy, identifying any changes to the policy in the previous quarter.	47
29.	The number of patients enrolled in each hospital's charity care program in the past quarter.	47
30.	Data and financial reports for charity care services provided by each hospital in the previous quarter.	47
31.	Data demonstrating clinical integration between facilities and providers and whether such integration led to cost savings or a reduction in medical errors.	48
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.	50
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.	51
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.	51
35.	Data illustrating the organizations' payment models.	53
36.	Data demonstrating the payment models established since the merger in comparison to payment models before the merger.	53
D.	Competition	54
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.	54
38.	Evidence of how patient choice is being preserved.	60
39.	Evidence reflecting efforts to bring additional jobs to the area.	60
40.	Any contracted services that have changed since the last report, with an explanation for each change.	61

41.	Data illustrating physician contracts for each county in the region specifying the physician specialty or practice area for each contract.	61
E.	Other Requirements	63
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.	63
43.	Any healthcare-related service contract changes in the previous quarter and the explanation for the change.	63
44.	The number of physicians, allied professionals, and other health care providers providing medical services that have privileges to practice at the hospital.	63
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.	64
IV.	Attachments	65

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
OPIC	Texas Office of Public Insurance Counsel

II. Quarterly Performance Report – Quarter 1 FY2026

A. Summary of Requirements

As required by Texas Health and Safety Code § 314A.103, 28 Texas Admin. Code § 280.34, and the revised COPA Terms and Conditions of Compliance, Hendrick Health must submit quarterly and annual reports regarding the Merger.

This Report and the associated attachments are based directly on the requirements listed in the guidance documents published by HHSC: “Certificate of Public Advantage Terms and Conditions of Compliance for Hendrick Health System” effective October 1, 2023.

B. Description of Process

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

Name	Position
Brad D. Holland, FACHE	President and Chief Executive Officer
Robert Wiley, M.D.	Hendrick Health Vice President, Chief Medical Officer and Chief Quality Officer
Jeremy Walker	Hendrick Health Vice President, Chief Financial Officer
Bradley Benham, Esq.	Hendrick Health Vice President, Foundation
Susan Greenwood, BSN, RN, FACHE	Hendrick Health Vice President, Chief Nursing Officer
Christie Eckhardt, JD	Hendrick Health Vice President, General Counsel
Susan Wade, FACHE	Hendrick Health Vice President, Abilene Market Chief Operating Officer
Kirk Canada, PT, ScD, DPT	Hendrick Health Vice President, Chief Operating Officer
Courtney Head	Hendrick Health Vice President, Human Resources
Brian Bessent, FACHE	Hendrick Health Vice President, Chief Strategy and Experience Officer
Heather Ray, DNP, RN, CNRN	Hendrick Health Vice President, Quality
Judy LaFrance, MSN, RN, NE-BC	Chief Administrative Officer, Hendrick Medical Center South
Jesiree Driskell	Hendrick Health Assistant Vice President, Strategic Communication and Digital Experience
Chris Ford, FACHE	Hendrick Health Assistant Vice President, Support Services
Tave Kelly	Hendrick Health Assistant Vice President, Revenue Cycle
Adam Wood	Hendrick Health Assistant Vice President, Material Management
Mark Edwards	Hendrick Health Assistant Vice President, Information Technology
Mark Huffington	Hendrick Health Assistance Vice President, Analytics
Treva Broderick	Hendrick Health Assistant Vice President, Clinical Services
Tim Riley	System Integration Consultant

III. Terms and Conditions for COPA-Approved Health System

A. Quality

1. Evidence demonstrating how health care quality has improved.

- CMS Star Rating:** In August 2025, HMC (which includes HMC-S) earned an overall rating of two stars (see **Table 1a** below). The CMS Star Rating summarizes a variety of measures across five areas of quality (Mortality, Safety of Care, Readmission, Patient Experience, and Timely and Effective Care) into a single star rating. The time periods covered by each measure vary. For the August 2025 Star Rating, the data collection period for some measures goes back to July 1, 2020, which pre-dates the Merger. Other measures have more recent data, going up through March 31, 2023. As noted in prior reports, CMS made significant changes to its Star Rating methodology and reporting schedule between the 2020 and April 2021 ratings. Because various measures are now weighted differently, these changes in methodology make it difficult to compare the April 2021 and beyond Star Rating to historical ratings.

Table 1a: Overall CMS Star Ratings¹

Location	Pre-Merger Period						Post-Merger Period					
	FY2018		FY2019		FY2020		FY2021		FY2022	FY2023	FY2024	FY2025
	Jan	July	Mar	July	Jan	Aug	Apr	July	July ²	July	July	August
HMC	4	4	3	3	5	5	4	4	4	3	3	2
ARMC (HMC-S)	3	3	2	2	2	2	4	4				

- Leapfrog Hospital Safety Grades:** Both HMC and HMC-s earned a “B” in the Fall 2025 Leapfrog Hospital Safety Grade release (see **Table 1b** below). Leapfrog evaluates performance by measures that gather data from various sources, including CMS and the Leapfrog Hospital Survey. The time periods covered by each measure may vary as well. For example, several measures from the most recent report include CMS data going back to July 1, 2021 and the 2025 Leapfrog Hospital Survey.

Table 1b: Leapfrog Safety Grades³

Location	Pre-Merger		Post-Merger									
	FY2020		FY2021		FY2022		FY2023		FY2024		FY2025	
	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall
HMC	A	B	B	B	A	B	C	B	B	B	A	B
ARMC (HMC-S)	C	C	C	NG ⁴	C	C	C	C	C	C	B	B

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

² As a result of the Merger in October 2020, legacy ARMC’s (now HMC-S) CMS Certification Number (“CCN”) was retired. Therefore, from FY2022 and forward, all data on CMS’s website for Hendrick Medical Center (1900 Pine Street) is combined performance for both HMC and HMC-S.

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

⁴ Legacy ARMC received an overall designation of “Not Graded” as there was no data available for Leapfrog to use to complete a Safety Grade because ARMC/CHS chose not to report CMS data during the COVID waiver period in 2020.

- Patient Admissions: Inpatient admissions and outpatient volumes are provided below in **Item 2** of this Report.
- Patient Experience Ratings: Using the CMS data reported in November 2025 (data reporting period of January 1, 2024 through December 31, 2024), HMC and HMC-S (combined performance) attained a rating of four stars on the Hospital Consumer Assessment of Healthcare Providers and Systems (“HCAHPS”) survey of patient satisfaction (see **Table 1c** below).

Table 1c: Patient Experience Rating Results⁵

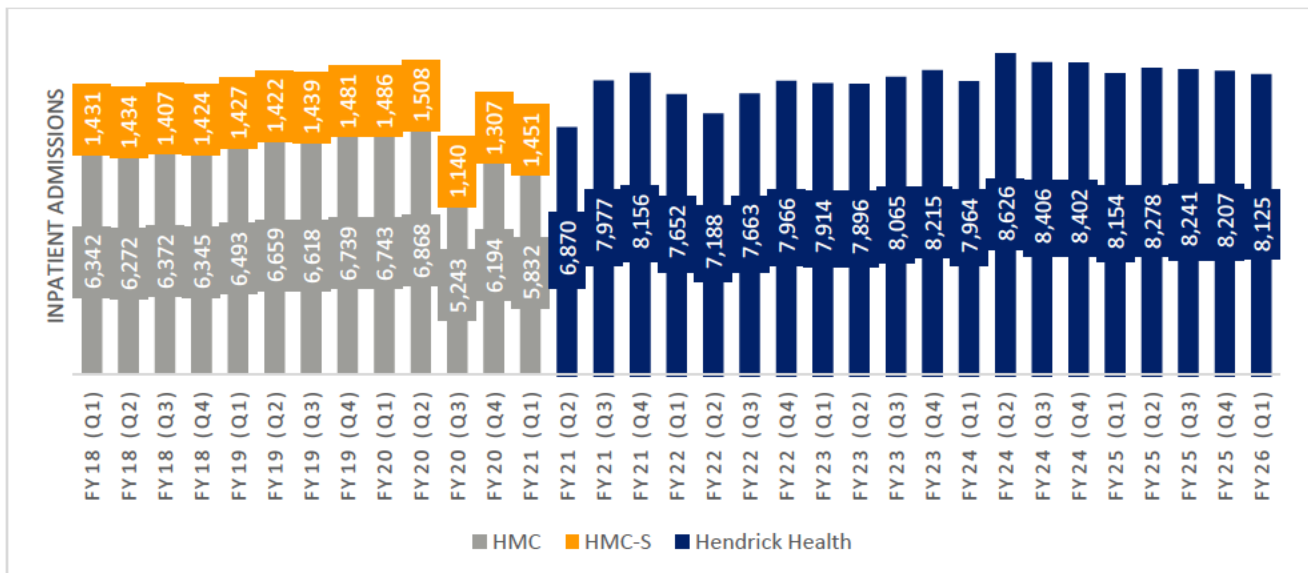
Location	Pre-Merger				Post-Merger Period																					
	FY20				FY21				FY22				FY23				FY24				FY25				FY26	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
HMC	4	3	5	3	3	3	3	3	3	3	3	3	3	3	3	3	3	4	4	3	3	3	3	3	3	4
ARMC (HMC-S)	3	3	2	3	3	3	3																			

- Stroke Care: HMC and HMC-S received certifications from DNV, affirming readiness to handle a full range of stroke-related medical conditions. DNV certified HMC as a Primary Plus Stroke Center, and HMC-S was certified as a Primary Stroke Center. Among HMC’s stroke services is 24/7 availability of thrombectomy, a surgical procedure to remove a clot causing an ischemic stroke. The DNV certifications also allowed both hospitals to attain stroke designations from the Texas Department of State Health Services (“DSHS”). HMC achieved Advanced (Level II) Stroke Facility designation, making it the highest-level stroke center between Fort Worth and Lubbock. HMC-S earned a Primary (Level III) Stroke Facility designation.

⁵ 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.

2. Inpatient and outpatient numbers before the merger and the current quarter.
 - Inpatient Volumes⁶: Hendrick Health’s inpatient admissions decreased from 8,207 in Quarter 4 FY2025 to 8,125 in Quarter 1 FY2026. **Table 2a** shows quarterly inpatient admissions for HMC and HMC-S. As mentioned in previous reports, HMC and legacy ARMC (HMC-S) experienced significant declines in patient volumes in 2020, largely as a result of the COVID-19 pandemic, followed by gradual increases toward historical rates. Volume numbers are shown on a combined basis for 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

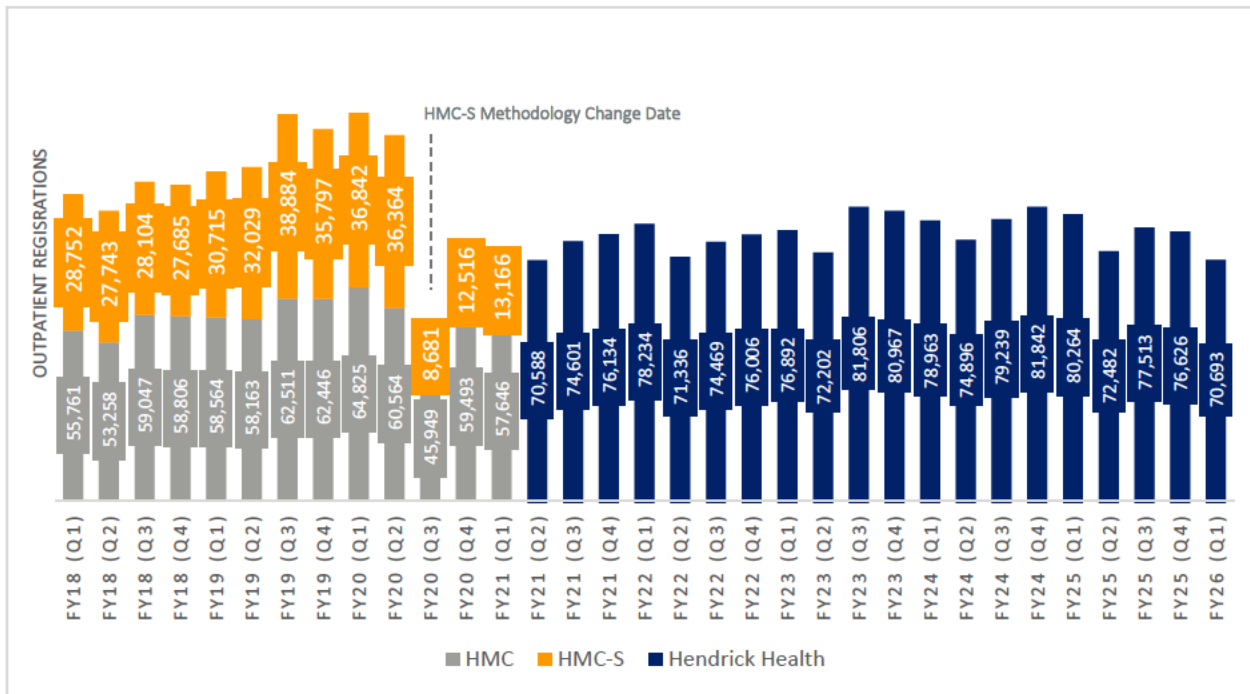


- Outpatient Volumes⁷: Hendrick Health’s outpatient registrations decreased from 76,626 in Quarter 4 FY2025 to 70,693 in Quarter 1 FY2026. **Table 2b** below displays the quarterly outpatient volumes for HMC and HMC-S. Volume numbers are shown on a combined basis for Hendrick Health post-Merger (Quarter 2 FY2021 and beyond).

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

⁷ See Footnote 6.

Table 2b: Outpatient Registrations⁸



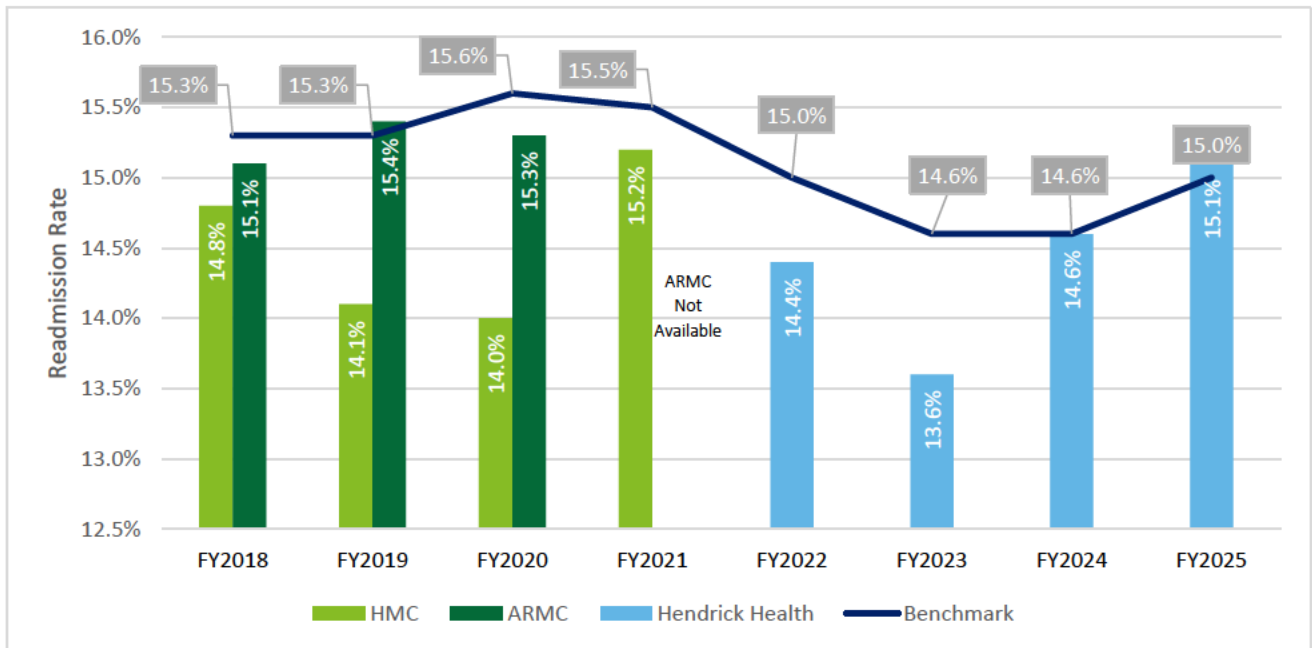
3. Patient readmission numbers before and after the merger.

- Patient Readmission Numbers:** As described in previous Performance Reports, the reported readmission rates during the Baseline Period included all unplanned readmissions⁹ within 30 days of a hospital stay or inpatient procedure and are not adjusted to reflect underlying differences in acuity or comorbidities. CMS released updated readmission rates in August 2025. See **Table 3**.

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

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

Table 3: Patient Readmissions^{10, 11}



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

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

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

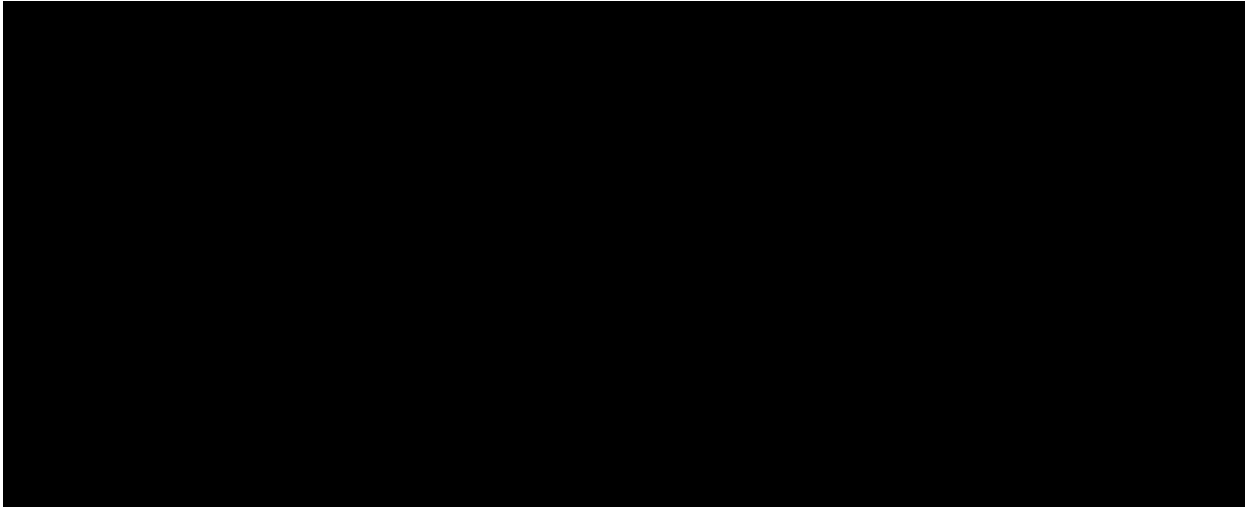
¹⁰ Source: Care Compare “Unplanned Hospital Visit” benchmark ([Medicare.gov](https://www.medicare.gov)). The following represents the reporting periods by fiscal year: 7/1/2016 to 6/30/2017 for FY2018, 7/1/2017 to 6/30/2018 for FY2019, 7/1/2018 to 6/30/2019 for FY2020, a partial year 7/1/2019 to 12/1/2019 for FY2021, 7/1/2020 to 6/30/2021 for FY2022, 7/1/2021 to 6/30/2022 for FY2023, 7/1/22 to 6/30/23 for FY2024, and 7/1/23 to 6/30/24 for FY2025. CMS typically updates this data in July of each year, though for FY2025, data was released in August 2025. The graphic generally applies the rate to the fiscal year in which it was released.

¹¹ As a result of the Merger in October 2020, legacy ARMC’s (now HMC-S) CMS Certification Number (“CCN”) was retired. Therefore, from FY2022 and forward, all data on CMS’s website for Hendrick Medical Center (1900 Pine Street) is combined performance for both HMC and HMC-S.

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 1 FY2026, Hendrick Health continued to utilize its combined medical staff, nursing workforce, and ancillary staff to establish and execute various integrated committees, a few of which are described below, to improve the quality of care for the community and to strive toward integrated processes and procedures.
 - The Evidence-Based Medicine Committee continued its review of current order sets and protocols for the combined campuses for a number of different services/procedures.
 - The Patient Safety Committee continued to meet monthly to discuss and examine current safety initiatives, sentinel event alerts, patient falls, and concerns regarding restraints, suicide risk, and emergency detention orders. The Patient Safety Committee and the Multi-Campus Fall Prevention Task Force have worked to streamline the process for when falls occur across the system, creating an algorithm to help educate staff on the process. Patient safety review included analysis of reported events, root cause data, and safety rounds.
 - The consolidated members of the Quality Council, Performance Improvement Committee, and Performance 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.
 - The Quality Council includes leaders from across the system and focuses on quality of care concerns, performance improvement projects, and data from regulatory-required and high-impact monitoring. In Quarter 1 FY2026, 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 system quality goals. Additional efforts included: identifying high-risk patients for readmission, pressure injury prevention, fall reduction initiatives, and consistent evidence-based practices to manage central lines and foley catheters.
 - Joint market perception of care and joint patient safety meetings continued. These meetings involve efforts between HMC and HMC-S to identify best processes, root cause analyses, and potential patient safety issues. Calls are conducted twice daily between HMC and HMC-S to prevent holds in the emergency departments and to address staff sharing to improve capacity across the system.

- Hendrick Health’s Patient Experience Committee continued to meet regularly. 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.

- After the Transaction closed in October 2020, Hendrick Health immediately began the process of evaluating opportunities across the combined system with the goal of optimizing patient services and enhancing the overall patient experience. During the First Quarter FY2026, Hendrick Health continued the following initiatives:
 - Continued improvement of patient care through upgrading technology and replacing older equipment.
 - Continued to address capacity and staffing limitations. As previously reported, Hendrick Health has relieved capacity by transferring patients between campuses. The community now has increased access to care when they may otherwise have been waiting at one of the campuses or traveling outside the area for care.
 - Clinical integration and physician integration team meetings continued to ensure all areas of the Abilene market (HMC and HMC-S) are continuously reviewed for best practices, coordinated efforts, and streamlined processes, policies, procedures, etc.
 - The Risk/Safety “on call team” continued efforts to field calls 24/7 regarding patient safety and risk management issues, including the standardized approach to end of life decision-making consistent with Texas law, rules, and regulations.
 - Hendrick Health continued to optimize and enhance the patient experience for pharmacy services with a number of previously reported efforts, including continuation of meds to beds program, MedAssist program to provide a supply of medication to patients identified



by case management as unfunded or underinsured, and opening of an outpatient pharmacy at HMC-S.

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

- In Quarter 1 FY2026, Hendrick Health continued pursuing its quality goals, which were developed with input from the system-wide Quality Council. The fiscal year 2026 goals include:
 - Inpatient 30-Day Readmissions: Observed Rate over Expected Rate ≤ 1.0 in 1 of 2 measures, which include:
 - Heart Failure (“HF”)
 - Elective Primary Total Hip Arthroplasty and/or Total Knee Arthroplasty (“THA”/“TKA”)
 - HAC Reduction Domain 2 HAI SIRs: Achieve ≤ 1.00 in 4 of 5 underlying measures, which are:
 - Central Line Associated Bloodstream Infection (“CLABSI”): 1.00 or less
 - Catheter-Associated Urinary Tract Infection (“CAUTI”): 1.00 or less
 - Surgical Site Infection (“SSI”): 1.00 or less
 - Methicillin-Resistant Staphylococcus aureus Bacteremia (“MRSA”): 1.00 or less
 - Clostridium Difficile Infection (“CDI”): 1.00 or less
 - PSI-08: In-Hospital Fall-Associated Fracture Rate: ≤ 0.27
 - PSI-03: Pressure Ulcer Rate (per 1,000 eligible discharges): ≤ 0.65
 - Patient Satisfaction: HCAHPS Domains: \Rightarrow FY 2027 Value-Based Purchasing (VBP) Achievement Threshold in 4 of 6 domains measures, which are:
 - Communication with Doctors
 - Communication with Nurses
 - Communication About Medications
 - Cleanliness/Restfulness of Hospital
 - Discharge Information
 - Overall Rating of the Hospital
- In establishing and working toward the goals in these key areas, Hendrick Health continues to work collaboratively across HMC and HMC-S to drive quality improvement performance for the system. Hendrick Health tracks these quality measures internally on a continual basis, to develop strategies and understand current performance.
- Quality measures for CMS Star Rating, Leapfrog Safety Grades, Patient Experience, and Readmissions are summarized below in **Table 6**.

Table 6: Hendrick Health Summary of Quality Measure Performance

Quality Metrics	Page Ref.	Post-Merger												
		FY2023				FY2024				FY2025				FY2026
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
CMS Star Rating, HMC	Pg. 8	4		3				3				2		
CMS Star Rating, HMC-S	Pg. 8													
Leapfrog Safety Grades, HMC	Pg. 8	Update expected in Spring 2023		C	B	Update expected in Spring 2024		B	B	Update expected in Spring 2025	A	A	B	
Leapfrog Safety Grades, HMC-S	Pg. 8	Update expected in Spring 2023		C	C	Update expected in Spring 2024		C	C	Update expected in Spring 2025	B	B	B	
Pt. Experience Rating, HMC	Pg. 9	3	3	3	3	3	4	4	3	3	3	3	3	4
Pt. Experience Rating, HMC-S	Pg. 9													
Inpatient Volumes, HMC	Pg. 10	8k	8k	8k	8k	8k	9k	8k	8k	8k	8k	8k	8k	8k
Inpatient Volumes, HMC-S	Pg. 10													
Outpatient Volumes, HMC	Pgs. 10-11	77k	72k	82k	81k	79k	75k	79k	82k	80k	72k	78k	77k	71k
Outpatient Volumes, HMC-S ¹³	Pgs. 10-11													
Patient Readmissions, HMC	Pgs. 11-12	13.6% (CMS update in July 2023 – applied the July rate to the fiscal year in which it was released)				14.6% (CMS update in July 2024 – applied the July rate to the fiscal year in which it was released)				15.1% (CMS update in August 2024 – applied the August rate to the fiscal year in which it was released)				Updated expected in July 2025.
Patient Readmissions, HMC-S	Pgs. 11-12													

¹³ The calculation of outpatient volumes at HMC-S was revised starting in Quarter 3 FY2020 to align with Hendrick Health's reporting methods.

B. *Efficiencies*

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

- *Steps Taken to Reduce Costs*: Hendrick Health continues to adhere to the structured process, as outlined in previous Performance Reports, to reduce costs and improve efficiency. In Quarter 1 FY2026, Hendrick Health undertook additional steps to reduce costs and improve efficiency:
 - Ongoing process (as outlined in previous Performance Reports):
 - Regular joint Leadership Council meetings to manage and oversee integration activities, including minimizing costs and realizing efficiencies.
 - Routine meetings of department directors with their counterparts to understand priorities and integration challenges, followed by meetings with their legacy teams to ensure alignment on integration matters.
 - Regular executive leadership meetings to discuss post-Merger integration priorities and initiatives, including how to reduce costs and improve efficiency.
 - Organizational leaders have been prioritizing spending time at both campuses to promote process standardization and teambuilding to improve efficiency.
 - Routine meetings of the Joint Pharmacy and Therapeutics (“P&T”) Oversight Committee continued with representatives from both HMC and HMC-S.
 - Regular Joint Abilene Operations Meetings and Joint Abilene Executive Staff Meetings continued to streamline leadership reporting, communication, and responsibilities across both campuses.
 - An OR/Surgical Committee was created at HMC-S. The committee established a process for evaluating metrics and efficiencies related to surgical services. This committee rolls up to the Medical Advisory Committee at HMC-S, which reports to the Medical Executive Committee for the Abilene community, increasing communication and streamlining processes across both campuses under the same medical model.
 - Engaged a firm to provide a new Policy and Procedure Coordinator to streamline all written policies across the market and to develop a newly revised joint Policy Review Committee.
 - Hendrick Health implemented regular operating reviews for all departments in the Abilene market. Department leadership analyzes efficiencies, expenses compared to budget, and adjusts when necessary to ensure good stewardship of financial and operational resources.
 - The new Hendrick Service Center at the Mall of Abilene allows for the relocation of valuable space to expand clinical services for patients. Hendrick Service Center also enables consolidation of departments for improved operations and efficiencies.

8. Data regarding emergency department closures since the merger.

- Current Emergency Department Locations: During Quarter 1 FY2026, there were no changes in the number of Emergency Departments that Hendrick Health operated. As such, Hendrick Health still operates two Emergency Departments at HMC and one Emergency Department at HMC-S, as reported in the Baseline Performance Report. Each location is listed in Table 8a and Table 8b below.

Table 8a: HMC Emergency Departments

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

Table 8b: HMC-S Emergency Department

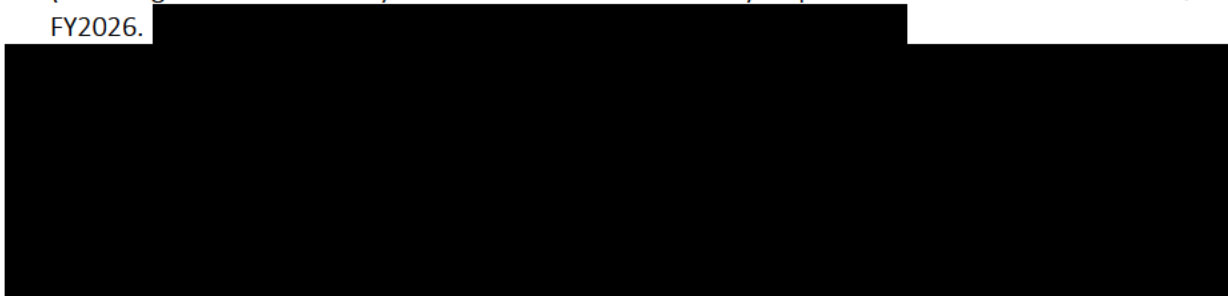
Emergency Department Location	Address	Status
Hendrick Emergency Care Center South (HMC-S)	6250 US-83, Abilene, TX 79606	Open

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

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

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

- Telehealth: During Quarter 1 FY2026, Hendrick Health provided ambulatory telehealth services, including primary and other non-emergency care services, to 1,360 patients through its virtual care platforms (see Table 9).
- As discussed in the Quarter 3 FY2021 report, effective May 2021, telehealth Maternal Fetal Medicine (“MFM”) services were added to provide remote MFM evaluation and treatment (including MFM ultrasound) in HMC’s Labor and Delivery department. This continued in Q1 FY2026.

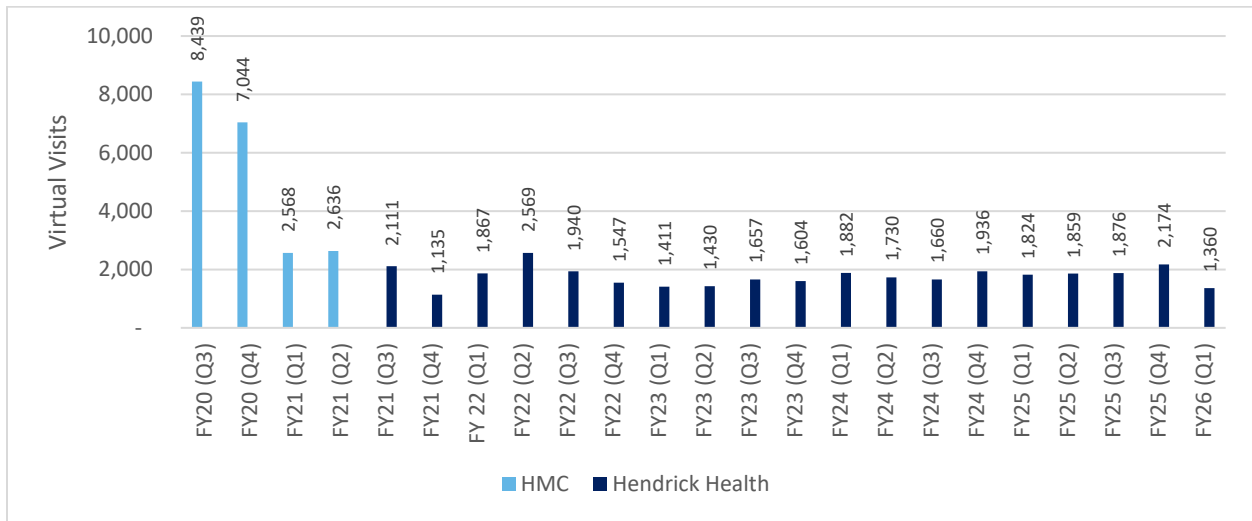


- To address the lack of psychiatric service providers, Hendrick Health provides tele-psych consults at HMC and, as of February 2023, HMC-S.

- In Q4 FY2024 Hendrick Health implemented tele-infectious disease services at HMC-S to support Hendrick Health's employed infectious disease providers and increase infectious disease capacity at HMC-S. This service is available to patients via telehealth and commenced on August 14, 2024.

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

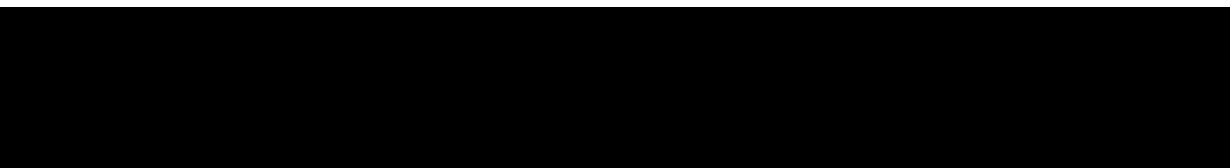
Table 9: Ambulatory Telehealth Visits – Number of Patients Treated via Telehealth¹⁴



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

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

- IT Platform:** As reported in prior Performance Reports, HMC and HMC-S completed the planned migration to Allscripts Acute EMR platform (now Altera Digital Health) with a go-live date of June 1, 2021, providing the organization with a single hospital EMR system across both campuses. The single EMR has allowed physicians to document and see results in one system and patients to access one portal, providing greater connected care between facilities. The EMR platform continues to receive system updates every two months for improved regulatory compliance and clinical workflow efficiency. New surgery to schedule functionality was implemented for locations requesting surgical/procedure time. This allows staff to see the request has been scheduled and eliminates the need for long holds or leaving voicemail for surgical requests.



- Hendrick Health continues work to replace the phone system at HMC-S.
- Work is also planned to replace the wireless network in the auxiliary buildings around the HMC-S campus.



¹⁴ Hendrick Health does not have access to legacy ARMC historical (FY2020 – Quarter 1 FY2021) telehealth data.

11. A description of any reduction in workforce since the issuance of the COPA based on occupation, i.e. doctors, nurses, support staff, etc. Include the numbers and job titles of any position eliminated, the total number of employees before and after the reduction, and any impact the reduction has on patient service delivery.
- As noted in previous quarterly reports, neither HMC nor HMC-S reduced its workforce as a result of the pandemic. Rather, both facilities have experienced increased demand for staff.
 - As of November 30, 2025, Hendrick Health employed 5,141 individuals (see **Table 11** below). Hendrick Health continued to hire additional local staff within the region, as needed, to provide necessary services at HMC-S. For example, in Quarter 1 FY2026, Hendrick Health hired 179 new employees in the Abilene market.
 - To support staffing needs in Quarter 1 FY2026, Hendrick Health contracted with 62 travel healthcare professionals.
 - From Quarter 3 FY2021 forward, employee counts for Hendrick Health (HMC and HMC-S) are reported on a consolidated basis as both hospitals are reported under a single NPI.
 - As noted in previous quarterly reports, Hendrick Health launched its service excellence training program to provide employees with tools to continuously deliver high quality healthcare and patient experience. On May 1, 2023, Hendrick Health rolled out the next phase with commitments to excellence highlighted each week in the daily safety huddle and other meetings. In Q1 FY2026, 242 employees completed the half-day service excellence training during orientation.

Table 11: Workforce as of Quarter 1 FY2026¹⁵

Location	Employees as of Transaction Closing Date ¹⁶	Employees as of Q1 FY2021	Employees as of Q2 FY2021	Employees as of Q3 FY2021	Employees as of Q4 FY2021	Employees as of Q1 FY2022
HMC	3,493	3,461	3,547	4,172	4,220	4,356
HMC-S	667	621	607			
Total	4,160	4,082	4,154	4,172	4,220	4,356
Location	Employees as of Q2 FY2022	Employees as of Q3 FY2022	Employees as of Q4 FY2022	Employees as of Q1 FY2023	Employees as of Q2 FY2023	Employees as of Q3 FY2023
HMC	4,494	4,596	4,652	4,618	4,696	4,811
HMC-S						
Total	4,494	4,596	4,652	4,618	4,696	4,811
Location	Employees as of Q4 FY2023	Employees as of Q1 FY2024	Employees as of Q2 FY2024	Employees as of Q3 FY2024	Employees as of Q4 FY2024	Employees as of Q1 FY2025
HMC	4,937	4,919	4,820	4,890	4,973	4,915
HMC-S						
Total	4,937	4,919	4,820	4,890	4,973	4,915

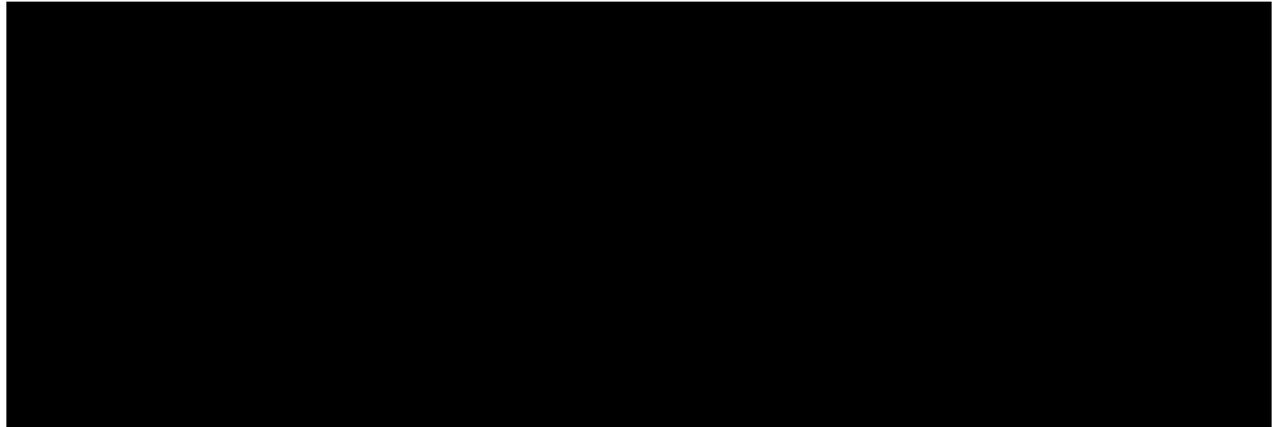
¹⁵ Please note that employee headcount includes employed physicians and advanced practice clinicians.

¹⁶ 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.

Location	Employees as of Q2 FY2025	Employees as of Q3 FY2025	Employees as of Q4 FY2025	Employees as of Q1 FY2026
HMC	5,005	5,029	5,152	5,141
HMC-S				
Total	5,005	5,029	5,152	5,141

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

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



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

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

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

- Pre-Merger Coordination of Services: Please refer to the Baseline Performance Report.
- Post-Merger Coordination of Services: By thoughtfully combining the resources of HMC and legacy ARMC, Hendrick Health intends to better coordinate services, increase efficiencies, and optimize patient care. As of the end of Quarter 1 FY2026, Hendrick Health continued to enhance the coordination of services through the following:
 - **Coordination of Inpatient Capacity**: Hendrick Health relieved capacity by transferring patients to the other campus for care. The community had increased access to care when they may otherwise have been waiting at one of the campuses.
 - **Unified organizational structure**: Hendrick Health continued to streamline the organizational chart across HMC and HMC-S to provide increased integration of staffing, policy/procedures, and processes across both campuses.
 - **Centralized transfer center**: Hendrick Health continued use of its centralized transfer center, developed post-Merger, to better coordinate patient transfer requests from

surrounding hospitals. The centralized process allows Hendrick Health to better coordinate services and access across its campuses as well as increase patient transfers into the system. Below is the count of transfers from the region for Quarter 1 FY2026¹⁷:

- September 2025: [REDACTED]
 - October 2025: [REDACTED]
 - November 2025: [REDACTED]
- **Coordination of additional clinical staffing at HMC-S:** During the First Quarter FY2026, Hendrick Health contracted with 62 travel healthcare professionals. HMC and HMC-S engaged in significant coordination to ensure traveling nurses and providers were evenly staffed between both campuses. Hendrick Health anticipates additional opportunities to enhance clinical staffing at HMC-S to optimize patient services.

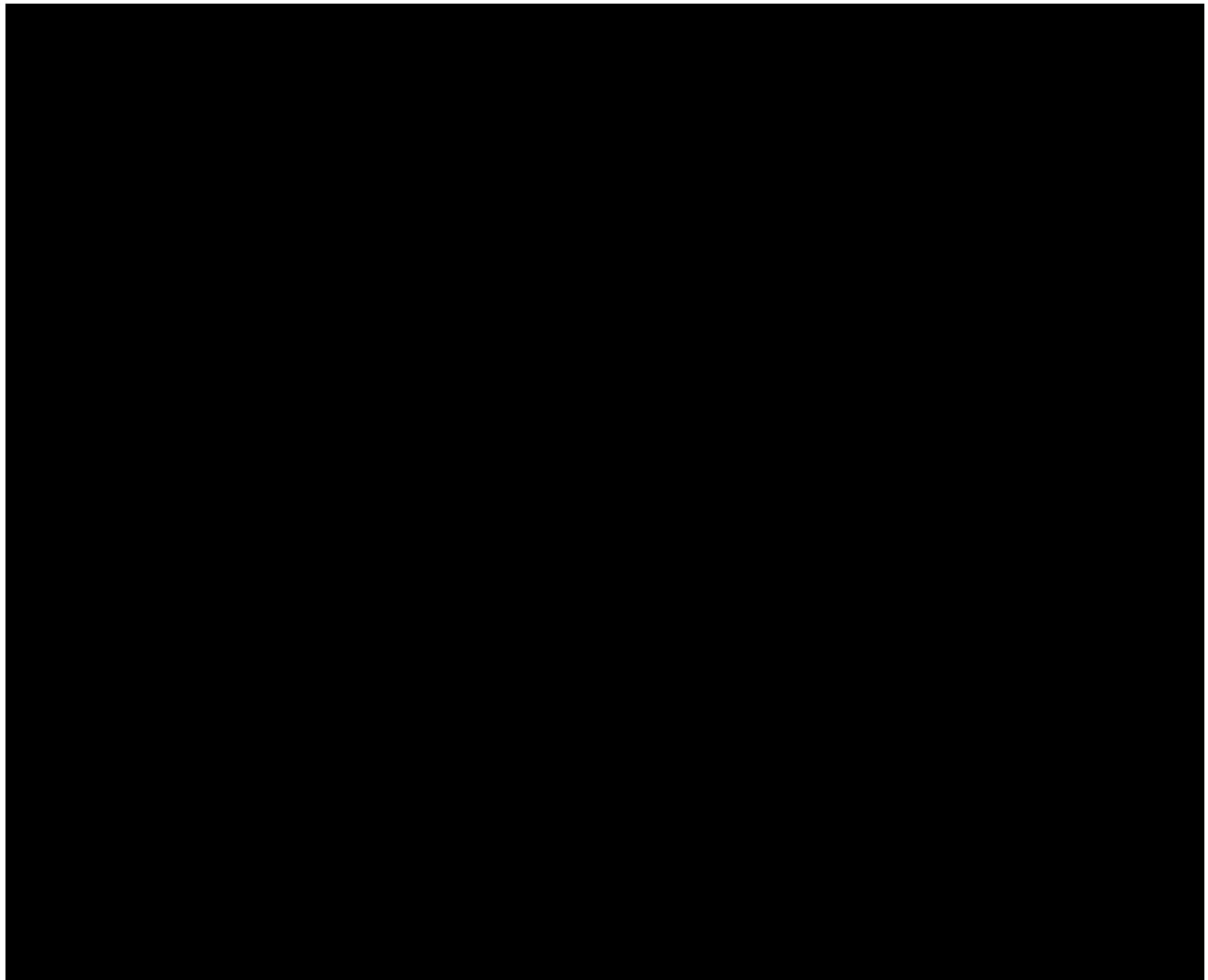
14. Data demonstrating reinvestment in the combined healthcare system.

- 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. In Q1 FY2026, Hendrick Health invested approximately \$29.7 million in capital expenditures across both HMC and HMC-S. Included in this amount are various infrastructure updates, equipment, software, etc. Hendrick Health will provide additional examples of reinvestment in the combined health system as they become available.
- Sterile Processing Department at HMC-S: Hendrick Health is in the process of renovating the Sterile Processing Department at HMC-S. The upgrades include new technology and increased capacity to support higher surgery volumes.
- Hendrick Regional Lab: Updates were completed at the Hendrick Regional Laboratory draw station in the south medical office building. The updated space features a modern, welcoming design with brighter lighting, comfortable seating, windows, and a streamlined layout that makes visits smoother.

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

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

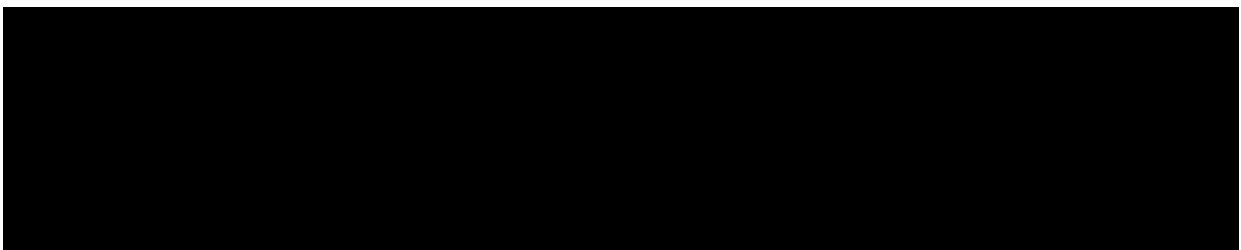
- Post-Merger Operating Efficiencies: After the Merger closed, Hendrick Health developed a process to identify, track, and report data and financial reports reflecting efficiencies achieved post-Merger. In Quarter 1 FY2026, Hendrick Health identified several potential opportunities or initiatives that are likely to generate efficiencies and reduce unnecessary costs, as summarized below.



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

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

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



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

- Hendrick Health has used current operating efficiencies, including clinical and selling, general, and administrative (“SG&A”) efficiencies, to positively impact healthcare service delivery, patient care, staff, the local community, and counties served. For example, as reported herein:
 - **Combined Quality of Care Committees.** Hendrick Health believes its larger, post-Merger combined medical staff has led to better planning and improvement in system-wide mechanisms for quality of care. Hendrick Health has further coordinated and unified its practices and processes in the emergency departments at HMC and HMC-S. In Quarter 1 FY2026, Hendrick Health continued to utilize its combined medical staff, nursing workforce, and ancillary staff to establish and execute various integrated committees, a few of which are described below, to improve the quality of care for the community and to strive toward integrated processes and procedures.
 - The Evidence-Based Medicine Committee continued its review of current order sets and protocols for the combined campuses for a number of different services/procedures.
 - The Patient Safety Committee continued to meet monthly to discuss and examine current safety initiatives, sentinel event alerts, patient falls, and concerns regarding restraints, suicide risk, and emergency detention orders. The Patient Safety Committee and the Multi-Campus Fall Prevention Task Force have worked to streamline the process for when falls occur across the system, creating an algorithm to help educate staff on the process. Patient safety review included analysis of reported events, root cause data, and safety rounds.
 - The consolidated members of the Quality Council, Performance Improvement Committee, and Performance 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.
 - The Quality Council includes leaders from across the system and focuses on quality of care concerns, performance improvement projects, and data from regulatory-required and high-impact monitoring. In Quarter 1 FY2026, 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 system quality goals. Additional efforts included: identifying high-risk patients for readmission, pressure injury

- prevention, fall reduction initiatives, and consistent evidence-based practices to manage central lines and foley catheters.
- Joint market perception of care and joint patient safety meetings continued. These meetings involve efforts between HMC and HMC-S to identify best processes, root cause analyses, and potential patient safety issues. Calls are conducted twice daily between HMC and HMC-S to prevent holds in the emergency departments and to address staff sharing to improve capacity across the system.
 - Hendrick Health’s Patient Experience Committee continued to meet regularly. This committee is comprised of executive leadership and key physicians to help drive strong patient experience in the emergency department and on the inpatient units.
- **Organization of Patient Services.** After the Transaction closed in October 2020, Hendrick Health immediately began the process of evaluating opportunities across the combined system with the goal of optimizing patient services and enhancing the overall patient experience. During Quarter 1 FY2026, Hendrick Health implemented or continued the following initiatives:
- Continued improvement of patient care through upgrading technology and replacing older equipment.
 - As previously reported, Hendrick Health has relieved capacity by transferring patients between campuses. The community now has increased access to care when they may otherwise have been waiting at one of the campuses or traveling outside the area for care.
 - Clinical integration and physician integration team meetings continued to ensure all areas of the Abilene market (HMC and HMC-S) are continuously reviewed for best practices, coordinated efforts, and streamlined processes, policies, procedures, etc.
 - The Risk/Safety “on call team” continued efforts to field calls 24/7 regarding patient safety and risk management issues, including the standardized approach to end of life decision-making consistent with Texas law, rules, and regulations.
 - Hendrick Health continued to optimize and enhance the patient experience for pharmacy services with a number of previously reported efforts, including continuation of meds to beds program and MedAssist program to provide a supply of medication to patients identified by case management as unfunded or underinsured.
- **Staffing/organizational impact.**
- Combined Operations and Executive Staff Meetings: Regular Joint Abilene Operations Meetings and Joint Abilene Executive Staff Meetings continued in an effort to streamline leadership reporting, communication, and responsibilities across both campuses.

- Unified Organizational Structure: Hendrick Health continued to integrate the organizational chart across HMC and HMC-S in order to provide increased integration of staffing, policy/procedures, and processes across both campuses.
- 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. Hendrick Health has relieved capacity by transferring patients between campuses. This allows for more streamlined patient care when patients may otherwise have been waiting or traveling outside the area for care.
- Coordination of additional clinical staffing at HMC-S: During Q1 FY2026, Hendrick Health contracted with 62 travel healthcare professionals. HMC and HMC-S engaged in significant coordination to ensure traveling nurses and providers were evenly staffed between both campuses. Hendrick Health anticipates additional opportunities to enhance clinical staffing at HMC-S in order to optimize patient services.
- **Other community impact.**
 - Hendrick Health continued its support to rural hospitals through affiliation agreements, including assistance with physician recruitment, continuing education opportunities, leadership training and mentoring, staff training opportunities, and program development assistance and advice.
 - Hendrick Health continued to provide ambulatory telehealth services, including primary and other non-emergency care services, to patients in the surrounding area. Telehealth capabilities remain available and are utilized by patients choosing that method of care.
 - Hendrick Health continued with its Patient and Family Advisory Council (“PFAC”) to collaborate with the community to improve each patient’s and family’s experience of Hendrick Health’s services consistent with the organizational mission. PFAC utilizes the experience and skills of patients, families, and caregivers to improve care for all patients. PFAC assists Hendrick Health by identifying strategies to support patients and families, evaluating quality improvement projects, and establishing patient and family-centered care priorities.
 - The Merger has allowed Hendrick Health to continue its focus on impacting the predominant health needs in the community. In 2025, Hendrick Health completed a new Community Health Needs Assessment (“CHNA”). Hendrick Health is in the process of implementing strategies to address the 2025 CHNA-identified needs. As 2025 CHNA implementation strategies proceed, Hendrick Health will provide more detail.
 - Hendrick Health consistently puts on health-related programming for its community. Examples of these efforts have been included in prior Performance Reports. Hendrick Health will continue to provide updates as they are available.

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 charges¹⁸ 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.

[REDACTED]

Table 18a below identifies Quarter 1 FY2026 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.¹⁹

Table 18a: HMC Ancillary Health Services – Volume

Ancillary Service	Volume												
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26
Laboratory													
<i>Routine Venipuncture</i>	91,483	95,135	129,422	96,622	93,322	97,043	97,337	95,154	90,290	93,898	90,811	66,275	64,826
<i>Blood Glucose Monitor</i>	48,735	54,889	71,727	54,914	57,864	57,551	56,769	58,973	57,655	61,445	61,146	56,397	58,488
<i>CBC With Diff</i>	48,098	48,931	69,487	52,012	50,813	51,703	53,221	53,524	52,160	52,518	54,185	53,229	52,011
<i>Comp. Metabolic Panel</i>	38,807	38,207	54,101	40,302	39,176	40,235	41,717	42,361	40,652	39,664	42,221	41,427	40,720
<i>Basic Metabolic Panel</i>	11,656	12,436	16,604	12,986	12,865	13,252	13,125	13,091	13,006	14,069	13,513	13,232	12,926
Imaging Services													
<i>SCR Mammography</i>	4,400	4,062	5,974	4,125	4,038	4,042	4,052	4,052	3,963	3,901	4,239	4,328	3,858
<i>Breast Tomo Screening</i>	4,366	4,330	5,930	4,113	4,026	4,024	4,042	4,036	3,950	3,886	4,222	4,309	3,846
<i>Vascular Ultrasound</i>	1,145	1,247	1,667	1,305	1,221	1,396	1,368	1,211	800	829	800	723	684
<i>Renal Ultrasound</i>	695	680	1,088	782	637	832	818	890	937	848	875	862	851
<i>Gallbladder Ultrasound</i>	675	660	959	720	737	707	736	785	750	711	754	801	659

¹⁸ Gross charges are charges prior to any contractual discount allowance for various payor classes.

¹⁹ See <https://www.hendrickhealth.org/patients-visitors/price-transparency/>

²⁰ 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.

Pharmacy ²¹													
Sodium Chloride 0.9%	138,806	143,955	189,371	140,203	119,146	149,695	144,040	135,191	25,307	Not Available	Not Available	Not Available	52,326
Insulin Injection (1 Unit)	123,921	150,880	190,815	128,795	145,827	141,947	73,196	Not Available	Not Available	Not Available	Not Available	Not Available	68,670
Iodine Contrast (LOCM)	156,307	142,805	157,613	110,008	106,908	280,809	455,440	425,282	433,208	Not Available	Not Available	Not Available	1,457
Iodine Contrast (Visipaque)	134,659	131,553	221,789	179,632	211,399	164,422	142,308	157,997	135,665	Not Available	Not Available	Not Available	24
Insulin Injection (5 Units)	118,256	137,647	173,183	129,665	145,504	76,336	33,449						
Respiratory													
SVN-MDI Airway Treatment	23,033	28,697	25,632	18,488	22,006	28,481	25,772	23,164	23,403	32,875	27,529	23,232	24,718
Arterial Puncture	1,861	2,539	2,603	1,699	1,758	2,255	2,060	1,873	1,815	2,380	2,178	1,786	1,781
Full Body Chamber (30 min)	1,471	1,479	2,646	1,819	2,203	1,727	1,668	1,756	1,415	1,454	1,911	1,936	1,696
Ventilation Assist ²²	1,079	1,449	1,266	985	863	1,144	870	897	726	865	884	820	751
CPAP	1,549	1,793	2,095	1,283	1,306	1,445	1,908	1,596	1,593	1,797	1,819	1,470	1,513

Table 18b: HMC Ancillary Health Services – Charges

Ancillary Service	Gross CDM Charges													
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	
Laboratory														
Routine Venipuncture	\$23.63	\$23.63	\$23.63	\$23.63	\$25.52	\$25.52	\$25.52	\$25.52	\$27.56	\$27.56	\$27.56	\$27.56	\$29.76	
Blood Glucose Monitor	\$39.56	\$39.56	\$39.56	\$39.56	\$42.72	\$42.72	\$42.72	\$42.72	\$46.14	\$46.14	\$46.14	\$46.14	\$49.83	
CBC With Diff	\$210.04	\$210.04	\$210.04	\$210.04	\$226.84	\$226.84	\$226.84	\$226.84	\$244.99	\$244.99	\$244.99	\$244.99	\$264.59	
Comp. Metabolic Panel	\$594.15	\$594.15	\$594.15	\$594.15	\$641.68	\$641.68	\$641.68	\$641.68	\$693.01	\$693.01	\$693.01	\$693.01	\$748.45	
Basic Metabolic Panel	\$436.31	\$436.31	\$436.31	\$436.31	\$471.21	\$471.21	\$471.21	\$471.21	\$508.91	\$508.91	\$508.91	\$508.91	\$549.62	
Imaging														
SCR Mammography	\$604.45	\$604.45	\$604.45	\$604.45	\$652.81	\$652.81	\$652.81	\$652.81	\$705.03	\$705.03	\$705.03	\$705.03	\$761.43	
Breast Tomo Screening	\$149.60	\$149.60	\$149.60	\$149.60	\$161.57	\$161.57	\$161.57	\$161.57	\$174.5	\$174.5	\$174.5	\$174.5	\$188.46	
Vascular Ultrasound	\$8,132.47	\$8,132.47	\$8,132.47	\$8,132.47	\$8,783.07	\$8,783.07	\$8,783.07	\$8,783.07	\$9,485.72	\$9,485.72	\$9,485.72	\$9,485.72	\$10,244.58	
Renal Ultrasound	\$1,390.41	\$1,390.41	\$1,390.41	\$1,390.41	\$1,501.64	\$1,501.64	\$1,501.64	\$1,501.64	\$1,621.77	\$1,621.77	\$1,621.77	\$1,621.77	\$1,751.51	
Gallbladder Ultrasound	\$1,402.17	\$1,402.17	\$1,402.17	\$1,402.17	\$1,514.34	\$1,514.34	\$1,514.34	\$1,514.34	\$1,635.49	\$1,635.49	\$1,635.49	\$1,635.49	\$1,766.33	
Pharmacy ²³														
Sodium Chloride 0.9%	\$1.75	\$1.75	\$1.75	\$1.75	\$1.89	\$1.89	\$1.89	\$1.89	\$2.04	Not Available	Not Available	Not Available	\$2.19	

²¹ Cells noted under the Pharmacy section with “Not Available” indicate charge codes for the service have been or are in the process of being changed. From Q4 FY24 and forward, Hendrick Health is no longer using the 5 unit insulin injection charge.

²² Due to the COVID-19 pandemic, Ventilation Assist treatments increased by approximately 17% between FY2019 and FY2020.

²³ Cells noted under the Pharmacy section with “Not Available” indicate charge codes for the service have been or are in the process of being changed. From Q4 FY24 and forward, Hendrick Health is no longer using the 5 unit insulin injection charge.

Insulin Injection (1 Unit)	\$4.24	\$4.24	\$4.24	\$4.24	\$4.43	\$4.58	\$4.58	\$4.58	Not Available	Not Available	Not Available	Not Available	\$5.31
Iodine Contrast (LOCM)	\$5.38	\$5.38	\$5.38	\$5.38	\$5.81	\$5.81	\$5.81	\$5.81	Not Available	Not Available	Not Available	Not Available	\$6.74
Iodine Contrast (Visipaque)	\$2.71	\$2.71	\$2.71	\$2.71	\$5.15	\$2.93	\$2.93	\$2.93	Not Available	Not Available	Not Available	Not Available	\$3.40
Insulin Injection (5 Units)	\$6.40	\$6.40	\$6.40	\$6.40	\$6.91	\$6.91	\$6.91						
Respiratory													
SVN-MDI Airway Treatment	\$846.03	\$846.03	\$846.03	\$846.03	\$913.71	\$913.71	\$913.71	\$913.71	\$986.81	\$986.81	\$986.81	\$986.81	\$1,065.75
Arterial Puncture	\$512.30	\$512.30	\$512.30	\$512.30	\$553.28	\$553.28	\$553.28	\$553.28	\$597.54	\$597.54	\$597.54	\$597.54	\$645.34
Full Body Chamber (30 min)	\$774.23	\$774.23	\$774.23	\$774.23	\$836.17	\$836.17	\$836.17	\$836.17	\$903.06	\$903.06	\$903.06	\$903.06	\$975.30
Ventilation Assist	\$7,111.08	\$7,111.08	\$7,111.08	\$7,111.08	\$7,679.97	\$7,679.97	\$7,679.97	\$7,679.97	\$8,294.37	\$8,294.37	\$8,294.37	\$8,294.37	\$8,957.92
CPAP	\$2,984.78	\$2,984.78	\$2,984.78	\$2,984.78	\$3,223.56	\$3,223.56	\$3,223.56	\$3,223.56	\$3,481.44	\$3,481.44	\$3,481.44	\$3,481.44	\$3,759.96

- Ancillary Health Services Quality:** Table 18c and Table 18d below show the CMS Care Compare and Leapfrog Safety Group quality measures specifically related to ancillary health services for HMC and legacy ARMC (now HMC-S), respectively.

 - As noted in previous Performance Reports, performance for HMC-S is combined with HMC for Use of Medical Imaging measures – MRI Lumbar Spine – Low Back Pain (OP-8) and Abdomen CT – Use of Contrast Material (OP-10). This data is based on claims reviewed by Medicare. The scores for OP-8 (33.3%) and OP-10 (12.0%) 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.²⁴
 - The Medication Safety measure (safe medication ordering – use of computerized physician order entry system) is refreshed by Leapfrog in the Spring and Fall. In the Fall 2025 hospital safety grade release, Hendrick Health maintained 100, the highest score possible.²⁵

²⁴ The OP-8 score is from the November 2025 CMS data release (unchanged from August 2025) and covers the reporting period of July 1, 2023 through June 30, 2024. Hendrick Health was below the national benchmark (35.5%) and below the Texas benchmark (37.9%) for the reporting period. The OP-10 score is from the November 2025 CMS data release (unchanged August 2025) and covers the reporting period of July 1, 2023 through June 30, 2024. Hendrick Health was slightly above the national benchmark (5.9%) and Texas benchmark (8.2%) for the reporting period.

²⁵ The measure results are not based on actual patient encounters. Rather, Leapfrog requires hospitals to download a series of test patients and medication orders and to input those test patient/medication combinations into the hospital’s Computerized Physician Order Entry (“CPOE”) system. Hospitals then report to Leapfrog on the alerts their prescribers received at point of order-entry.

Table 18c: HMC Ancillary Health Services Quality Scores²⁶

Baseline Period								
Experience	FY2019				FY2020			
Use of Medical Imaging ²⁷	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
OP-8. MRI Lumbar Spine – Low Back Pain	36.4%	36.4%	36.4%	35.1%	35.1%	35.1%	35.1%	31.8%
OP-10. Abdomen CT – Use of Contrast Material	6.8%	6.8%	6.8%	7.8%	7.8%	7.8%	7.8%	6.9%
Leapfrog Medication Safety – Safe Medication Ordering ²⁸	N/A		N/A		N/A		100	

Post-Merger Period																						
Experience	FY2021				FY2022				FY2023				FY2024				FY2025				FY2026	
Use of Medical Imaging ²⁹	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
OP-8. MRI Lumbar Spine – Low Back Pain	31.8%	31.8%	31.8%	N/A ³⁰	N/A	N/A	N/A	48.3%	48.3%	48.3%	48.3%	28.9%	28.9%	28.9%	28.9%	36.4%	36.4%	36.4%	36.4%	33.3%	33.3%	
OP-10. Abdomen CT – Use of Contrast Material	6.9%	6.9%	6.9%	4.5%	4.5%	4.5%	4.5%	10%	7.4%	7.4%	7.4%	11.4%	11.4%	11.4%	11.4%	12.2%	12.2%	12.2%	12.2%	12.0%	12.0%	
Leapfrog Medication Safety – Safe Medication Ordering	N/A		100		N/A		100		70	N/A		70	70	N/A		70	100	N/A		100		

²⁶ Information reported by CMS Care Compare, and Leapfrog Safety Group agencies ([Medicare.gov](https://www.medicare.gov) and [Leapfrog Group](https://www.leapfroggroup.org)).

²⁷ 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/combinations scans.”

²⁸ Leapfrog scores on the underlying measures, such as “Safe Medication Ordering,” are not available for FY2019, or Spring of FY2020.

²⁹ See Footnote 27.

³⁰ [OP-8] Measure not reported for FY2021 Q4 and FY2022 Q1-Q3 as CMS noted this measure as “Not Available”.

Table 18d: Legacy ARMC (now HMC-S) Ancillary Health Services Quality Scores³¹

Baseline Period												
Experience	FY2018				FY2019				FY2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Use of Medical Imaging ³²												
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%
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%
Leapfrog Medication Safety – Safe Medication Ordering	N/A		N/A		N/A		N/A		N/A		45	

Post-Merger Period																					
Experience	FY2021				FY2022				FY2023				FY2024				FY2025				FY2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Use of Medical Imaging ³³																					
OP-8. MRI Lumbar Spine – Low Back Pain	34.2%	34.2%	34.2%	N/A																	
OP-10. Abdomen CT – Use of Contrast Material	5.4%	5.4%	5.4%	N/A																	
Leapfrog Medication Safety – Safe Medication Ordering	N/A		45		N/A		45 40		N/A		40 70		N/A		70 100		N/A		100		

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.

[Redacted text block]

Table 19a below identifies Quarter 1 FY2026 volumes and Table 19b the charges for select CPT codes for hospital-based emergency department physician services.

³¹ Information reported by CMS Care Compare, and Leapfrog Safety Group agencies ([Medicare.gov](https://www.medicare.gov) and [Leapfrog Group](https://www.leapfroggroup.org)). As a result of the Merger in October 2020, legacy ARMC’s (now HMC-S) CMS Certification Number (“CCN”) was retired. Therefore, from FY2022 and forward, OP-8 and OP-10 data is combined performance for both HMC and HMC-S. See Table 18c for combined performance. Note, Leapfrog’s Medication Safety – Safe Medication Ordering remains separate for each campus.

³² See Footnote 27.

³³ See Footnote 27.

Table 19a: HMC Physician Services – Volume

Volume																		
CPT	Description	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26
99281	ED Visit and Evaluation – Level 1	653	805	575	712	701	823	695	973	884	945	890	835	737	977	825	916	685
99282	ED Visit and Evaluation – Level 2	1,956	1,331	1,346	1,555	1,541	1,496	1,704	1,512	1,424	1,414	1,600	1,446	1,641	1,785	2,015	2,118	2,091
99283	ED Visit and Evaluation – Level 3	7,547	7,001	6,677	6,797	8,375	7,579	7,242	6,757	7,807	8,742	7,964	7,404	8,212	9,421	7,793	7,298	8,122
99284	ED Visit and Evaluation – Level 4	7,026	7,817	7,486	8,047	7,980	7,546	7,620	8,006	8,205	7,857	7,488	7,558	7,706	7,436	7,992	7,875	7,759
99285	ED Visit and Evaluation – Level 5	6,840	6,654	6,330	6,642	6,614	6,776	7,078	7,180	7,142	7,970	7,435	7,336	7,435	7,707	7,791	7,571	7,529

Table 19b: HMC Physician Services – Average CPT Charge

Average CPT Charge																		
CPT	Description	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26
99281	ED Visit and Evaluation – Level 1	\$519	\$519	\$519	\$519	\$581	\$581	\$581	\$581	\$627	\$627	\$627	\$627	\$677	\$677	\$677	\$677	\$731
99282	ED Visit and Evaluation – Level 2	\$973	\$973	\$973	\$973	\$1,090	\$1,090	\$1,090	\$1,090	\$1,177	\$1,177	\$1,177	\$1,177	\$1,271	\$1,271	\$1,271	\$1,271	\$1,373
99283	ED Visit and Evaluation – Level 3 ³⁴	\$1,438	\$1,438	\$1,438	\$1,438	\$1,621	\$1,621	\$1,621	\$1,621	\$1,750	\$1,750	\$1,750	\$1,750	\$1,890	\$1,890	\$1,890	\$1,890	\$2,041
99284	ED Visit and Evaluation – Level 4	\$2,881	\$2,881	\$2,881	\$2,881	\$3,226	\$3,226	\$3,226	\$3,226	\$3,484	\$3,484	\$3,484	\$3,484	\$3,763	\$3,763	\$3,763	\$3,763	\$4,064
99285	ED Visit and Evaluation – Level 5	\$6,303	\$6,303	\$6,303	\$6,303	\$7,060	\$7,060	\$7,060	\$7,060	\$7,624	\$7,624	\$7,624	\$7,624	\$8,234	\$8,234	\$8,234	\$8,234	\$8,893

- ***HMC Physician Services Quality:*** The composite Merit-Based Incentive Program (“MIPS”) score serves as an indicator of the quality and cost of physician services. HMC received 93 as a composite MIPS score out of 100 possible points for performance year 2022 (January 1 – December 31, 2022). See below **Table 19c** for historical MIPS scores.

³⁴ CPT 99283 includes SANE (Sexual Assault Nurse Examiner) department charge which are set by the Texas Attorney General. Due to volume fluctuations in the SANE charge mix, the resulting weighted average can fluctuate nominally from quarter to quarter.

Table 19c: MIPS Score³⁵

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

- The 2022 performance year MIPS score was based on four categories, each representing a specific weight of the final composite score: Quality (30%); (ii) Promoting Interoperability (25%); (iii) Improvement Activities (15%); and (iv) Cost (30%).³⁶ When reporting on the composite score, CMS does not report MIPS scores broken down by category. Additionally, Hendrick Health does not have access to historical MIPS scores for legacy ARMC.

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

- Consolidation of Services: Hendrick Health did not consolidate any clinic services in Q1 FY2026. Hendrick Health continues to evaluate opportunities for service line optimization or consolidation and will note any changes in subsequent reports. Services offered as of Q1 FY2026 by Hendrick Health are outlined in **Attachment 1**.

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

- Impact on patient outcomes: Hendrick Health did not consolidate any clinic services in Q1 FY2026. Hendrick Health continues to evaluate opportunities for service line optimization or consolidation and will note any changes in subsequent reports.

³⁵ Performance year is January 1 – December 31. Table 19b has been updated from fiscal year to “performance year” for consistency with CMS reporting.

³⁶ Centers for Medicare Services, Quality Payment Program (<https://qpp.cms.gov/mips/overview>).

C. *Accessibility*

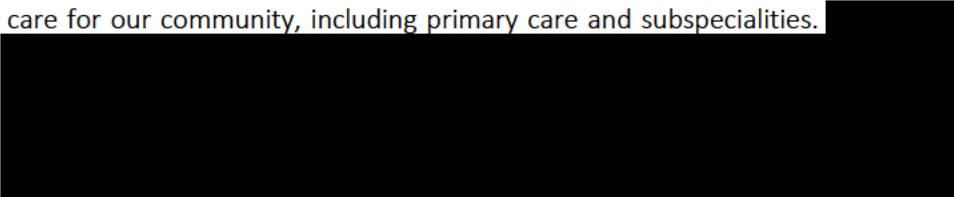
22. A list of the severe risks described in the application facing Taylor County and an explanation of how the merger led to the mitigation of these risks.

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

- The COPA application described the severe risks facing Taylor County in the context of Hendrick Health’s Community Health Needs Assessment (“CHNA”) from 2019. The CHNA includes a combination of quantitative and qualitative research designed to evaluate the perspective and opinions of community stakeholders and healthcare consumers. The CHNA helps leadership and decision-makers to better understand the needs of the community and address the same through community-based services/programs. In 2025, Hendrick Health completed a new CHNA. The CHNA identified top community health-related needs or service gaps and categorized them into the below priorities:
 - Priority 1 – Access to mental and behavioral health care services and providers.
 - Priority 2 – Prevention, education, and services to address high mortality rates, chronic diseases, preventable conditions, and unhealthy lifestyles.
 - Priority 3 – Continued emphasis on healthcare workforce recruitment and retention to improve access to primary and specialty care.
 - Priority 4 – Increased focus on addressing social determinants of health across underserved populations to reduce health disparities.
 - Priority 5 – Access to dental and vision care services and providers.³⁷
- The Merger has allowed Hendrick Health to continue its focus on impacting the predominant health needs in the community. Hendrick Health is in the process of implementing strategies to address the 2025 CHNA-identified needs. As 2025 CHNA implementation strategies proceed, Hendrick Health will provide more detail. In Q1 FY2026, Hendrick Health engaged in the following initiatives:
 - Access to mental and behavioral health care services and providers.
 - Hendrick Health will continue to offer tele-psych services to its patients.
 - Hendrick Health looks to expand its Hendrick Forensic Nurse Examiner (“FNE”) program by providing new education sessions to schools and universities regarding early recognition and care of those who have experienced sexual assault and domestic violence, and provide increased education to hospital staff on recognition of domestic violence, including the signs of maltreatment of children.
 - Hendrick Health provides leadership participation on the local Behavioral Advisory Committee to assist with resources encouraging appropriate treatment

³⁷ This is not a core business function of Hendrick Health. Therefore, it did not address this priority largely due to its capacity to address the need. Hendrick Health will continue to support local organizations and efforts to address this community need.

- programs for individuals to reduce unnecessary emergency department or inpatient hospital visits.
- Hendrick Health partners with Betty Hardwick, the local mental health authority, to provide access and resources to patients in the community.
 - Prevention, education, and services to address high mortality rates, chronic diseases, preventable conditions, and unhealthy lifestyles.
 - Hendrick Health will continue to increase educational opportunities for the public concerning wellness topics and health risk concerns. This includes hosting various support and education groups, and providing support/participating in local health-related events to highlight hospital services. Hendrick Health also plans to offer a variety of health screenings. Examples include:
 - Chemotherapy class
 - Classes for prediabetes and weight loss
 - Business Mercado
 - One-on-one Medication Therapy Management (“MTM”) sessions
 - On-site pharmacist consultations at various clinics and community outreach settings
 - Promotion of services/educational materials via medica outlets
 - Cholesterol and glucose screenings at community events
 - Hendrick Health addresses diabetes in the community through education, awareness, and patient support initiatives. Efforts include marketing and hospital outpatient classes for prediabetes and weight loss, promoting online educational resources, and collaborating with pharmacists and case managers to improve medication adherence and remove barriers to care.
 - Hendrick Health addresses heart failure by focusing on patient education, follow-up care, and medication management. Hendrick Health schedules follow-up appointments for heart failure patients at discharge and provides them with educational materials.
 - Hendrick Health addresses pulmonary health by providing education to patients through quarterly medication classes, an annual asthma camp for children, and a monthly “Better Breathers Club” for adults. Additionally, Hendrick Health has a pulmonary navigator to assist with managing patients with lung diseases and collaborate with pharmacists to ensure patients have support with their medications and access to assistance programs.
 - Hendrick Health continues to increase patient awareness of “Welcome to Medicare” and annual wellness visits.
 - Continued emphasis on healthcare workforce recruitment and retention to improve access to primary and specialty care.

- Hendrick Health offers a variety of specialty services to increase local access to care for residents, and continues to recruit appropriate providers to the community as needed/opportunities arise.
 - Hendrick Health will continue to participate in the Patient Family Advisory Council (“PFAC”) to assist with the patient healthcare experience and access concerns across the continuum of care.
 - Hendrick Health will continue to focus on the re-recruitment campaign for employees who have left Hendrick Health or retired.
 - Hendrick Health continues to focus on growing healthcare professionals through partnerships with local universities to create a variety of offerings, increasing the nursing and allied health recruitment pipeline. Scholarship and tuition assistance opportunities are available, as appropriate. Examples include:
 - Pay-as-you-go tuition assistance
 - Career journey tuition assistance program
 - Programs with McMurry University, Hardin-Simmons University, Abilene Christian University, and Cisco College
 - Hendrick Health holds a “Healthcare Academy” with Cisco College that prepares (and provides scholarships, as needed) students through dual credit to enter a nursing program upon graduation from high school and become a registered nurse in two years.
 - Hendrick Health continues its nurse tech development program, which trains unlicensed nurse techs into licensed vocational nurses and registered nurses. This allows nursing students to work for Hendrick Health and obtain clinical credit simultaneously with the goal of increasing the nursing student pipeline.
 - Hendrick Health provides increased support to employees to reduce stress and burnout via support through Hendrick Leadership Development and Culture Department and its initiatives. Employee wellness programs and mental health initiatives include low- to no-cost counseling for employees. Hendrick Health utilizes the Vitalize Platform in this regard.
 - Hendrick Health continued recruitment for critical staff to provide the needed care for our community, including primary care and subspecialties. 
- Increased focus on addressing social determinants of health across underserved populations to reduce health disparities.

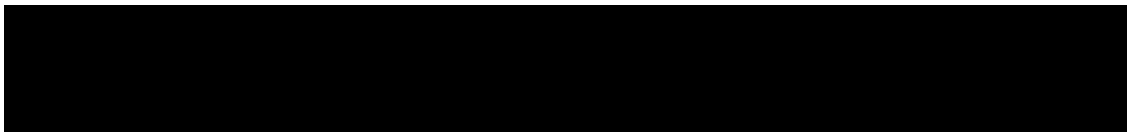
- Hendrick Health will continue to screen and identify health disparities among the patient population and develop a written action plan to address at least one health care disparity identified in the local patient population.
- Hendrick Health will continue to increase coordination of care and primary care provider assignment for unassigned patients following visits to urgent care and the emergency department.
- Hendrick Health has implemented an action plan to address racial disparities in patient care. This initiative focuses on post-partum hemorrhage and severe hypertension in pregnant and delivering women. To accomplish this, a Social Determinants of Health committee was formed to collaborate with the Quality Assurance Performance Improvement committee.
- Hendrick Health's charity care program expanded to serve both uninsured and financial limited patients with Hendrick Health and community resources.
- Hendrick Health plans to continue to increase the number of patients served and prescriptions dispensed in current programs by providing additional pharmacy locations and offering prescription delivery.
- Hendrick Health provides leadership participation, advisement, and collaboration with the West Texas Homeless Coalition to better address health needs and resources for the community's homeless population.
- Hendrick Health continues to increase transportation options for health-related needs. Examples include:
 - Expanding service options of the rideshare program
 - Coordinating with the City of Abilene to create a bus route to HMC-S
- Hendrick Health hosts and participates in local events and donation drives to benefit underserved organizations and populations throughout the community. Examples include:
 - Mission Thanksgiving with Love & Care Ministries
 - Winter drive for City Light Community Ministries
- Hendrick Health addresses breast cancer through several initiatives, including increasing funding for the Hendrick Health Hope Fund to provide low-cost mammograms, continuing to run a breast institute navigation program, and increasing mammogram rates for women in Taylor and Callahan counties through various community education and outreach events.
- Hendrick Health continues to address cancer through multiple initiatives, including assessing new patients for their needs, providing resources and offering an educational chemotherapy class to patients starting treatment. The plan also focuses on financial assistance early cancer screening for unfunded or underfunded patients.

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

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

- Hendrick Health did not discontinue any patient services in Q1 FY2026.
- 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, placing transitional care pharmacists on the nursing unit at HMC-S seven days per week, worked to streamline the discharge process as it relates to prescriptions, installed new laminar flow hood at HMC-S to mirror operations and processes at HMC, and updated the Pyxis Enterprise server;
 - Expansion of Tele-Sitter Program to HMC-S;
 - Expansion of inpatient diabetes education to HMC-S;
 - Continued use of a centralized patient transfer center allowing for the acceptance of more patient transfers to Hendrick Health;
 - Combined and coordinated resources to develop a more efficient COVID-19 vaccine distribution process in the 24-county region served by Hendrick Health;
 - Continued physician recruiting efforts, [REDACTED]
 - Added neurosurgery outreach clinic in Colorado City and a nephrology outreach clinic in Haskell;
 - Continued Camp Courage through Hendrick Hospice Care for children and teens entering third through 12th grade who have experienced the death of a loved one;
 - Attained laboratory accreditation through the College of American Pathologists (“CAP”) at HMC-S;
 - Added a second linear accelerator at the Hendrick Cancer Center;
 - Developed a leased ambulance model with a local transport company to transport patients more efficiently within the Hendrick Health system in Abilene (including HMC, HMC-S, Hendrick Medical Plaza, Hendrick Hospice Care, and personal residences in Abilene);
 - Expanded access to various surgical, robotic, and other procedures;

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

- 
- Added Capnostream and pulse oximetry monitors in various places at HMC and HMC-S;
 - Implemented new diagnostic capabilities of the Coroventis CoroFlow Vascular System for patients suffering from chronic angina caused by coronary microvascular dysfunction ("CMD");
 - Began utilizing the Impella RP Flex with SmartAssist, one of the world's smallest heart pumps;
 - Added a new C-arm and mobile digital radiology machine at HMC-S;
 - Opened an additional outpatient laboratory in Abilene, providing enhanced access to patients;
 - Added treatment for stroke patients using Penumbra's mechanical thrombectomy system to offer quick and efficient removal of blood clots in the brain;
 - Launched the sustained low-efficiency dialysis ("SLED") program at HMC-S, allowing providers to dialyze sicker patients in the HMC-S Critical Care Unit ("CCU");
 - Installed a new CT scanner at HMC-S;
 - Became the first in Texas to implant a dissolvable stent below the knee;
 - Added breakthrough treatment for obstructive sleep apnea ("OSA") for patients in the region who have not been successful using the continuous positive airway pressure ("CPAP") system;

- Renovated Hendrick Center for Rehabilitation (“HCR”) to include, among other things, state-of-the-art equipment (vehicle transfer simulator, ZeroG robotic body-weight support system, and Barihab treatment table for assistance with bariatric patients);
- Opened a new outpatient pharmacy at HMC-S;
- Performed the first minimally invasive tricuspid edge-to-edge repair (“TEER”) procedure at HMC and in the region;
- Began offering Pritikin Intensive Cardiac Rehab (“ICR”), a more comprehensive program when compared to traditional cardiac rehab;
- Dr. Thomas Nelius and the Hendrick Health urology team performed its first HYDROS Robotic System Aquablation Therapy procedure to treat benign prostate hyperplasia (BPH) with lower urinary tract symptoms;
- Hendrick Health is now offering deep brain stimulation, a groundbreaking surgery to improve movement for patients with Parkinson’ disease and essential tremor;
- Hendrick Health opened a second Heart Failure Clinic location at HMC-S;
- Hendrick Health is in the pilot phase of a remote patient monitoring project to monitor targeted patient populations with chronic diseases and prevent readmissions;
- HMC-S began offering peritoneal dialysis, expanding the service across the Abilene market;
- Hendrick Health added a new therapy gym at HMC-S enhancing the ability to serve orthopedic patients; and
- Hendrick Health has grown its surgical volume at HMC-S, providing greater access to the community.

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

- Average Emergency Department (“ED”) wait times for HMC are provided below in **Table 24a**. For the CMS data released in Q1 FY2026, Hendrick Health’s average ED wait time was 132 minutes, compared to the national benchmark of 195 minutes (data reporting period for January 1, 2025 through December 31, 2024).
- 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 (with HMC-S) was considered a “Very High” volume hospital because its ED patient volume is estimated to be over 60,000 annually. In the CMS data released during Q1 FY26, HMC’s ED wait times remained below the national median time for “Very High” volume hospitals. See **Table 24b** for historical ARMC/HMC-S data.
- Post-merger, HMC-S continued to utilize MedHost, the EMR in place under the former owner, CHS. In late fiscal year 2021, HMC-S went live with Allscripts (now Altera Digital Health) and no data on wait times is available to harvest from the legacy MedHost system. Since the EMR conversion, Hendrick Health has worked with its new independent ED provider group (Team Health) to further calibrate the calculation and reporting of ED wait times across the merged health system.

- Hendrick Health does not track any other patient wait times in the ordinary course of business.

Table 24a: HMC Average ED Wait Times

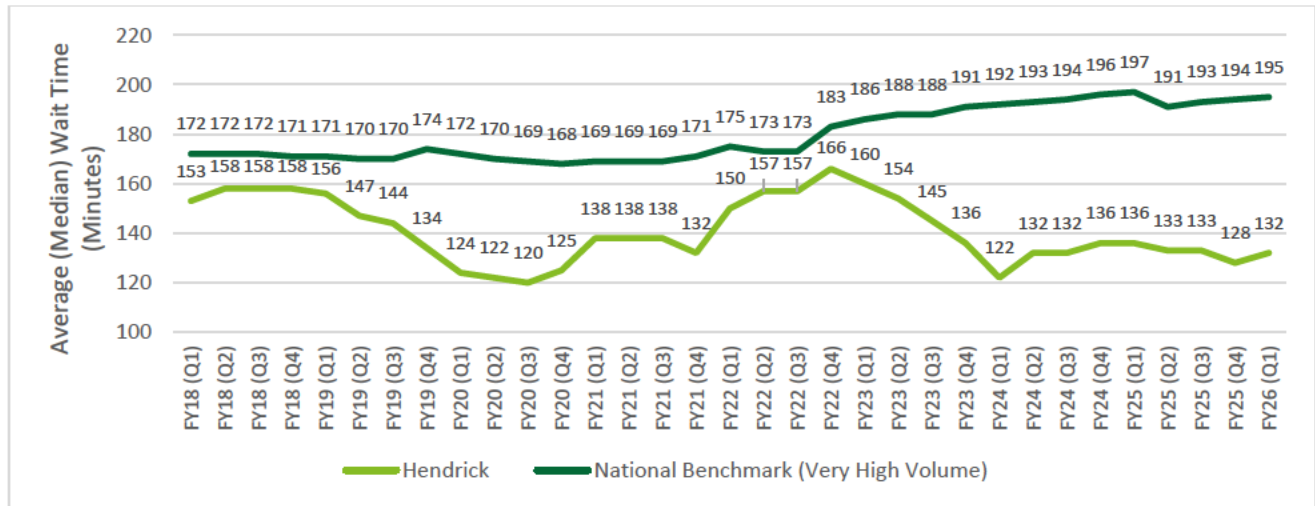
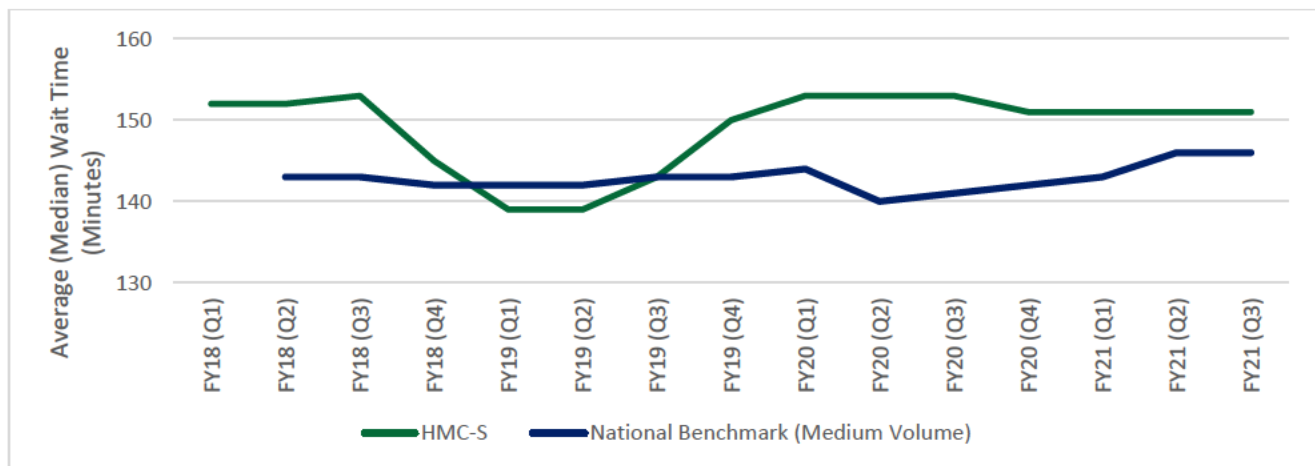


Table 24b: HMC-S Average ED Wait Times³⁸



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 Q1 FY2026, Hendrick Health increased access to healthcare services for patients in its communities through the following initiatives to expand service delivery:

³⁸ As a result of the Merger in October 2020, legacy ARMC’s (now HMC-S) CMS Certification Number (“CCN”) was retired. Therefore, from FY2022 and 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 24a for combined performance data.

- **Patient transfers to Hendrick Health:** Through the continued use of a centralized patient transfer center, Hendrick Health now has the ability to accept more patient transfers to both HMC and HMC-S than was possible prior to the Merger.
- **Physician recruiting:** [REDACTED]
- **HMC-S Peritoneal Dialysis:** Beginning in December 2025, HMC-S began offering Peritoneal Dialysis. Expanding this service across the Abilene market strengthens Hendrick Health's commitment to improving access, reducing patient transfers, and ensuring consistent, high-quality renal care. Hendrick Health has long-standing, proven workflows and processes to ensure a smooth extension of this care provision. All departments follow the same process sheet for patient workflow to ensure consistency in practice.
- **Therapy Gym at HMC-S:** Hendrick Health added a new therapy gym at HMC-S (4 East) enhancing the ability to serve the orthopedic population on the fourth floor. This facility features a mock shower/tub, stairs, and a ramp. The space is specifically designed to support patients as they prepare to transition back home.
- **Growth in Surgery at HMC-S:** With renovations to operating rooms and nearing completion of an expanded and renovated sterile processing department, HMC-S has experienced growth in surgical volume. Two Hendrick orthopedic surgeons have shifted elective surgeries and sports medicine procedures have shifted to HMC-S and Hendrick Surgery Center South. In addition, pain management procedures and plastics moved to HMC-S and Hendrick Surgery Center South. These efforts have improved operating room availability at the north campus. HMC-S on-call coverage has expanded [REDACTED].
[REDACTED] An additional full-time surgeon was added at HMC-S.

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

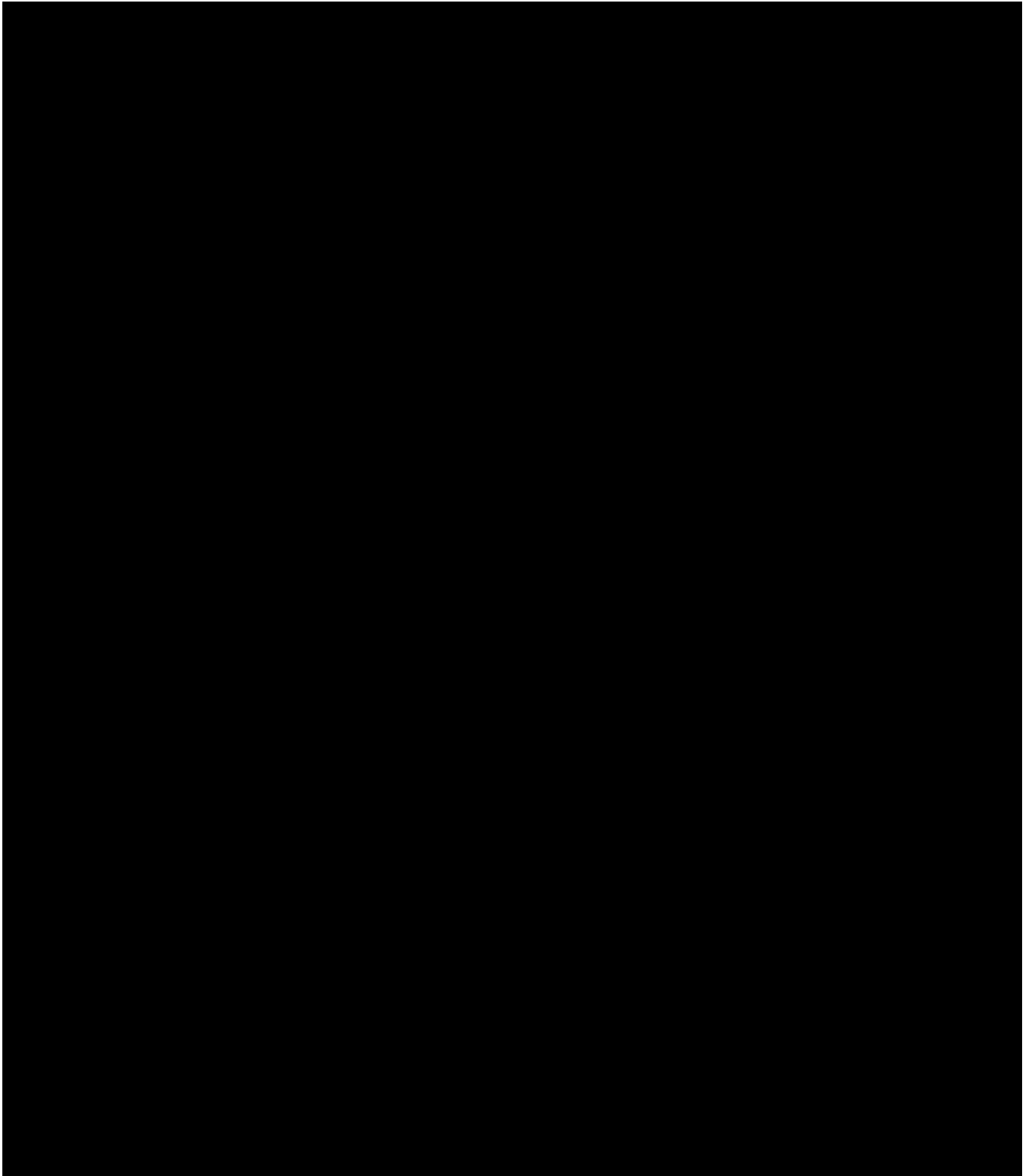
[This Item contains proprietary, competitively sensitive information redacted from the public version.]

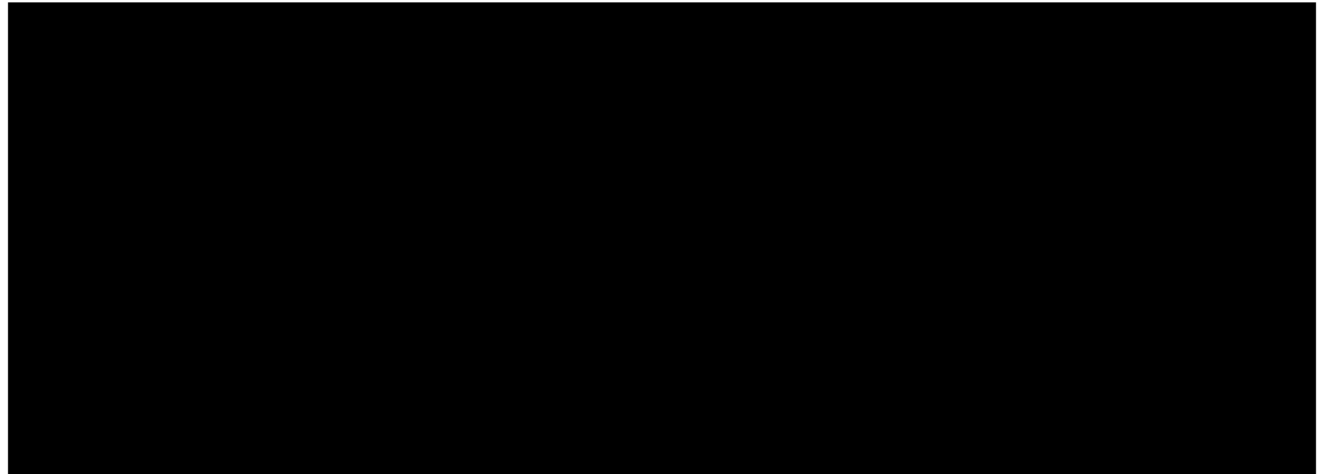
- **Infrastructure Investment and Capital Expenditures:** During the First Quarter FY2026, Hendrick Health invested approximately \$29.7 million in capital and infrastructure expenditures as a combined health system. **Table 26a** shows a combined summary of quarterly capital, infrastructure, and operating expenditures for prior reporting periods compared to First Quarter FY2026 for Hendrick Health. **Table 26b** shows the expenditures by facility. **Table 26c** shows a detailed breakout of capital expenditures for First Quarter FY2026, by facility.

Table 26a: Capital, Infrastructure and Operating Expenditures – Hendrick Health³⁹

Hendrick Health	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21
Capital Expenditures	\$6,040,340	\$7,659,424	\$10,295,638	\$7,100,841
Infrastructure Expenditures	\$1,986,273	\$770,391	\$349,032	\$1,193,002
Operating Expenditures	\$123,982,728	\$129,478,930	\$138,592,951	\$153,563,078
	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22
Capital Expenditures	\$6,752,296	\$5,415,146	\$8,289,552	\$10,437,564
Infrastructure Expenditures	\$755,318	\$507,270	\$921,737	\$623,324
Operating Expenditures	\$153,482,593	\$153,422,084	\$160,692,221	\$154,688,013
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Capital Expenditures	\$9,730,513	\$9,376,774	\$7,354,130	\$14,349,709
Infrastructure Expenditures	\$1,225,641	\$1,547,366	\$1,343,627	\$3,843,972
Operating Expenditures	\$157,470,640	\$161,178,330	\$164,911,488	\$164,706,163
	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24
Capital Expenditures	\$10,497,442	\$9,645,324	\$12,534,914	\$10,726,309
Infrastructure Expenditures	\$1,996,407	\$2,912,614	\$2,774,984	\$2,532,800
Operating Expenditures	\$165,729,895	\$178,545,359	\$180,141,278	\$197,507,010
	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
Capital Expenditures	\$8,557,552	\$12,442,091	\$14,694,118	\$14,080,950
Infrastructure Expenditures	\$1,022,670	\$1,369,726	\$1,680,324	\$1,277,740
Operating Expenditures	\$183,082,797	\$184,007,135	\$191,092,830	\$193,004,598
	Q1 FY26			
Capital Expenditures	\$29,651,380			
Infrastructure Expenditures	\$922,997			
Operating Expenditures	\$199,398,410			


³⁹ "Infrastructure Expenditures" are included within "Capital Expenditures" line in Table 26a.





27. Evidence of any expansion of clinical services.

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

- Hendrick Health is in the process of thoughtfully evaluating clinical services across HMC and HMC-S for clinical optimization and/or expansion opportunities. As of the end of Quarter 1 FY2026, Hendrick has identified the following potential opportunities:
 - **Patient transfers to Hendrick Health:** Through the continued use of a centralized patient transfer center, Hendrick Health now has the ability to accept more patient transfers to both HMC and HMC-S than was possible prior to the Merger.
 - **Physician recruiting:** 
 - **HMC-S Peritoneal Dialysis:** Beginning in December 2025, HMC-S began offering Peritoneal Dialysis. Expanding this service across the Abilene market strengthens Hendrick Health's commitment to improving access, reducing patient transfers, and ensuring consistent, high-quality renal care. Hendrick Health has long-standing, proven workflows and processes to ensure a smooth extension of this care provision. All departments follow the same process sheet for patient workflow to ensure consistency in practice.
 - **Therapy Gym at HMC-S:** Hendrick Health added a new therapy gym at HMC-S (4 East) enhancing the ability to serve the orthopedic population on the fourth floor. This facility features a mock shower/tub, stairs, and a ramp. The space is specifically designed to support patients as they prepare to transition back home.
 - **Growth in Surgery at HMC-S:** With renovations to operating rooms and nearing completion of an expanded and renovated sterile processing department, HMC-S has experienced growth in surgical volume. Two Hendrick orthopedic surgeons have shifted elective surgeries and sports medicine procedures have shifted to HMC-S and Hendrick Surgery Center South. In addition, pain management procedures and plastics moved to HMC-S and Hendrick Surgery Center South. These efforts have improved operating room availability

at the north campus. HMC-S on-call coverage has expanded [REDACTED]
 [REDACTED] An additional full-time surgeon was added at HMC-S.

- 28. A copy of each hospital’s charity care policy, identifying any changes to the policy in the previous quarter.
 - No changes were made to Hendrick Health’s charity care policy in Q1 FY2026.
- 29. The number of patients enrolled in each hospital’s charity care program in the past quarter.
 - During Q1 FY2026, Hendrick Health enrolled 3,983 patients in charity care and financial assistance programs see **Table 29**).

Table 29: Count of Patients Enrolled in Charity Care

	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26
Charity Care Patients																	
HMC																	
HMC-S (Legacy ARMC)	3,026	3,013	4,188	4,304	3,494	3,107	3,745	3,925	3,697	3,723	4,103	6,444	4,027	2,963	3,795	4,353	3,983

- Post-Merger, Hendrick Health’s Charity Care Policy now applies to HMC-S. Because charity applications and payments are retroactive, certain patients are reclassified as charity patients and will be reported on in future submissions. Reclassifications, if any, for fiscal year 2026 will be reflected in the Q4 FY26 Performance Report.
- 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.

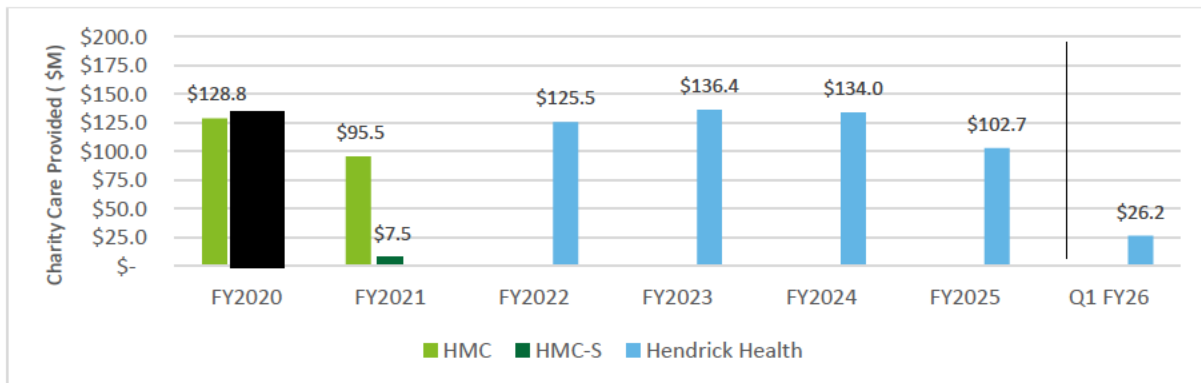
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- The combined financial investment in charity care of \$26.2 million for both HMC and HMC-S for Q1 FY2026 is shown below in **Table 30**. Notably, most of the charity care assigned occurs after care has already been provided, which means charity is typically approved 90 to 120 days post-

discharge. Reclassifications, if any, for fiscal year 2026 will be reflected in the Q4 FY26 Performance Report.

- As a result of the Merger, Hendrick Health is now maintaining charity care amounts as a combined total for HMC and HMC-S. Therefore, going forward, this data will reflect combined performance.

Table 30: Charity Care



- In addition to charity care, Hendrick Health provided approximately \$32.2 million in uninsured patient discounts during Q1 FY2026.

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

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

- As discussed in this Report, Hendrick Health continuously evaluates opportunities for clinical integration. As of the end of Quarter 1 FY2026, Hendrick Health has implemented the following initiatives that will increase clinical integration between its facilities and providers:
 - Coordination of Inpatient Capacity:** During Quarter 1 FY2026, Hendrick Health relieved capacity by transferring patients to the other campus for care. The community had increased access to care when they may otherwise have been waiting at one of the campuses.
 - Unified Organizational Structure:** Hendrick Health with its organizational chart across HMC and HMC-S to provide increased integration of staffing, policy/procedures, and processes across both campuses.
 - Centralized transfer center:** Hendrick Health continued use of its centralized transfer center, developed post-Merger, to better coordinate patient transfer requests from surrounding hospitals. The centralized process allows Hendrick Health to better coordinate services and access across its campuses as well as increase patient transfers into the system.

- **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.
- **Ambulance model:** Hendrick Health continued its leased ambulance model with a local transport company to transport patients more efficiently within the Hendrick Health system in Abilene (including HMC, HMC-S, Hendrick Medical Plaza, Hendrick Hospice Care, and personal residences in Abilene). Transports commenced at the end of Q2 FY2023, are available from 11:00 a.m. to 11:00 p.m., seven days per week, and will increase access for patients. A coordinator based out of the Hendrick Medical Plaza assists with patient transfers.
- **Quality of Care Committees:** Hendrick Health continued to utilize its combined medical staff, nursing workforce, and ancillary staff to establish and execute various integrated committees, a few of which are described below, to improve the quality of care for the community and to strive toward integrated processes and procedures.
- **Combined Operations and Executive Staff Meetings:** Regular Joint Abilene Operations Meetings and Joint Abilene Executive Staff Meetings continued in an effort to streamline leadership reporting, communication, and responsibilities across both campuses.
- **Operating Room (“OR”)/Surgical Committee:** As previously reported, an OR/Surgical Committee was created at HMC-S to establish a process for evaluating metrics and efficiencies related to surgical services. This committee rolls up to the Medical Advisory Committee at HMC-S, which rolls up to the Medical Executive Committee for the Abilene market, increasing communication and streamlining processes across both campuses under the same medical model. Recurring meetings are held by the OR/Surgical Committee.
- **Streamlined policies and procedures:** Hendrick Health engaged a firm to provide a new Policy and Procedure Coordinator to streamline all written policies across the market and to develop a newly revised joint Policy Review Committee.
- **Operating reviews:** Hendrick Health implemented regular operating reviews for all departments in the Abilene market. Department leadership analyzes efficiencies, expenses compared to budget, and adjusts when necessary to ensure good stewardship of financial and operational resources.

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

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

- As a result of the Merger, during Quarter 1 FY2026, Hendrick Health was able to further enhance and increase the services offered to the hospitals' rural communities, including the following:
 - As discussed in this Report, Hendrick Health continued improving its centralized transfer center to coordinate transfer requests from surrounding rural hospitals to any of the three Hendrick Health campuses. This unified process and single transfer line has improved access to more local care for patients and hospitals in Hendrick Health's service area. The centralized transfer center allows Hendrick Health to accept more patient transfers, which enables patients to receive care more quickly and closer to home than they would have previously received. In Quarter 1 FY2026, Hendrick Health accepted [REDACTED] inbound transfer patients.
 - Hendrick Health continued its support to rural hospitals through affiliation agreements, including assistance with physician recruitment, continuing education opportunities, leadership training and mentoring, staff training opportunities, and program development assistance and advice. In Q1 FY2026, Hendrick provided the following continuing education to surrounding facilities/providers:
 - ICD 10 Coding Update - Practice Management Institute (September 2025)
 - Using Modifiers to Improve Claim Accuracy - Practice Management Institute (September 2025)
 - Regional Hospital Administrator Meeting (Monthly)
 - Hendrick Regional Update Call (Monthly)
 - Texas Workforce Commission Skills for Small Business Training Grants for Your Practice (Ongoing)
 - Pre-Hospital Committee AMI/Stroke/Trauma Regional Meeting (Monthly)
 - Enduring CME continues to be available via the Hendrick CME Portal
 - Hendrick Health continued to provide ambulatory telehealth services, including primary and other non-emergency care services, to patients in the surrounding area. In Quarter 1 FY2026, Hendrick Health provided care to 1,360 patients through its virtual care platforms. Telehealth capabilities remain available and are utilized by patients choosing that method of care. In addition, as previously discussed, Hendrick Health also has tele-psych and tele-neurology services through third party providers.

33. A list of health plans each hospital contracted with before the merger, an explanation of any change to the accepted health care plans after the merger, and a list of health plan contracts terminated since the merger.
- Table 38 of the Baseline Performance Report shows a list of the health plans each hospital contracted with during fiscal year 2019. **Table 33** lists the health plans Hendrick Health contracted with as of Quarter 1 FY2026.

Table 33: Health Plans Accepted by Hendrick Health as of Quarter 1 FY2026

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

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

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

- **Table 34** includes the pre- and post-Merger service levels for both HMC and HMC-S (legacy ARMC) for the Emergency Department (“ED”)/Trauma, Neonatal Intensive Care Unit (“NICU”), and Maternal Fetal Medicine (“MFM”) care. As of Quarter 1 FY2026, service levels at HMC-S are as follows:

- **ED/Trauma:** The post-Merger change of ownership process required HMC-S to re-apply for Level 4 ED/trauma status (which requires an on-site survey). HMC-S did this and attained the Level 4 designation.

[REDACTED]

In July 2025, Hendrick Health relinquished its trauma designation at HMC-S. Focusing trauma services at HMC

will optimize care, reduce duplication of services, and provide clarity to emergency medical services about destination decisions for trauma patients.

- **NICU:** As a result of the change in ownership through the Merger, the NICU at HMC-S moved from a Level 2 to a Level 1 designation. Hendrick Health went through the survey process and, in Q4 FY2023, attained a Level 2 NICU designation at HMC-S.
- **MFM:** Hendrick Health pursued a Level 1 MFM designation for HMC-S, as described in the Quarter 2 FY2021 Performance Report, and successfully received the designation in Quarter 3 FY2021. This level has been maintained in Quarter 1 FY2026. 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.
- HMC and HMC-S received certifications from DNV, affirming readiness to handle a full range of stroke-related medical conditions. DNV certified HMC as a Primary Plus Stroke Center, and HMC-S was certified as a Primary Stroke Center. Among HMC’s stroke services is 24/7 availability of thrombectomy, a surgical procedure to remove a clot causing an ischemic stroke. The DNV certifications also allowed both hospitals to attain stroke designations from the Texas Department of State Health Services (“DSHS”). HMC achieved Advanced (Level II) Stroke Facility designation, making it the highest-level stroke center between Fort Worth and Lubbock. HMC-S earned a Primary (Level III) Stroke Facility designation.

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		
	Trauma/ED	NICU	MFM	Trauma/ED	NICU	MFM	Trauma/ED	NICU	MFM	Trauma/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		
	Trauma/ED	NICU	MFM	Trauma/ED	NICU	MFM	Trauma/ED	NICU	MFM	Trauma/ED	NICU	MFM
HMC	3	3	3	3	3	3	3	3	3	3	3	3
HMC-S	4 (pursuing)	1	1	4 (pursuing)	1	1	4 (pursuing)	1	1	4 (pursuing)	1	1
Location	Q1 FY2023 Service Level			Q2 FY2023 Service Level			Q3 FY2023 Service Level			Q4 FY2023 Service Level		
	Trauma/ED	NICU	MFM	Trauma/ED	NICU	MFM	ED	NICU	MFM	Trauma/ED	NICU	MFM
HMC	3	3	3	3	3	3	3	3	3	3	3	3
HMC-S	4	1	1	4	1	1	4	1	1	4	2	1
Location	Q1 FY2024 Service Level			Q2 FY2024 Service Level			Q3 FY2024 Service Level			Q4 FY2024 Service Level		
	Trauma/ED	NICU	MFM	Trauma/ED	NICU	MFM	Trauma/ED	NICU	MFM	Trauma/ED	NICU	MFM
HMC	3	3	3	3	3	3	3	3	3	3	3	3
HMC-S	4	2	1	4	2	1	4	2	1	4	2	1
Location	Q1 FY2025 Service Level			Q2 FY2025 Service Level			Q3 FY2025 Service Level			Q4 FY2025 Service Level		
	Trauma/ED	NICU	MFM	Trauma/ED	NICU	MFM	Trauma/ED	NICU	MFM	Trauma/ED	NICU	MFM
HMC	3	3	3	3	3	3	3	3	3	3	3	3
HMC-S	4	2	1	4	2	1	4	2	1	4	2	1

HMC	3	3	3	3	3	3	3	3	3	3	3	3
HMC-S	4	2	1	4	2	1	4	2	1	-	2	1
	Q1 FY2026 Service Level											
Location	<i>Trauma/ED</i>	<i>NICU</i>	<i>MFM</i>									
HMC	3	3	3									
HMC-S	-	2	1									

35. Data illustrating the organizations’ payment models.

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

Table 35: Hendrick Health Payment Models as of Quarter 1 FY2026⁴¹

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

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

- As of Quarter 1 FY2026, no new payment models have been established since the Merger.

⁴¹ Excludes workers compensation payment models.

D. Competition

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

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

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

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

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

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

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

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

Primary Service Area

Callahan County

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

Jones County

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

Taylor County

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

- Abilene Endoscopy Center ; 1249 Ambler Ave., Suite 100, Abilene, TX 79601
- Abilene Surgery Center LLC; 5601 Health Center Dr., Abilene, TX 79606
- Abilene Taylor County Public Health District; 850 N 6th St., Abilene, TX 79601
- Abilene White Rock Surgery Center, LLC; 2401 N Treadaway Blvd., Abilene, TX 79604
- Vital Care Urgent Care Clinic; 4009 Ridgemont Dr., Abilene, TX 79606
- Vital Care Urgent Care Clinic; 3101 S 27th, Abilene, TX 79605
- ELM Place Ambulatory Surgical Center; 2217 S Danville Dr., Abilene, TX 79605
- Express ER, 4157 Buffalo Gap Rd.; Abilene, TX 79605
- Fresenius Kidney Care – Abilene South; 2009 Hospital Pl., Abilene, TX 79606
- Fresenius Kidney Care – Abilene Lone Star; 349 S Danville Dr., Abilene, TX 79605
- Fresenius Kidney Care – Abilene; 1802 Pine St., Abilene, TX 79601
- Medical Diagnosing Imaging of Abilene; 4349 S Treadaway Blvd., Abilene, TX 79602
- My Emergency Room 24/7; 4438 S Clack St., Suite 100, Abilene, TX 79606
- My Primary Care; 3347 S 2nd St, Suite 100, Abilene, TX 79605
- NextCare/Dr. J’s Urgent Care: Catclaw; 3802 Catclaw Dr., Abilene, TX 79606
- NextCare/Dr. J’s Urgent Care: Highway 351; 1634 TX-351, Abilene, TX 79601
- Texas Midwest Endoscopy Center LLC; 14 Hospital Dr., Suite B, Abilene, TX 79606
- Walk-In Care Clinic; 1665 Antilley Rd., Suite 120, Abilene, TX 79606

Secondary Service Area

Brown County

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

Coleman County

- Coleman WIC Clinic; 303 E College Ave., Coleman, TX 76834
- Coleman Medical Associates; 310 S Pecos St., Coleman, TX 76834

- Hensely Family Health Clinic; 105 N 2nd St., Santa Anna, TX 79606

Comanche County

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

Eastland County

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

Fisher County

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

Hamilton County

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

Haskell County

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

Kent County

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

Knox County

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

Lampasas County

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

McCulloch County

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

Mills County

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

Mitchell County

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

Nolan County

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

Runnels County

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

San Saba County

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

Scurry County

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

Shackelford County

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

Stephens County

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

Stonewall County

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

Throckmorton County

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

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

Home Health Agencies

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

5. Big Country Healthcare Services; 749 Gateway St., Suite 702, Abilene, TX 79602
6. Caprock Home Health Services Inc.; 749 Gateway St., Suite 101, Abilene, TX 79602
7. Educare Community Living Corporation; 749 Gateway St., Suite B-202, Abilene, TX 79602
8. Elara Caring; 749 Gateway St., Suite E-502A, Abilene, TX 79602
9. Encompass Health Home Health; 1 Village Dr., Suite 200, Abilene, TX 79606
10. Generations Home Health; 1290 S Willis St., Suite 209, Abilene, TX 79605
11. Home Instead Senior Care; 441 Lone Star Dr., Abilene, TX 79602
12. Kinder Hearts Home Health; 842 N Mockingbird Ln., Abilene, TX 79603
13. Kindred At Home; 100 Chestnut St., Abilene, TX 79602
14. Kindred At Home; 4400 Buffalo Gap Rd., Suite 2400, Abilene, TX 79606
15. Lifecare Home Care; 1290 S Willis St., Suite 107, Abilene, TX 79605
16. Outreach Home Care; 409 N Willis St., Abilene, TX 79603
17. Renew Home Health; 6382 Buffalo Gap Rd., Suite C, Abilene, TX 79606
18. Texas Home Health of America; 3303 N 3rd St., Suite A, Abilene, TX 79603
19. Theracare Services, LLC; 209 S Danville Dr., Suite B107, Abilene, TX 79605
20. Touching Hearts At Home; 3926 S. Treadway Blvd., Suite A-1, Abilene, TX 79602
21. Visiting Angels; 4090 S Danville Dr., Suite A, Abilene, TX 79605

Hospice Agencies

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

Skilled Nursing Facilities

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

13. Willow Springs Health & Rehabilitation Center; 4934 S 7th St., Abilene, TX 79605
14. Windcrest Health & Rehabilitation; 6050 Hospital Rd., Abilene, TX 79606
15. Wisteria Place; 3202 S Willis St., Abilene, TX 79605

Select Other Health Care Facilities

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

38. Evidence of how patient choice is being preserved.

- The patient choice policy for Hendrick Health was extended post-Merger to encompass both HMC and HMC-S. The policy continues to conform with CMS mandated patient choice requirements. If any changes are made, Hendrick Health will provide the revised policy in future submissions.

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

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

- During Quarter 1 FY2026, Hendrick Health posted 500 job openings. These roles cover both clinical and non-clinical positions across the organization and indicate significant demand for talent within the combined Hendrick Health system. The list of open positions as of the end of Quarter 1 FY2026 is provided in **Attachment 2**, which includes a mix of vacant positions and new positions. Note, the attachment in the Q4 FY2025 COPA Performance Report inadvertently included only the posted positions for Q4 FY2025. **Attachment 2** to this Performance Report includes all posted positions.
- Hendrick Health continues to use various resources to recruit medical providers to the community. In Quarter 1 FY2026, Hendrick Health continued to use multiple online recruitment platforms to disseminate job postings for physician and nursing positions. Hendrick Health also partnered with recruitment firms and circulated open job positions through email blasts to current employees.
- Hendrick Health continues to invest in its workforce. To help employees reach their full potential, Hendrick Health offers multiple tuition-based programs to help with the cost of continuing education. In addition, Hendrick Health’s workforce development team develops partnerships with local community members, academic institutions, students, and current employees to advance careers and professions at Hendrick Health. Hendrick Health offers career incentives for students not employed at Hendrick Health, including scholarships, career journey programs, and a healthcare academy for high school students to gain hands-on experience.
- In Quarter 1 FY2026, the Medical Staff Development Committee of Hendrick Health continued to evaluate the physician to population ratios, ER call coverage, and appointment wait times to determine gaps in coverage and needs for the service area. [REDACTED]

- New hires: In addition, during Quarter 1 FY2026, Hendrick Health hired 179 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.]

- As of the end of Quarter 1 FY2026, Hendrick Health is continuing the process of evaluating potential alignment opportunities.

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 126 physicians Hendrick Health employed during Quarter 1 FY2026. The region is also served by 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	Count	County Service Locations	
		Taylor	Brown
Anesthesia	19	✓	
Cardiology	14	✓	✓
Cardiovascular Surgery	3	✓	
Electrophysiology	1	✓	
Endocrinology	2	✓	
Family Medicine	15	✓	✓
Gastroenterology	4	✓	✓
General Surgery	9	✓	✓
Hospice	2	✓	
Infectious Disease	2	✓	
Internal Medicine	13	✓	✓
Nephrology	3	✓	✓
Neurology	0	✓	
Neurosurgery	2	✓	
OB/GYN	5	✓	
Oncology	4	✓	✓
Orthopedic Surgery	11	✓	✓
Otolaryngology	4	✓	
Pain Medicine	3	✓	✓
Palliative Care	4	✓	
Podiatry	2	✓	
Plastics	1		
Pulmonary/Critical Care	1	✓	
Radiation/Oncology	2	✓	✓
Rehab	1	✓	
Rheumatology	2	✓	
Urology	6	✓	
Wound Care	2	✓	
Total	137		

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: Hendrick Health’s Board of Trustees meeting minutes from Quarter 1 FY2026 do not specifically address the COPA and are not responsive. Therefore, no minutes were provided.

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 3** to this Report. As of the end of Quarter 1 FY2026, Hendrick Health provided privileges to 855 providers at HMC and 851 providers at HMC-S, as detailed in **Table 44** below. Note, some providers have privileges at both HMC and HMC-S.

Table 44: Hendrick Health Privileged Providers as of Quarter 1 FY2026

Privileged Provider Category	HMC	HMC-S
Physicians	602	600
Advanced Practice Providers	253	251
Total	855	851

45. Information on additional investments regarding infrastructure, capital expenditures, and operating costs and how this affected patient care outcomes, population access to health care, and prevention services.
- As discussed in this Report, Hendrick Health continues to invest in the combined health system, thereby improving patient care and access, as illustrated by the following infrastructure, capital, and operating investments:
 - Infrastructure Investment and Capital Expenditures: During Quarter 1 FY2026, Hendrick Health invested approximately \$29.7 million in capital expenditures as a combined health system, including various infrastructure updates, equipment, etc.
 - Cost Savings Reinvestment: During Quarter 1 FY2026, Hendrick Health continued reinvesting in the combined healthcare system, with the goal of improving the overall patient experience and patient care, including: investment in machines/equipment, facility upgrades at HMC-S, and health-related priorities of the community.
 - Coordination of Services: Throughout Quarter 1 FY2026, 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 and utilization of centralized transfer center, leading to more patients remaining in the community for care.

IV. Attachments