

Adventist Health & Mid-Columbia Medical Center Affiliation

Pre-Filing Conference with the Oregon Health Authority

September 13, 2022

3:30-5:00 p.m.



Overview |

- Introduction of participants
- Introduction of parties
- Motivation for the proposed affiliation
- Proposed transaction
- Benefits of the proposed affiliation
- Transaction status
- Preliminary review

On the Call |

Mid-Columbia Medical Center (MCMC)

- Dennis Knox, President and CEO
- Wendy Apland, Chief Financial Officer
- Peter Stoloff, Counsel
- David Szabo Counsel
- Randall Hack, Counsel

Adventist Health

- Joyce Newmyer, President, NW Region & Chief People Officer
- Don Welch, Finance Officer
- Kyle King, President, AH Portland
- Adam Lee, Business Development Executive
- Jeremy Lemos, Director Mergers & Acquisitions
- Kelly Hagan, Counsel

Introduction of Parties | MCMC

Operates 49-bed hospital in The Dalles, as well as the Celilo Cancer Center, numerous outpatient clinics and 4 Rural Health Clinics (RHCs)

- Oregon 501(c)(3) nonprofit, public benefit corporation
- Service Area: The MCMC primary and secondary service areas do not overlap the Adventist Health service area. MCMC and Adventist are approximately 85 miles apart
- Services: ER, OB/GYN, cardiology, cancer treatment

Introduction of Parties | Adventist Health

Religious 501(c)(3) nonprofit corporation operating in California, Hawaii, Oregon and Washington

- 23 hospitals and more than 375 clinics
- \$5.2 billion in total revenues
- \$2.7 billion in cash and investments
- Two hospitals (Portland and Tillamook) and 35 clinics in Oregon

Motivation for the Proposed Affiliation |

- Challenges facing rural community hospitals
- Why MCMC decided to seek a corporate partner
- Process and criteria used to find an appropriate corporate partner
- Selection of Adventist Health System/West
- Existing cardiac program collaboration
- LOI/Term Sheet agreed (previously submitted)

The Proposed Transaction |

- Adventist Health becomes sole member of MCMC
- \$100M capital commitment; assumption of assets and liabilities
- Feasibility study underway re: hospital modernization
- IT and data storage system upgrades
- Medical staff recruitment and retention
- Community board involvement in governance

Benefits of Proposed Affiliation |

- Keep care local
- Secure long-term future of inpatient and outpatient hospital services in The Dalles
- Expand service lines, including specialist care
- Integrate MCMC into a leading regional health care system
- Preserve/increase access
- Improve equity
- Drive quality
- Deliver cost-effective care

Benefits of Proposed Affiliation |

Access

- Support for expanded rural clinical offerings
- Expanded telemedicine network
- Centralized scheduling and registration services
- Clinical research programs and trials
- Patient portal for clinical information

Equity

- Adventist's charity care plan
- Full range of reproductive services
- Adventist's health equity programs
- Community partnerships promoting equity
- Adventist's rural health competency

Cost

- Adventist's proven record of cost control
- Economies of scale for purchasing and supply chain
- Enhanced electronic health record, data storage system, and revenue cycle processes

Quality

- Capital investment in facilities and technology
- Physician and professional recruitment and retention
- Access to Adventist's specialists and best practices
- Integrated medical staff processes

Transaction Status |

- Due diligence and reverse due diligence underway
- Negotiation of definitive documentation pending
- Board consideration anticipated in October-November 2022
- Feasibility study anticipated in October 2022
- OHA and other regulatory approvals

Preliminary Review |

The Parties believe the proposed transaction satisfies the preliminary review criteria in OAR 409-070-0055(2)

- Consumer benefit from facility and services investment
- Improved access to essential services
- Likely to meet criteria in OAR 409-070-0060
- Not likely to substantially alter the delivery of health care in Oregon

The preliminary review criteria in OAR 409-070-0055(2) require the proposed transaction meet one or more of the above-stated criteria

Appendix

Process and Criteria MCMC used to find an appropriate corporate partner (detail)

- Controlled, competitive, market-clearing process designed to find strong strategic partner, sustain MCMC charitable mission, maximize consideration and enhance benefits to MCMC stakeholders
- Advisor approached 36 national, regional and local health systems to solicit interest
- 21 confidentiality agreements signed
- Two rounds of detailed written instruction letters and corresponding proposals from six potential suitors
- Detailed due diligence and reverse due diligence
- Thorough consideration by MCMC special Board committee and full Board
- Unanimous Trustee approval to pursue partnership discussions with Adventist

Additional Detail on Term Sheet

- Strategic vision - MCMC becomes fully integrated into Adventist system
- Adventist will become sole member of MCMC
- \$100 million non-ordinary-course capital commitment
- Assumption of assets and liabilities
- Feasibility study for modernized hospital campus
- Retain medical staff
- Existing Cardiology program collaboration
- Maintain a charitable care policy
- Maintain community health support
- Information technology solution
- Retain MCMC Board of Trustees
- Local Board retains substantial input on leadership, strategy and key operational decisions
- Fidelity to Planetree patient-centered ethic of care