

Lakewood Hospital

...a proposal for redevelopment and transformation

The following report is proprietary information and constitutes trade secrets of The MetroHealth System and may not be disclosed in whole or part to any external parties without the express consent of The MetroHealth System. This document is intended to be used internally for MetroHealth System discussion.

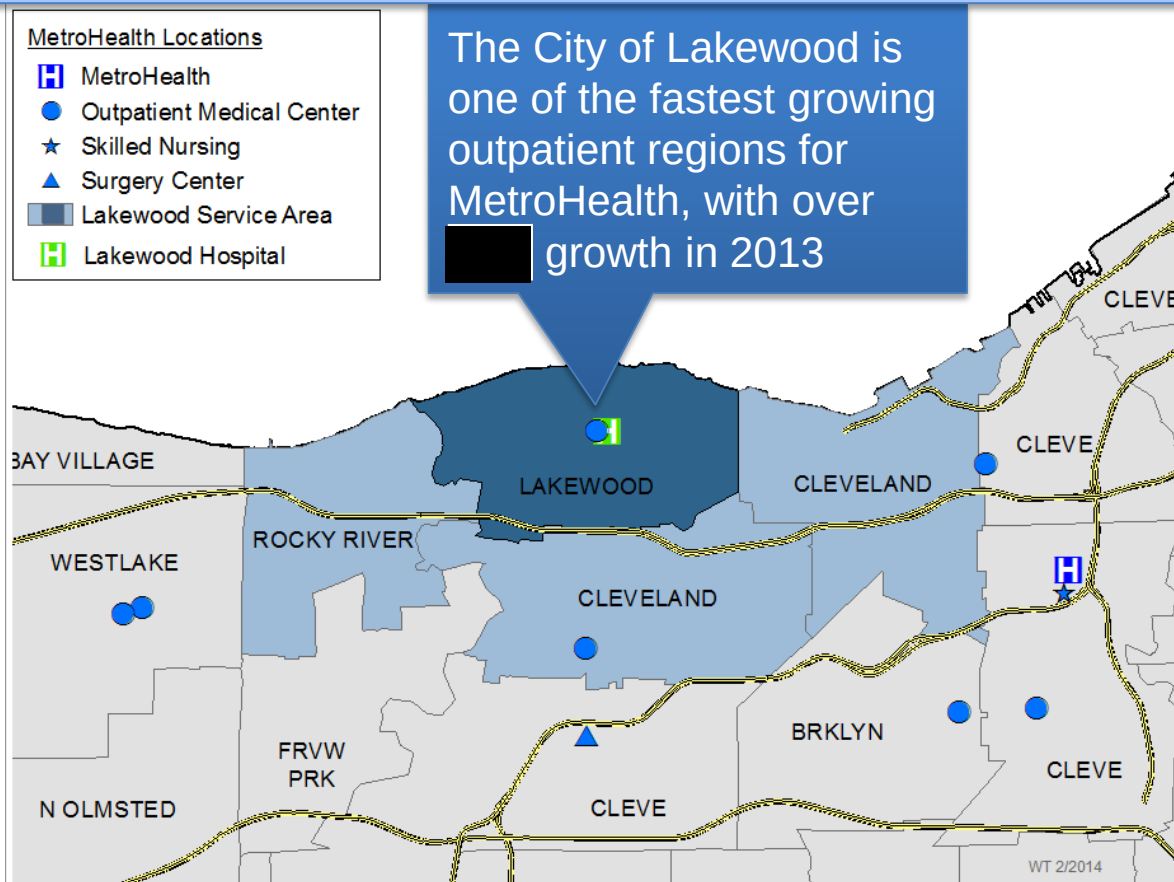


Proposal Summary

- MetroHealth would commit to maintaining Lakewood as a full service, low-acuity inpatient hospital
 - Full ownership of select assets and ~40% of land would be transferred and become part of the County, MetroHealth System
 - Remaining land would be available to City of Lakewood
- MetroHealth and Premier Physicians would [REDACTED]
[REDACTED] transform Lakewood Hospital into a fully open-model and thriving facility
- The MetroHealth System would commit significant capital resources to ensuring the physical infrastructure is made efficient and viable
- Job and tax base from the hospital would be maintained as employees were transitioned to MetroHealth
- Orderly transition would be ensured due to the extent Premier clinical leadership is embedded into LH today and operational similarities between CCF and MetroHealth (e.g. Epic)

Our community is your community...

Over the past five years, one out of five (1:5) City of Lakewood residents who required hospitalization were admitted to MetroHealth

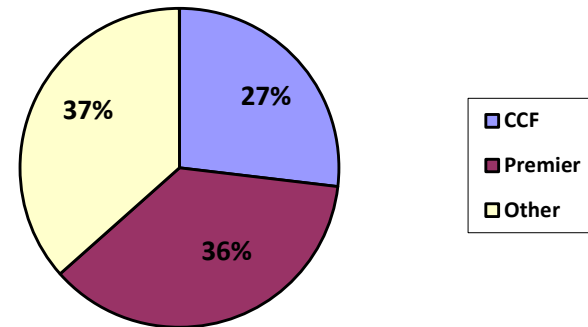


Keeping our community's care in the community

Forecasted Source of Inpatient Volume



2013 Inpatient Origin

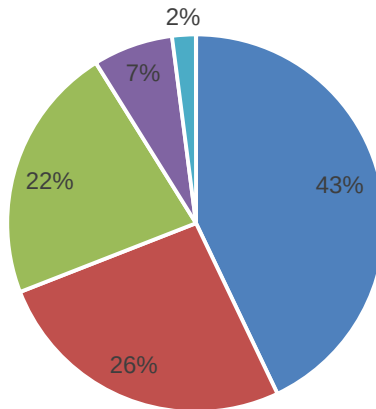


Within the Lakewood Hospital service area, MetroHealth realized over [REDACTED] visits that could be consolidated into Lakewood Hospital ambulatory sites as compared to the current 35,000 CCF ambulatory visits (2013 data)

Additionally, nearly [REDACTED] ER encounters could shift from MetroHealth's ER to Lakewood Hospital's ER - Premier physicians currently provide the majority of the Emergency Room call coverage (medicine, surgery and vascular) at Lakewood Hospital.

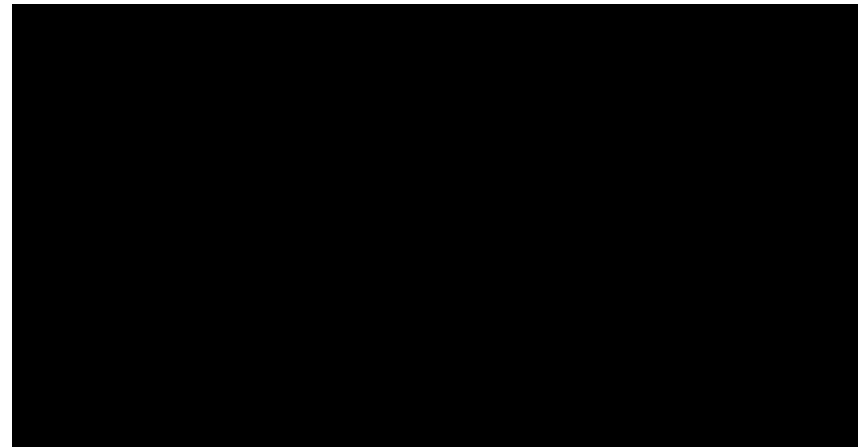
Our Patients, Your Citizens

Lakewood Market



■ Medicare ■ Commercial ■ Medicaid ■ Self Pay ■ Other

MH & Premier



■ Medicare ■ Commercial ■ Medicaid ■ Self Pay ■ Other

The blended payer mix for inpatient stays closely resembles the payer mix for market admissions from the City of Lakewood

Keeping Lakewood employed, reducing healthcare costs and expanding hospital services

Jobs:

Preserve 900 jobs and associated tax revenue for the City

Community Savings:

Offer access to MetroHealth Select to City of Lakewood employees

Hospital:

Redirect Metro programming and patient volume to Hospital

Partner with Premier Physicians - the largest independent multi-specialty practice that currently represents ■■■ of the volume

Creating the hospital of the future

Capital:

Over the next 10 years, MetroHealth is prepared to invest up to **\$100,000,000** in capital improvements and medical technology*

*Formal commitments would be made subsequent to physical and plant due diligence and shifting investment dollars from MetroHealth Transformation to Lakewood Hospital

MetroHealth Transformation

- Today MetroHealth main campus is licensed for 731 beds, with staffing for [REDACTED] and run a [REDACTED] utilization rate
- Lakewood Hospital has 263 registered beds and runs at a projected 40% utilization rate
- Future MetroHealth Facility Plan would estimate a combined West 25th and Lakewood bed need of [REDACTED] beds between the 2 inpatient sites

Lakewood Hospital Projected Economic Impact to City

Projections	Direct	Indirect	Total
Lakewood Hospital Employees¹	900	103	1,003
Lakewood Hospital Payroll^{1 2}	\$31.2 million	\$2.0 million	\$33.2 million
Est. Income Taxes³	\$468,000	\$30,000	\$498,000

Employees and Wages living within Lakewood			
Employees¹	185	Wages¹	\$5.84 million
Premier Employees	54	Wages	\$214K

Assumptions

¹Applied ratios from 2007 study to 900 employee base

²Applied a 2% annual inflation to average salary

³Applied 1.5% income tax

Comparing Current Options

Family Health Center

Total Employees	150
Total Salaries ¹	\$7,420,000
Total income tax ²	\$111,000

Supplementary Effects

- Community sense of abandonment in both a healthcare and business development sense; Lakewood hospital is currently the largest employer in the City
- Loss of additional jobs and economic impact throughout the community as the largest employer is no longer buying local goods and services
- Loss of centers of excellence surrounding Neurosciences, Orthopedics, Diabetes and Geriatrics attracting patients to Lakewood for care

Maintaining an Inpatient Hospital

Total Employees	900
Total Salaries ¹	\$ 44,521,000
Total income tax ²	\$ 668,000

Benefits

- Retention of low acuity inpatient, primary and preventative services
- Continued support to the overall Lakewood economy
- Continued centers of excellence surrounding Neurosciences, Orthopedics, Diabetes and Geriatrics
- Additional education and community outreach efforts

Assumptions:



² 1.5% income tax rate

MetroHealth Addresses Lakewood's Needs Assessment

Key Findings	The MH advantage
Need for access to primary and preventive services	██████ primary care visits traveled to a MH location for primary care; a MH Lakewood facility would relocate the care back to their community
Improved and expanded mental health services	We currently see over ██████ visits from residents living in the Lakewood community for mental health, the MH proposal would bring our care closer to the patients
The Lakewood Hospital community PQI5 is substantially higher than Ohio for chronic obstructive pulmonary disease (COPD), adult asthma, congestive heart failure and long-term diabetes complications	MetroHealth is ranked nationally by US News and World Report for Diabetes and Endocrinology care as well as high performing in many other areas including Pulmonary and Cardiology care
Community stakeholders perceive that the high cost of healthcare limits residents' accessibility to primary and specialty medical services	• MH's cost of care will bring improved value and accessibility to the community • The MH proposal provides a convenient healthcare location for Lakewood city employees. With 416 full-time and 100 part-time employees, the MH Select health plan could offer significant savings to the city
"Community stakeholders perceive the Lakewood Hospital community as having a weak economy, limited economic development, decreasing resources, and that a recent rise in unemployed residents has caused a decrease in available jobs that offer a living wage"	MH would retain jobs and support the current economy
Need for improved emergency services	MetroHealth is recognized as a community leader in emergency services
Highlights a need for improved transportation and maintenance of basic community services	Additional economic losses will only exacerbate the transportation cuts

Creating an economic windfall for the City of Lakewood

For example: Over the next 10years...

\$6,680,000 tax revenue

\$12,500,000 savings associated with MetroHealth Select

\$100,000,000 capital improvements and medical technology

\$119,180,000

In addition to maintaining more than **900** local jobs, the MetroHealth / Premier proposal provides nearly **\$120,000,000** in additional capital investment and annual savings for the City of Lakewood.

Key Benefits from Lakewood Hospital Transformation

- MetroHealth and Premier would shift appropriate inpatient volume and increase Hospital utilization, more effectively manage cost in a reduced building footprint
- Evolve and redevelop a portion of the campus into a state-of-the-art multi-use community economic hub
 - 40% of land would be required, leaving 60% available for redevelopment
- Expert disease management and wellness/population health
 - MetroHealth has demonstrated the ability to effectively manage populations (MetroHealth CarePlus program produced a [REDACTED] savings for 28K patients during 2013)
- Access to MetroHealth Select for all City employees