

Merger Synergies What's Real



SCOTT & WHITE
Healthcare

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How did we get here?

- Board involvement
- Cultural alignment
- Integration

Our unique opportunities

- Highly-regarded brands
- Quality excellence
- Regional players



What were the biggest obstacles?



What Brought Us to the Table

- Common Mission, Vision, Values
- Previous work together-HCT/TCA (respect)
- Similar physician engagement models
- Shift/emphasis from acute care toward population health management
- Health Care Reform – Affordable Care Act (reimbursement pressures)
- Data aggregation/analytics/transparency
- Captive Health Plan and infrastructure
- Geographical distinction
- Scale – capital formation

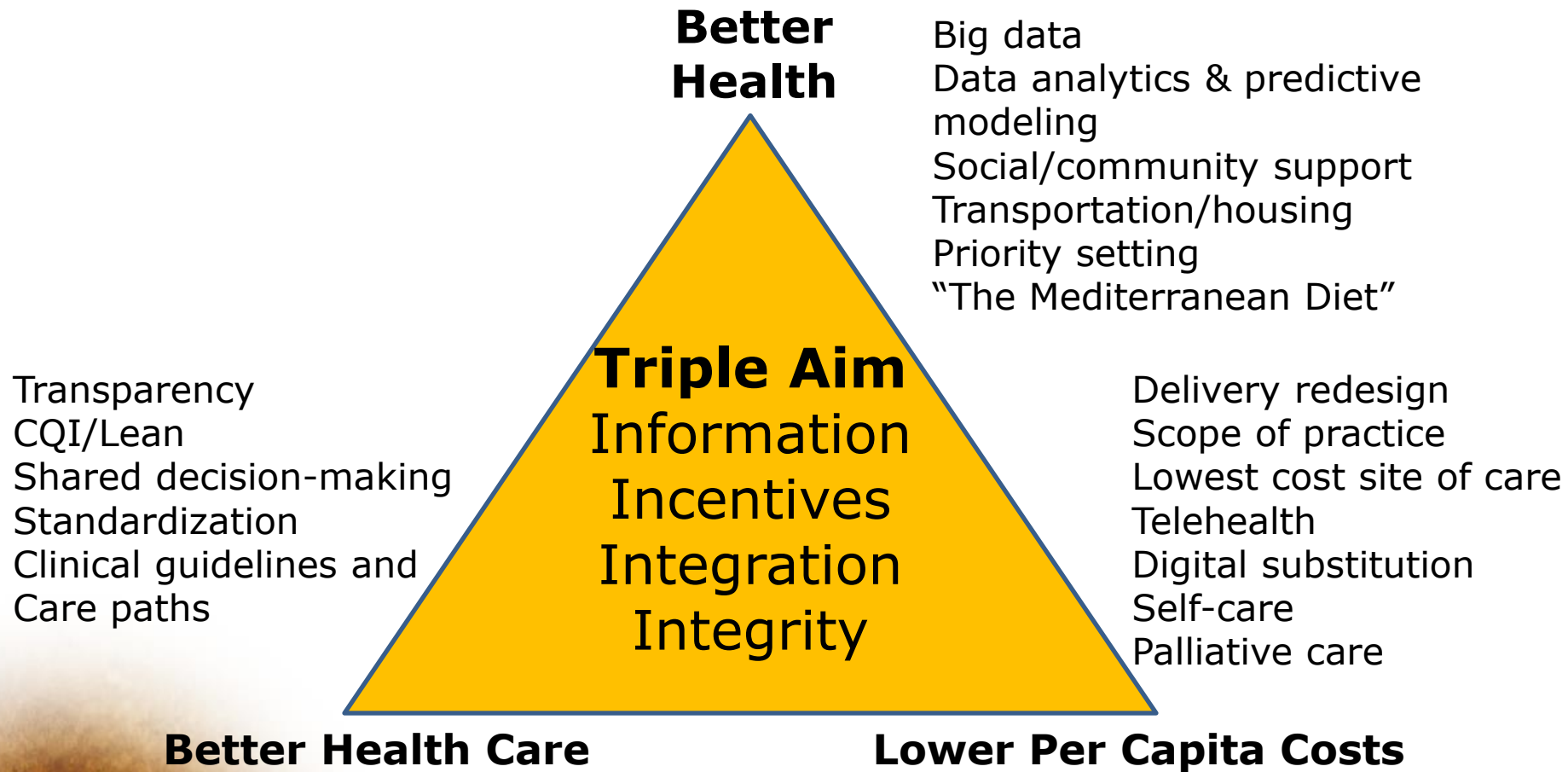


Reasons we Identified to Move Forward

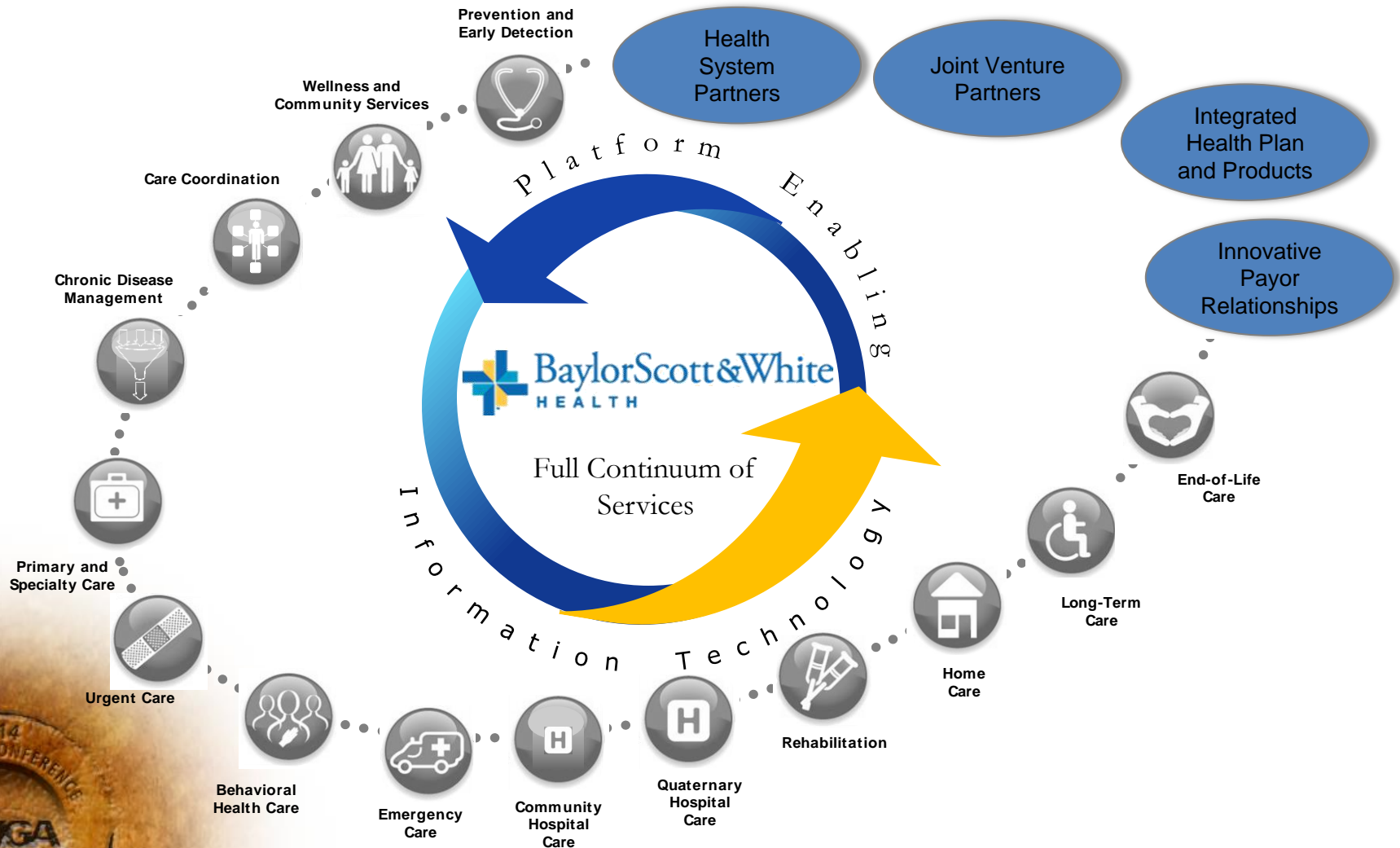
- Enhance our missions
- Advance clinical care for our patients
- Build on exceptional reputations
- Enhance Medical Education
- Enhance recruitment/retention opportunities
- Generate economies of scale
- Optimize care delivery sites
- Create integrated health care delivery model
- Create value; $\text{Quality} \div \text{Cost} = \text{Value}$



Triple Aim



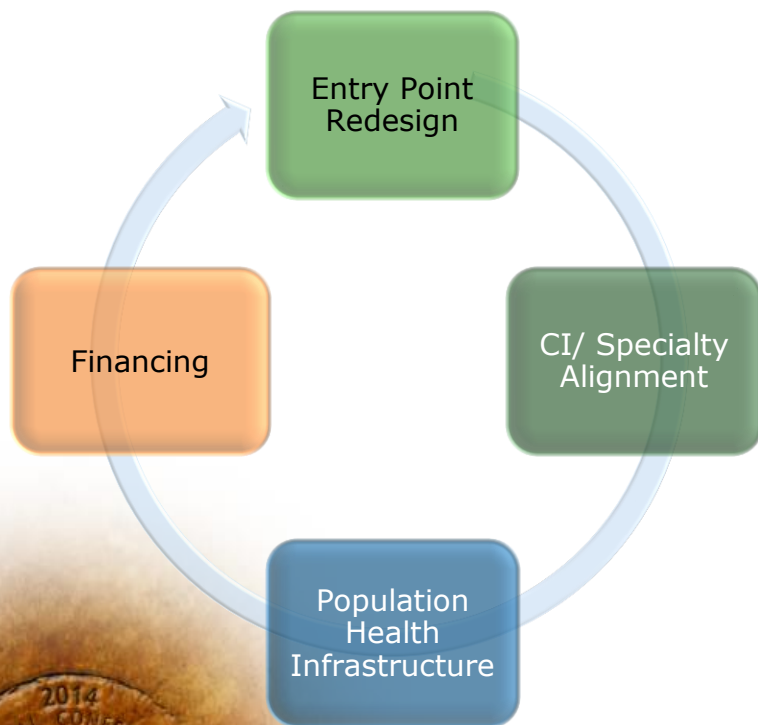
...Support A Full Continuum of Services



Quality Alliance

Focused on patient-centered clinical integration across all points of care

Intended consequences: Quality improvement, patient satisfaction and cost reduction – otherwise unachievable



Entry Point Redesign:

Primary Care strength, PCP PCMH; physician-designed best care and quality improvement processes, access & capacity challenge.

Care Integration/Specialty Alignment:

Standardized order sets, clinical protocols, care redesign. Large scale physician partnering, EHR adoption, and connectivity via HIE challenges.

Population Health Infrastructure:

Predictive analytics, comparative effectiveness, care coordination and population health management.

Financing: New innovative payment models, product & benefit redesign, data repository and control.



What This Merger Means For Us

- Industry is changing rapidly.
- Collaboration is required.
- We must remain focused on the big picture.
- Culture must be nourished.
- Communication is key.
- This is more than just scale.
- It will take time, energy & investment.



Combined Assets and Clinical Footprint/Access

- \$8.6 billion in assets, based on most recent audited financial statements
- \$6.3 billion in total operating revenues
- Includes:
 - 43 hospitals
 - 500+ patient care sites
 - 6,000+ affiliated physicians
 - 36,000 employees
 - Scott & White Health Plan
- Provided more than \$850 million in community benefit FY13

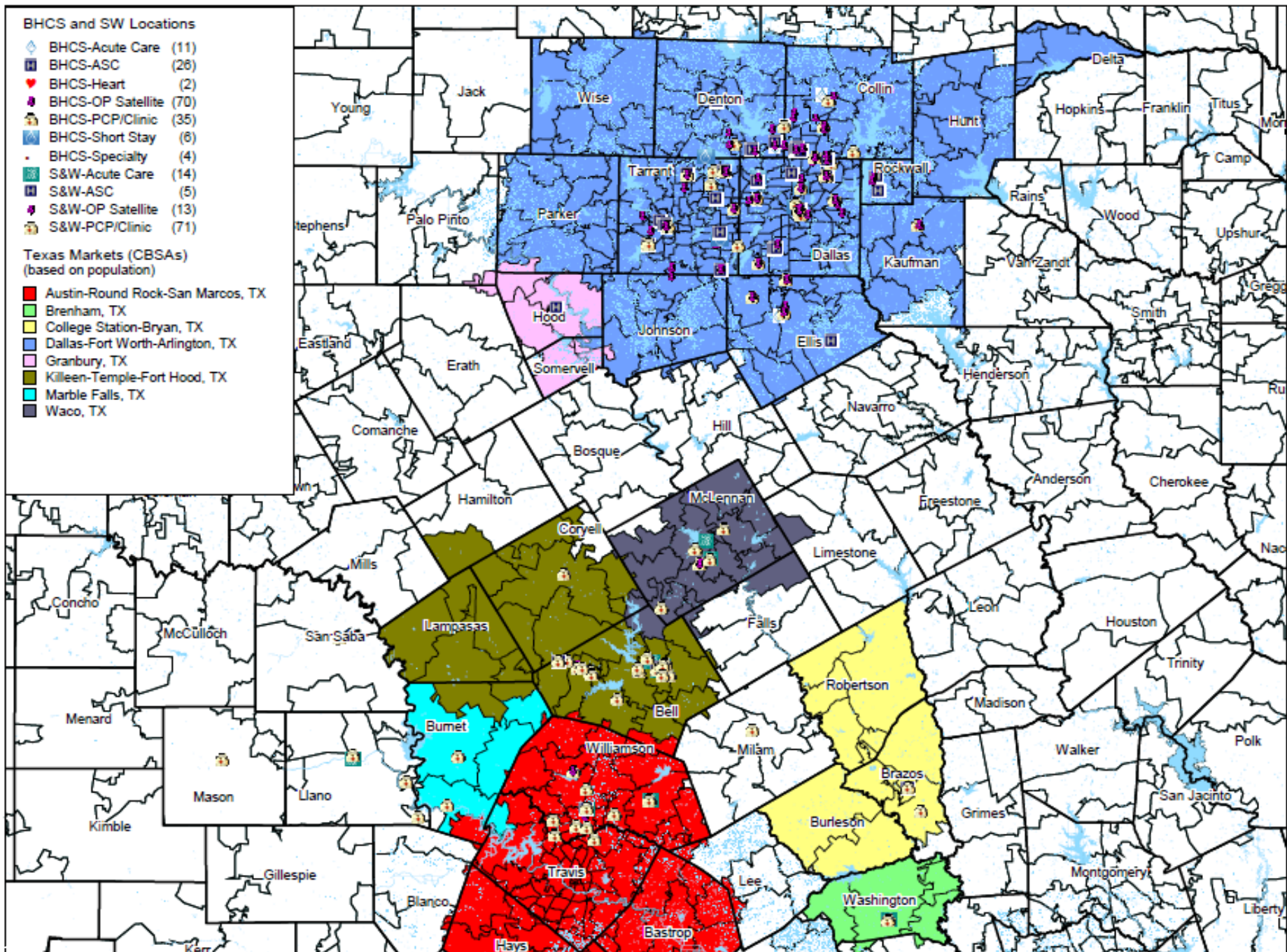


BHCS and SW Locations

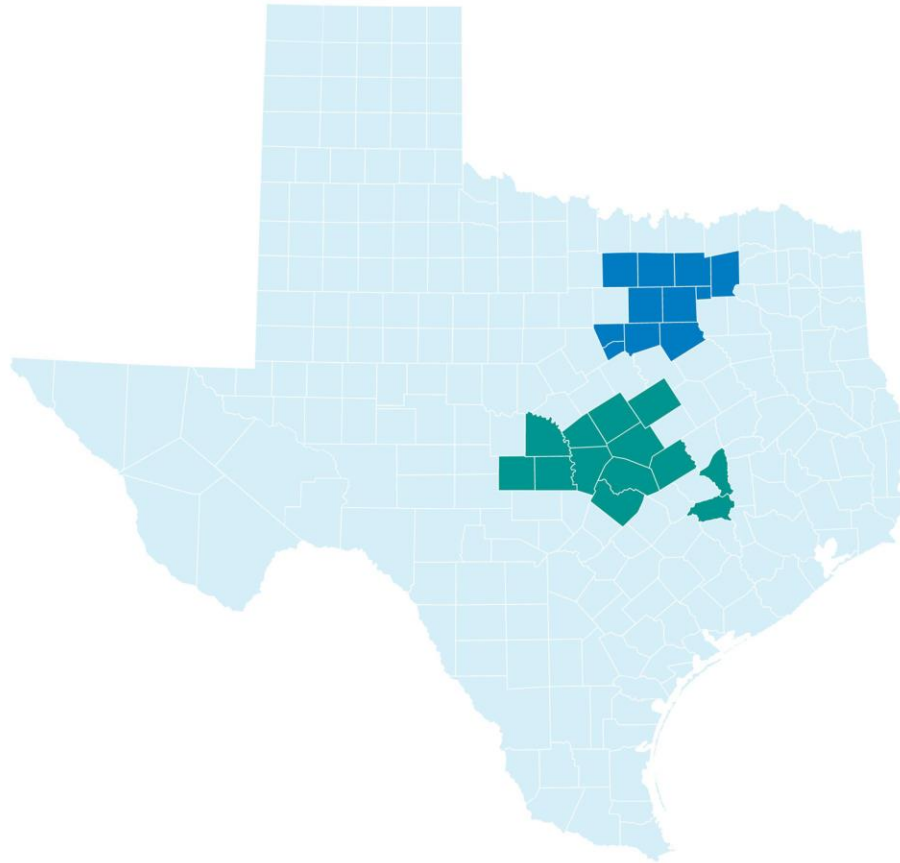
- ◆ BHCS-Acute Care (11)
- BHCS-ASC (26)
- ♥ BHCS-Heart (2)
- ◆ BHCS-OP Satellite (70)
- 🏠 BHCS-PCP/Clinic (35)
- BHCS-Short Stay (6)
- BHCS-Specialty (4)
- S&W-Acute Care (14)
- S&W-ASC (5)
- ◆ S&W-OP Satellite (13)
- 🏠 S&W-PCP/Clinic (71)

Texas Markets (CBSAs) (based on population)

- Austin-Round Rock-San Marcos, TX
- Brenham, TX
- College Station-Bryan, TX
- Dallas-Fort Worth-Arlington, TX
- Granbury, TX
- Killeen-Temple-Fort Hood, TX
- Marble Falls, TX
- Waco, TX



Approximately the size of the State
of Virginia (42,774) sq. miles



Mission

Baylor Scott & White Health exists to serve all people by providing personalized health and wellness through exemplary care, education and research as a Christian ministry of healing.

Vision

To be the most trusted name in giving and receiving safe, quality, compassionate health care.

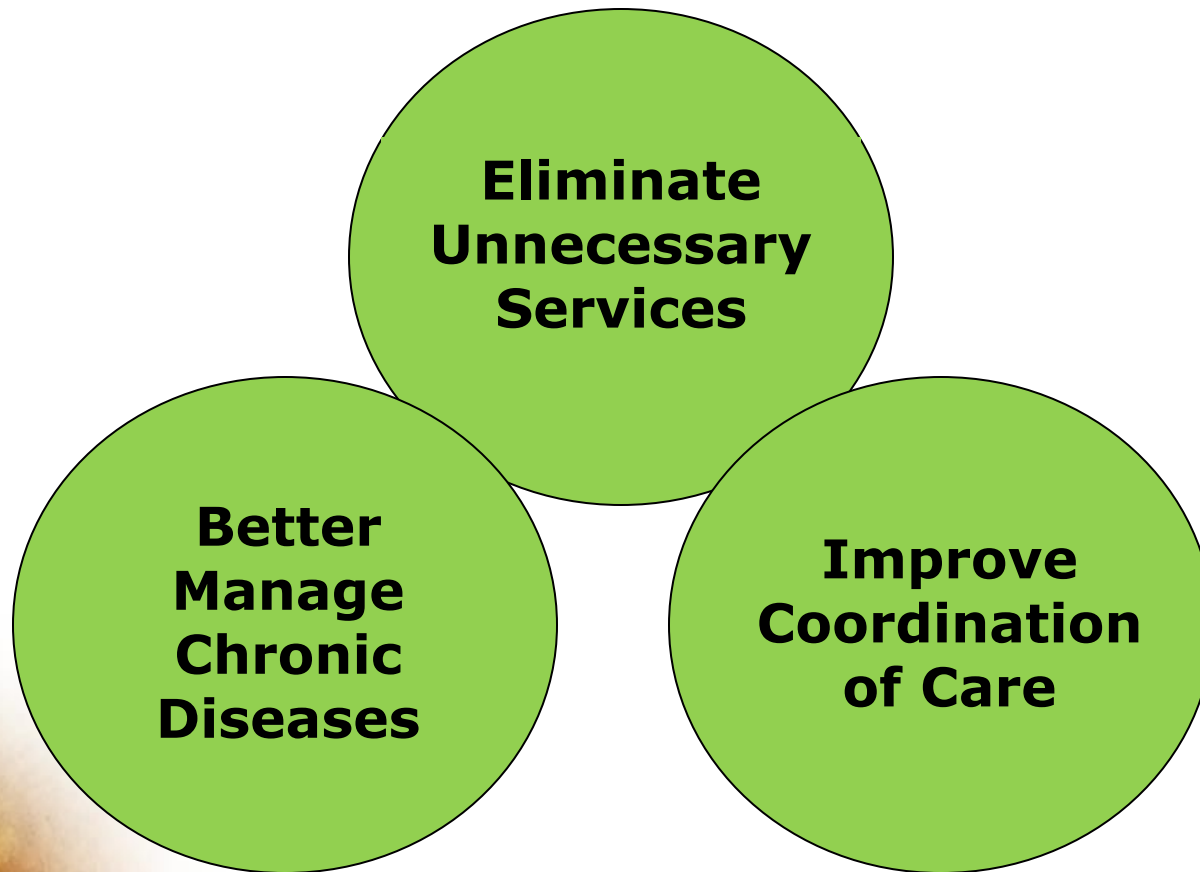


Values

- ***Integrity:*** Living up to high ethical standards and showing respect for others.
- ***Servanthood:*** Serving with an attitude of unselfish concern.
- ***Teamwork:*** Valuing each other while encouraging individual contribution and accountability.
- ***Excellence:*** Delivering high quality while striving for continuous improvement.
- ***Innovation:*** Discovering new concepts and opportunities to advance our mission.
- ***Stewardship:*** Managing resources entrusted to us in a responsible manner.



Three Keys to Successfully Delivering Value Under Health Care Reform



Meeting Challenges of the New Era

- Shift/emphasis from acute care toward population health management
- Health Care Reform – ACA
- Data aggregation/analytics/transparency
- Captive Health Plan and infrastructure
- Geographical distinction
- Scale – capital formation



Vision for a Healthier America

- Patient-centered processes of care
- Clinical transformation
- Medical education and research
- Clinical centers of excellence
- Top (AA) bond rating
- Health management strategies
- Top 3 health care system

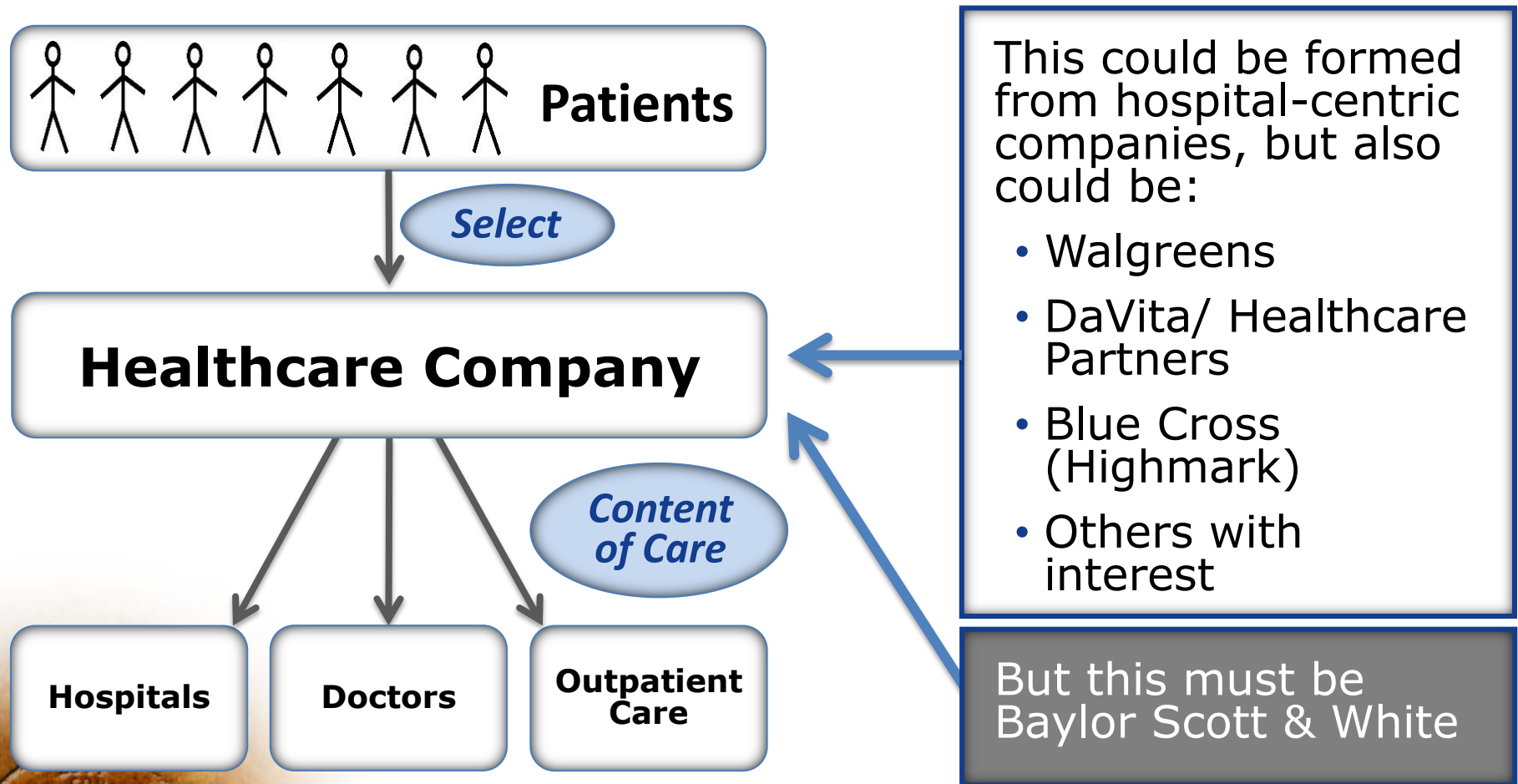


The New Winners:

- Well-capitalized health systems with high functioning, data driven, digitally connected, physician-lead TEAMS delivering evidence-based, patient-centered health care
- Able to treat higher volumes of patients
- At lower predictable costs per episode
- Demonstrating consistent measurable high quality



Post-Reform Business Model



Questions/Discussion

