ABI HEALTH CARE PROGRAM

NASHVILLE, TN

AMERICAN BANKRUPTCY INSTITUTE

OCT
25-26
2021

ABI.ORG/EVENTS

EDUCATIONAL MATERIALS

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AMERICAN BANKRUPTCY INSTITUTE

2021 Health Care Program

Kroger: Large Employer's Pandemic Response

Dr. Marc R. Watkins
Kroger Health | Brentwood, Tenn.

2021

FRESH FOR EVERYONE™

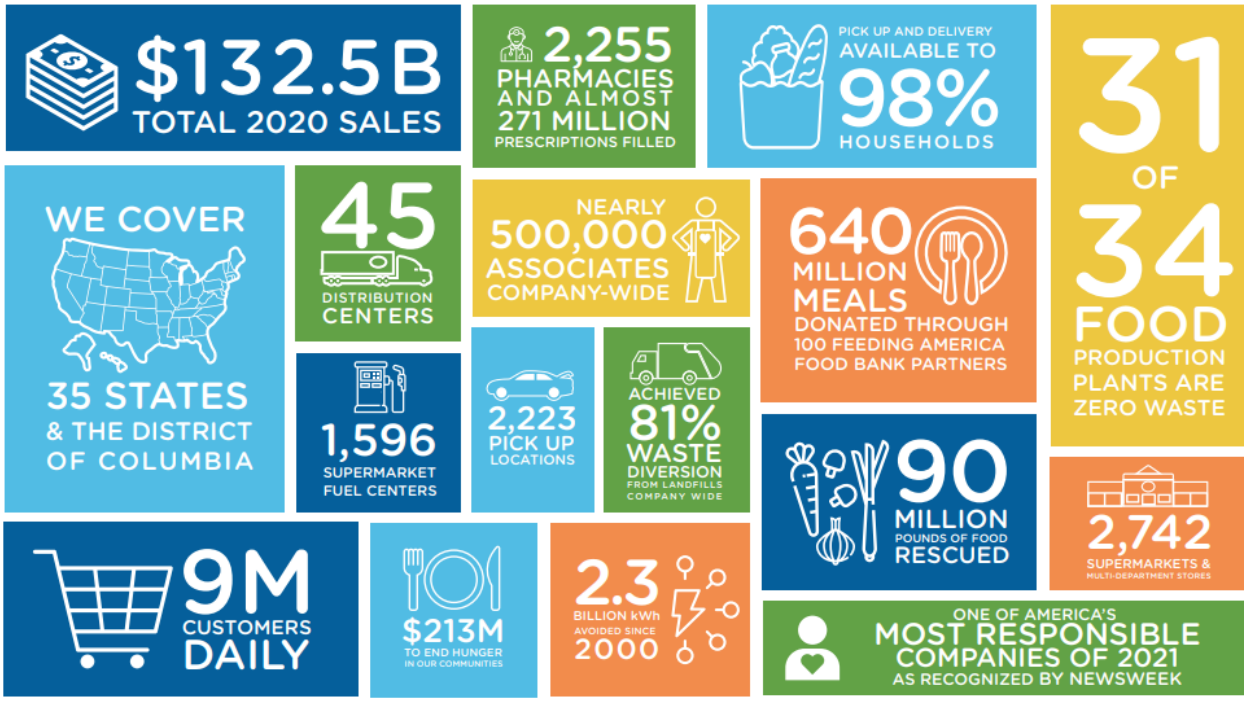
Kroger®

A Large Employer's COVID-19 Response

October 25, 2021

Overview

- Kroger by the numbers
- Planning
- Revisiting the timeline
- Call to action
- Kroger COVID-19 Taskforce
  - Enterprise Dashboard
  - Retail Operations
  - Supply Chain
  - Associates
  - Communication
- Work continues



Pandemic Plan

- Documented strategy for how an organization continues to provide essential services during a wide community spread of a highly communicable disease
- The plan should outline how to deal with large absentee rates over a long period of time
- Risk mitigations strategies
  - Non-pharmaceutical interventions
  - Communications
  - Deploying pharmaceutical interventions

Adapted from: https://en.wikipedia.org/wiki/Disaster_recovery

Business Continuity Plan

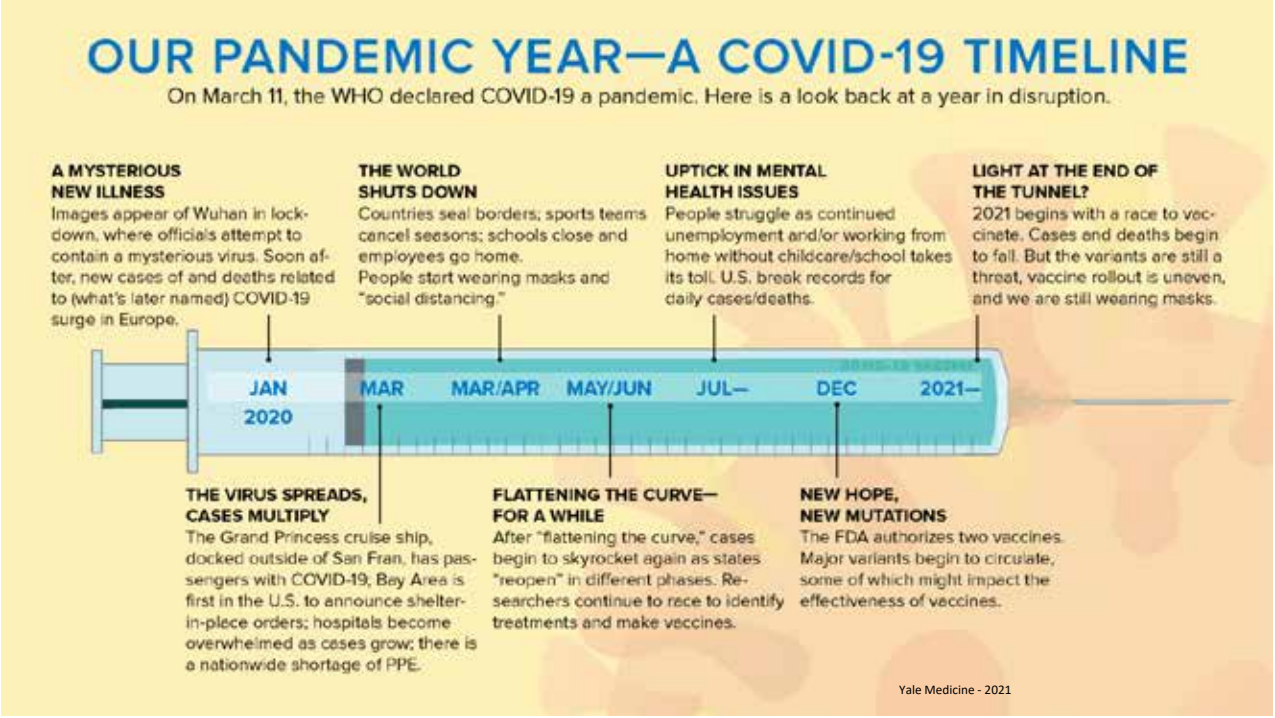
- Documented strategy designed that outlines how an organization will continue to function during an unplanned disruption of service.
- Typical plans use checklists that outline each department's function and employee allocation and role
- Plans may include details for near term or long-term outages

Adapted from: https://www.ibm.com/services/business-continuity/plan

Disaster Recovery Plan

Involves polices, procedures and tools to aid in and organization's recovery of important technical architecture either from some widespread disaster

Adapted from: https://en.wikipedia.org/wiki/Disaster_recovery



Our Early COVID-19 Response Timeline

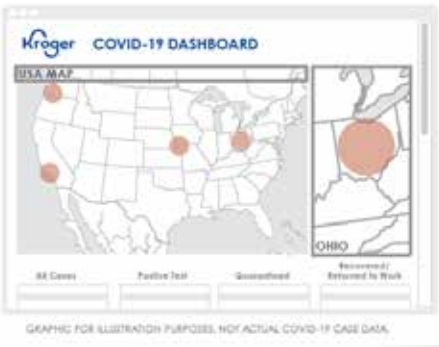
The Call to Action

- Organized testing events across the country
- Provided more than 7 million vaccines
  - Community Immunity Giveaway
- Developed risk mitigation strategies to protect associates and customers
  - Non-pharmaceutical interventions
  - Pharmaceutical interventions
  - Communications

The Call to Action

- The Blueprint
  - https://www.thekrogerco.com/blueprint/
- Business continuity plan
- Disaster recovery plan

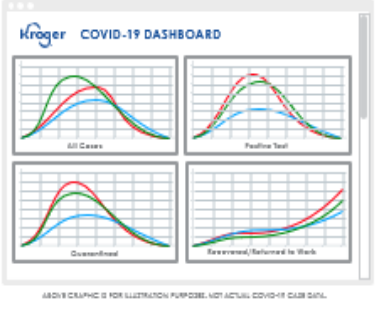
Using Data to Support COVID-19 Response and Drive Decision-making



Follow the science and follow the data

Enterprise COVID-19 Dashboard

- Cases vs exposure
- Quarantine
- Isolation
- Hospitalization and deaths
- Community transmission and positivity rate
- Vaccine distribution
  - First shot, second shot and booter
- Mask mandate and vaccine mandate
- Facility requirements



Kroger COVID-19 Task Force

- Asset Protection
- Business Continuity
- Corporate Communications
  - External & Internal
- Facilities
- Health & Wellness
- Legal
- Manufacturing
- Marketing
- Merchandising
- Retail Operations
- Safety and compliance teams (food safety, environmental, risk)
- Sourcing
- Supply Chain
- Technology/Digital
- Travel

Retail Ops

Flattening the Curve in Retail Stores

As America's grocer, we've spent the past six weeks focused on actions to help slow the spread across our footprint of nearly 2,800 retail stores in 35 states.

In every decision we make, we strive to balance our most urgent mission—to provide a safe environment for our associates and customers—with being here for our communities when they need us most. This often meant being flexible to quickly adapt to new ways of working. At other times, it meant slowing down to provide a refresher on basic best practices , including proper handwashing techniques and steps to promote physical distancing.

Whether you operate one store or thousands of locations across the country, we recommend these initial steps to ensure a safe retail environment:

Nothing herein constitutes legal advice or other formal direction or guidance of any kind. The information herein is offered for general informational purposes only.

Prepare Employees for Difficult Situations

In many ways, the pandemic has brought out the best in people, but the stress and fear can lead some to be confrontational. Prepare your employees to respond to these situations carefully to help ensure their safety. We prepared de-escalation tips for our employees and our store leaders, as well as ensured our leaders had talking points to use when communicating COVID-19 information to their teams, vendors and customers.

Ensure Easy Access to Information

Employees must be aware of the latest safety protocol in order to follow it. Regular communications and easy-to- access resource documents will help ensure your guidelines are understood and followed.

Consider this...

- **What steps can you take now to communicate and train employees and leaders on new safety procedures?**

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Embrace Digital Options

Digital capabilities allow us to maximize physical distancing practices, utilize contactless transactions and continue to provide an excellent shopping experience. Evaluate your business model and available technology to see where you can increase your digital presence and increase contactless payment options. Here are some options to consider:

Contactless Payments

Technology solutions are available to minimize the contact your customers have when completing purchases. Consider leveraging your own technology like Kroger Pay or third- party services, to allow customers to shop and pay without touching a pin pad or handling cash. Also, if you have self- checkout at your locations already, consider increasing availability or support staff to allow more customers to check out independently.

Consider this...

- **If you don't already have this capability, are there third-party vendors who can quickly provide virtual services for your business?**

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Alternative Ways to Get Purchases

Along the same lines as contactless payments, consider options for customers to do their shopping and get their purchases with minimal contact, including pickup and delivery. If available, these suggestions can help support digital options:

- Offer free or reduced fees on pickup or delivery services.
- Encourage employees to practice physical distancing during pickup and delivery by talking with the customer through a passenger window, loading items directly into the customer's trunk without contact, or leaving items at their door.
- Be prepared for demand and adjust online availability if items become unavailable or place limits if appropriate.
- Make some locations pickup or delivery only to minimize employee/customer contact.

Consider this...

- **How will your staffing need to change based on virtual offerings?**
- **Is there additional training that employees or leaders will need to support these options?**
- **How will you respond to long wait times or product availability issues?**

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Prepare to be Flexible

Being prepared for changes to occur in supply and demand is critical, especially during a rapidly evolving, and oftentimes unpredictable, public health event. Moving fast, having a contingency plan and remaining flexible will set your business up for success. Consider these areas to ensure you're able to remain flexible:

- Develop a broad, cross-functional task force with multiple touch points per day to quickly manage issues and communicate status.
- Proactively vet potential new suppliers in order to meet increase in demand.
- Identify critical tasks and cross-train employees to flow to the work as needed.
- Be proactive and make quick, yet informed decisions. Things change by the minute and require decisive action.
- Plan for extended lead times, up to 3x, depending on origin and product.
- Understand critical needs within your supply chain, and identify local solutions vs. best solutions. When possible, determine your in-house capabilities.
- Ensure diversity in the value, location and capabilities of your supply chain partners.
- Understand rules associated with the regulatory body that governs a decision (e.g., getting permits at a local level vs. state or federal).
- Regularly update account information and make sure it's easily accessible to expedite shipments as needed.

Consider this...

- **Are you prepared to limit third parties in your facilities to protect the safety of your employees? Will this affect your ability to remain open?**
- **Automated processes don't take pandemics into consideration. Are you able to override systems or revert back to manual decision-making to ensure the right decision is being made to fulfill needs?**
- **How far out can you extend forecast information?**

Supplying America

The importance of a healthy supply chain has never been more critical to our communities than in the face of this global pandemic. As the nation's largest supermarket retailer, Kroger's extensive supply chain is constantly evolving to meet the needs of our customers and communities.

In response to the COVID-19 pandemic, we reinforced our supply chain best practices by monitoring rapidly changing shopping trends, focusing on in-demand products, maintaining high productivity and prioritizing the health and safety of our associates.

Regardless of the size of your business, these steps will help ensure your supply chain continues to operate safely and efficiently during uncertain times:

- Enhance Safety Procedures
- Encourage the Use of PPE
- Monitor & Support Employee Health
- Establish Vendor, Driver & Visitor Safety Guidelines

Enhanced Safety Procedures

To meet the changing needs of our stores and our communities, we made changes to many of our processes. Safety has always been one of our core values, but in response to this global health event, the bar was raised.
Here are some of the ways we promote healthy habits in our supply chain:

Educating Employees

We all know we should wash our hands often throughout the day and keep a six-foot distance, but when we get busy at work, a quick reminder is always helpful. Regularly encourage employees to practice hygiene and physical distancing recommendations from the Centers for Disease Control and Prevention (CDC) and other government agencies through your communication channels. Here are a few options to consider:

- Post signage at employee entrances, timeclocks, in breakrooms and employee restrooms about the importance of following healthy habits.
- Prepare discussion guides or talking points for leaders to use that encourage employees to follow recommended hygiene and physical distancing practices.
- Provide floor decals, buttons or badges to encourage social distancing.
- Also, don't underestimate the power of your external messages to reach your employees as well.

Consider this...

- **Do you have proper signage reminding employees of enhanced safety protocols?**
- **Have you provided leaders with talking points and easy-to-access guidelines to reinforce in your facilities?**

Vendor, Driver and Visitor Safety

Managing the safety of non-employees in your supply chain presents a different set of challenges. In addition to the education and cleaning actions previously explained, here are a few steps to help protect your employees and others who may enter your facilities.

- Post signs at entrances and checkpoints notifying visitors to STOP if they are sick and ask them not to enter your facility.
- Increase the availability of hand sanitizer, wipes and cleaning of frequently touched surfaces for vendors, drivers and employees.

What is the best way to maintain availability of important sanitation supplies?

Create a plan for how you will acquire and distribute these items. Sourcing of supplies can be a challenge in the current environment. If supplies are in short supply, consider adding an employee to sanitize cart or frequent touch points during all hours of operation.

- Encourage delivery drivers and other visitors to practice good hygiene through signage and offer hand sanitizer or hand washing stations where available.
- Temporarily eliminate non-critical work/projects that utilize contractors or vendors.
- Consider modifying your receiving process.

How can we eliminate unnecessary touchpoints within our supply chain, including vendor deliveries?

Kroger is suspending signatures required on some deliveries to further promote physical distancing.

- Encourage drivers to comply with physical distancing by waiting in their tractors and conducting status updates via phone versus face-to-face.
- Ensure signing stations are located six feet from other individuals, and that cleaning supplies, hand sanitizer, gloves and extra writing utensils are available.

Office Locations

- Temporarily suspend visitors from all office locations unless business critical.
- Suspend business travel and encourage the use of digital meetings where possible.
- Encourage those who can successfully perform their work from home to do so until further notice.

Supporting Your Team During Uncertain Times

No matter what your business is, your people are your greatest asset. They work hard to serve your customers and achieve your goals. Throughout the pandemic, our employees remained on the frontline to ensure our customers and our communities had access to fresh food and essentials when they needed them most. We've learned a lot along the way. In this section, we're sharing some of the steps we've taken to support and recognize our employees while being there for our customers and communities.

Take Steps to Ensure Employee Safety and Well-Being

Provide Holistic Support to Employees

Engage Employees in Your Pandemic Response

Rethink Your Office Environment

Provide Holistic Support to Employees

The COVID-19 pandemic has created unprecedented circumstances for everyone. Be honest with your team. It's OK to not know all the answers, but your employees need to know that you are there to support them. This requires more than words – although those help, too. You need to show your support through your actions. The areas outlined below may be helpful when determining how to support your employees:

Benefits

Reviewing your overall benefits package is a great place to start when looking for ways to support your employees. You may find opportunities to expand your current policies or identify gaps that may need filled by new benefit offerings. Here are some examples:

- Health Benefits: Many health insurance providers are offering dedicated COVID-19 tools and resources. They may have educational flyers or even online healthcare options, such as telehealth functionality. Make sure to promote these resources along with reinforcing where employees can review their coverage to help them understand the healthcare options available to them.
- Financial Benefits: This pandemic has had a tremendous financial impact on many Americans. If you offer a 401(k) plan to employees, your plan administrator may have services available to help your employees with budgeting, investing and managing financial hardship.

Are there any legislative updates we should make our employees aware of?

Answer: The CARES Act legislation made it possible for those affected by COVID-19 to withdraw up to $100,000 of their employer-sponsored retirement funds without penalty; however, your plan must opt in to this benefit.

- Mental and Emotional Support: As the pandemic continues, many people may experience anxiety or stress due to the uncertainty. While this is a normal response, it can have a serious impact on your employees. Look for opportunities to provide counseling and resources through an employee assistance program or other service. Many of these programs can provide virtual one-on-one support.

How can we set our leadership up for success in the current environment?

Leading during a crisis is challenging and requires managers to use both their heads and their hearts. Invest time preparing your managers to lead with empathy in these circumstances.

- Other Benefits: You may find that employees struggle to return to work due to lack of childcare or other needs at home that have occurred as a result of the pandemic. Consider providing information on community resources that may be able to help or offering hardship grants to employees who need extra support.

What are examples of more immediate financial assistance companies can provide?

We amended our existing employee support fund – Helping Hands – to provide small grants to employees impacted by COVID-19.

Recognition

Depending on your type of business, employees may face unusual circumstances when they return to work. This could mean working longer than normal hours, experiencing increased pressure or stress, or feeling unsafe or at-risk while working. During these times, recognition of their efforts can go a long way toward increasing their comfort and satisfaction at work. Here are some options:

- Say "Thanks:" If your business has been hurt by the pandemic, you may not be in a position to offer additional pay or perks, but that doesn't mean you can't show appreciation. Be transparent and acknowledge that these are unusual times, requiring unusual effort. Thank your teams for their work and let them know their efforts are noticed.
- Discounts or Perks: Consider both large and small-scale perks, including product discounts or other employee- only benefits. You may even consider partnering with another nearby business to offer perks for each other's employees.

- **What established benefit programs do you have that can be leveraged or expanded to better support employees during this time?**
- **What can you do to say "thank you" to employees for their hard work?**

Engage Employees in Your Pandemic Response

None of us have all the answers in this pandemic. We're all learning along the way. One of the best ways to learn what's working and what's not is to ask those on the frontline.
Ensure you have multiple lines of two-way communication with your employees, helping you identify problem areas and quickly respond to meet your employees' needs. Here are some ways to keep the lines of communication open:

- Create an Employee Hotline: Setting up a phone hotline or email box provides employees a channel to ask questions, voice concerns and share ideas up the chain.
- Source Direct Feedback: Ask your employees how they're doing and what they need through a survey.
- Share Findings and Actions: Getting employee input is just one side of the conversation. Follow up with employees, share what you learned and what actions you plan to take to address their concerns.

Consider this...
- **What channels do you have for employees to share concerns?**
- **Are you prepared to respond accordingly to feedback received?**

Communication
s

Rethink the Office

Whether you are new to remote work or are extending it longer than expected, these are important focus areas as you transition to a more virtual workforce:

Technology

Access to reliable technology is critical for an efficient and effective remote working environment. Here are a few tips for keeping your team connected and collaborative while they're safely working from home:

- Evaluate Equipment Needs: Take a look at your office workforce to determine how many have the tools and equipment they need to work from home. Create a plan to obtain proper equipment for those who need it, including laptops, remote access tokens, etc.
- Have Support Available: Our tools are only as good as our ability to use them. Make sure your employees have easy access to reference guides, tip sheets, and support lines for the resources they'll need at home, including virtual meeting tools and VPN.
- Prepare Managers: Leading a team remotely can be challenging. Invest time in training or education resources to help managers effectively lead and support employees during this difficult time.

Safety in the Office

As office locations begin to reopen, it's important to implement and consistently monitor new precautions to safeguard employees.

- Follow Physical Distancing Practices: Be intentional about creating extra space in the office. Ask employees to spread out and limit in-person meetings. You may even consider alternative work schedules to reduce the number of employees in the office.
- Determine Plan for Common Areas: Before reopening your offices, make sure to have a plan for frequent cleaning of all common areas (e.g., restrooms, break rooms, cafeterias, etc.) and frequently touched surfaces (e.g., door handles, elevator buttons, etc.).

Consider this...
- **Do you have the technology and resources to support remote work?**
- **Do you have a reimbursement policy in place for employees using their own device or services while working from home?**
- **What measures can you take when reopening offices to promote safety and well-being in the work environment?**

Establish Your Crisis Response Framework

In the early days of the pandemic, our first step was to establish a COVID-19 Task Force representing leaders from Kroger's various business units. The strategic group was responsible for quickly activating our COVID-19 preparedness plan and coordinating with Kroger's senior leadership to help our business navigate the rapidly evolving public health event. Read more about how we formed our COVID-19 Task Force in the *Getting Started* section of this Blueprint.

As key members of the task force, our Corporate Affairs and Marketing leaders were charged with not only providing strategic input, but also communicating real-time business, policy and process change decisions to the organization's employees, customers and community stakeholders.

With a strong framework in place, our team was able to quickly and confidently communicate with our key audiences. We also used the PESO media model (paid, earned, shared and owned) as a strategic approach to amplify our key crisis messages.

To create or strengthen your business' crisis response framework, consider these important steps.

Align on Guiding Principles

Although having a plan is critical, communicating during uncertain times often requires flexibility and rapid decision- making that can't be mapped out in advance. To ensure our team was prepared to make efficient and effective decisions in these situations, we aligned on key principles to guide our communications:

1. Lead with Purpose
   All decisions must hold true to Our Purpose, to Feed the Human Spirit, and Our Values of Integrity, Honesty, Diversity, Inclusion, Safety and Respect.
2. Be Transparent
   Rumors are created to fill voids and can be prevented with transparent information. We may not have all the answers, but we will be proactive about sharing what we know, what we've learned, what is going well and where we can improve.
3. Communicate with Employees First
   Our communications will support our people-first culture.
4. Communicate Early and Often
   It's more important for information to be shared quickly than for it to be perfectly comprehensive. We can always build on initial updates, but when it comes to the health and safety of our employees, customers and communities, immediate action is our priority.
5. Get Feedback
   Unprecedented times require new ways of working, which means we won't do everything perfectly the first time. Seek out opportunities to source input from key audiences and integrate their feedback when possible.

Because every business is unique, your guiding principles will likely be different from ours. To establish an effective framework, carefully consider the values and priorities of your organization and secure full alignment from your key leaders and communications team.

Define Roles & Responsibilities

Whether you operate a lean startup, small business or Fortune 500 corporation, having a communications strategy will better position your business to navigate the crisis successfully. Maintaining consistent, efficient communication during a crisis is more manageable when you have a high- level plan, define clear ownership and streamline the review and approval process for key messages and content.

As part of your strategy development, it is important to think about your audiences and the required communication approach:

- External Communications
  Manages external communications content and channels, fields media inquiries, distributes information to press, speaks on behalf of the company, works closely with the Customer Communications and Marketing teams, etc.
- Internal Communications
  Manages internal communications content and channels, distributes information to employees, sources employee feedback to drive future business decisions, collaborates with Human Resources to respond to employee questions or concerns, etc.
- Leadership Communications
  Manages internal and external communications for leaders to create greater visibility of executives among employees and customers, humanizing the brand/ business and instilling greater trust and confidence.

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- Customer Communications and Marketing
  Manages customer communications content and channels, sources customer feedback to drive future business decisions, fields customer questions or concerns via a call center, email and social media, etc.
- Store and Operational Communications
  Manages store-specific internal communications, distributes corporate, division and store updates on policies, merchandising, maintenance, customer service and beyond.
- Government and Policy Communications
  Manages policy communications and engagement with federal, state and local government agencies and officials, informing of operating environment and advocating for resources and support.
- Community Communications
  Manages community partner communications, speaks on behalf of the organization's nonprofit foundation and stewards financial grants to purpose-driven organizations.
- Investor Communications
  Manages communications to keep investor community informed of business continuity plans, operating environment, response and investments.
- Storytelling and Multimedia Communications
  Manages the creative direction and execution of multimedia communications, works closely with internal and external communications to elevate compelling brand stories via video, photography, graphics and more.

Keep in mind that, depending on the size of your business, multiple people may support one role, or alternatively, one person may be responsible for multiple roles.

My communications team doesn't have the capacity to manage multiple channels. What should we prioritize?

In crisis communications, it's important to be selective about where to invest your team's limited time and energy. Start by making a list of your primary audiences and business-critical communication needs, then structure your team and strategy to focus on those priorities.

Our Frontline Associates

Appreciation Pay
We paid all eligible full- and part-time frontline grocery, pharmacy, supply chain, manufacturing and call center associates a wage premium from late March through mid-May and multiple thank-you bonuses.

Paid Leave
We provided COVID-19 Emergency Leave to associates most directly affected by the virus or experiencing related symptoms, and provided paid time off.

Personal Protective Equipment (PPE)
We called on federal and state officials to designate grocery store associates as "extended first responders" to ensure priority access to PPE after healthcare workers. Face masks are mandatory for associates, and we require customers to wear face coverings in our stores as well.

Promoting Health
We encourage associates to monitor their health and those with symptoms to stay home. We provide free COVID-19 testing to associates based on medical need. Kroger Health also introduced COVID-19 Test Home Collection Kits, available first to frontline associates in partnership with Gravity Diagnostics.

Physical Distancing
We installed new protective partitions at checklanes and pharmacy counters across the country and installed signs and floor decals and implemented customer capacity limits all to promote physical distancing.

ExpressPay
We added an ExpressPay option that allows most hourly associates to access pay more quickly during these challenging times.

Helping Hands
We added $15 million to Kroger's Helping Hands Fund, which offers emergency financial assistance to associates, expanded grant eligibility and expedited payments. So far, nearly 1,100 associates have received a total of $550,000 in COVID-19 relief.

Health Services
We promoted access to mental health services and other benefits to support associates' mental and physical well-being.

Hear more about Kroger's COVID-19 response.

Our Customers and Communities

Enhanced daily sanitation in high-traffic areas like cashier stations, self-checkouts, credit card terminals, foodservice counters and shelves.

Adjusted store hours to enable more cleaning and replenishing, reduced occupancy limits and set Special Shopping Hours for higher-risk customers in select markets.

Promoted and increased the capacity of Kroger Pickup, Delivery and ship-to-home services for convenient, low-contact shopping.

Piloted a Pickup-only store in Cincinnati to address increasing demand, waived fees for curbside Pickup service and began accepting SNAP benefits for online orders.

Enhanced pharmacy services to ensure access to medications, waived prescription delivery fees and promoted the Kroger Rx Savings Club, provided by GoodRx Inc., for additional savings on common prescriptions.

Health clinics adjusted procedures for staging and screening patients, and we expanded telemedicine and free telenutrition services for customers during COVID-19.

Work Continues

- Vaccine distribution
  - Primary
  - Boosters
  - Outpatient treatments
- Testing
  - Exposure testing
  - Work requirements
- Safety
  - NPIs
  - Mitigation strategies
  - Know your numbers


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Faculty

Dr. Marc R. Watkins, M.D., M.S.P.H., F.A.C.O.E.M. is the chief medical officer for Kroger Health in Brentwood, Tenn., the health care arm of The Kroger Co., which comprises more than 2,200 pharmacies in 37 states and Washington D.C., more than 220 locations of The Little Clinic in nine states, and 11 specialty pharmacies across the country. Working with a cross-functional team of pharmacists, nurse practitioners, physician assistants, dietitians and technical care providers, he helps to develop the strategic direction and overall clinical program initiatives for Kroger's providers and delivers clinical guidance for associate benefit design. Dr. Watkins is also responsible for regulatory and accreditation requirements, maintaining a comprehensive suite of high-quality care for patients. Since the outbreak of COVID-19, he has also advised the company on its response, including testing and vaccination efforts. Dr. Watkins joined Kroger in 2015 as vice president and medical director of The Little Clinic. In August 2018, he was promoted to Chief Medical Officer of Kroger Health. Prior to joining Kroger, he spent six years with Concentra Health Services in various physician leadership roles, providing strategic, operational and clinical program development to major employers across the country. Dr. Watkins is a Fellow of the American College of Occupational & Environmental Medicine. He served five years active duty in the Navy as Senior Medical Officer and twice received the Navy Commendation Medal. Dr. Watkins received his B.A. in philosophy from the College of the Holy Cross in 1991, and his M.D. in medicine in 2002 and his M.S.P.H. in public health from Meharry Medical College, a historically Black medical school.

AMERICAN BANKRUPTCY INSTITUTE

2021 Health Care Program

Reactor Panel: Where Have the Restructurings Gone?

Andrew C. Helman, Moderator
Dentons Bingham Greenebaum | Portland, Maine

M. Benjamin Jones
Ankura Consulting Group, LLC | New York

Deirdre A. O'Connor
Epiq | New York

Naomi O'Dell
RBC Capital Markets | Chicago

James R. Porter
ToneyKorf Partners, LLC | Charlotte, N.C.

2021

DRAFT – FOR DISCUSSION PURPOSES ONLY

ToneyKorf Partners LLC

ABI Healthcare Conference

October 25, 2021

DRAFT – FOR DISCUSSION PURPOSES ONLY

Biography

James R. (“Jim”) Porter is a Managing Director of ToneyKorf Partners. He has spent more than 25 years working with distressed companies and organizations internationally and in the U.S. by providing turnaround and restructuring services as well as litigation support to maximize stakeholder value and return

Jim’s ongoing work is in the successful financial restructuring of a critical access hospital in New York, where he was responsible for the identification and rapid implementation of Finance and Business Operations initiatives. This allowed the organization to avoid bankruptcy and further develop integrating with a broader system. This work continued into and through the COVID-19 pandemic

Jim also served as the Chief Financial Officer in the restructuring of Brookdale University Hospital & Medical Center, a $500M revenue distressed hospital located in Brooklyn, New York. He also served as the SVP Restructuring, where he managed various restructuring initiatives in conjunction with the New York Department of Health to stabilize and improve healthcare delivery in East New York

DRAFT – FOR DISCUSSION PURPOSES ONLY

Topics

1. Background and Intro
    i. Include Bio and firm background. (5 min)

2. Why did we not initially see a wave of bankruptcy?
    i. Pandemic Impact
        i. General Comments (Steven)
            a. How did we get where we are
            b. Funding and Stimulus
            c. What bankruptcies did happen
            d. Regulatory
    ii. Issues
        i. Hospital
        ii. CCRC
        iii. LTC

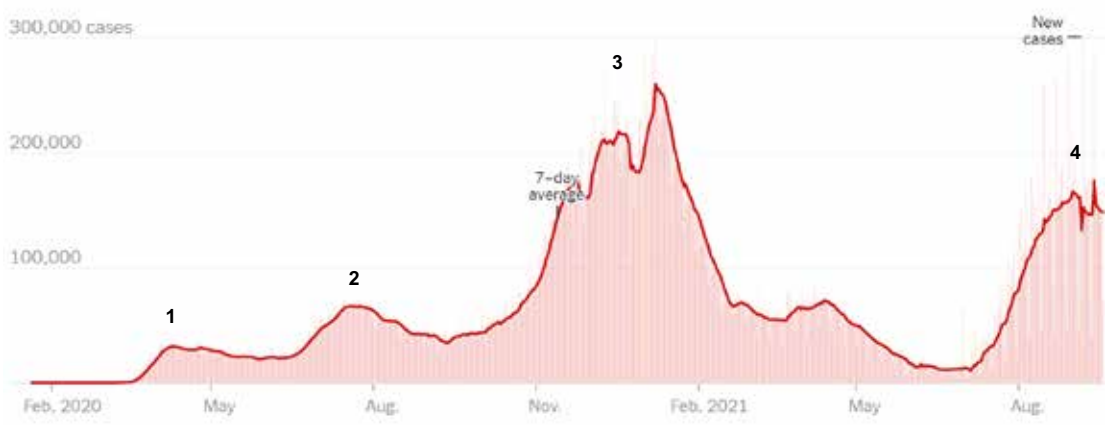
    iii. What hasn't happened and outlook

3. Conclusion / Q&A (5 min)

3

DRAFT – FOR DISCUSSION PURPOSES ONLY

COVID Timeline

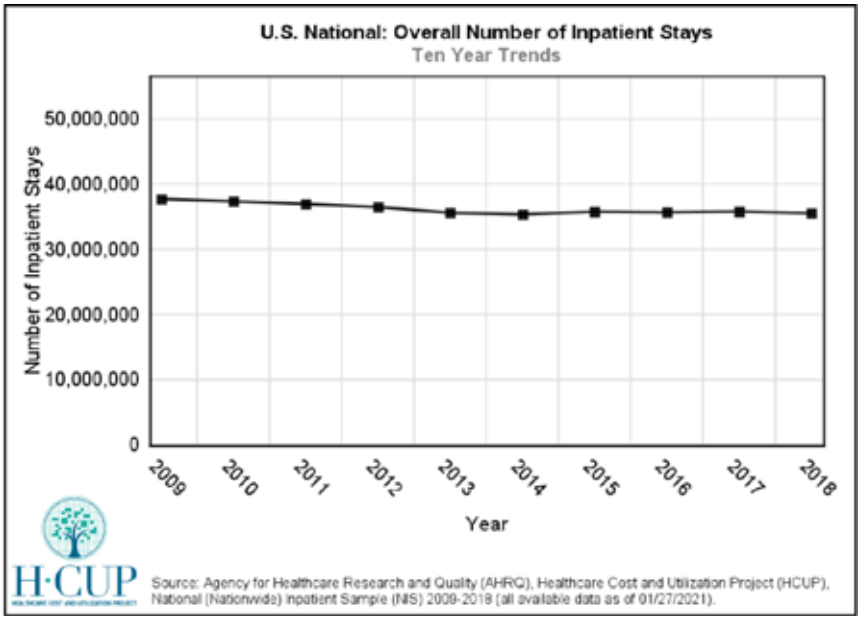


Source: https://www.nytimes.com/interactive/2021/us/covid-cases.html

4

DRAFT – FOR DISCUSSION PURPOSES ONLY

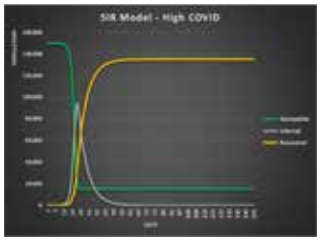
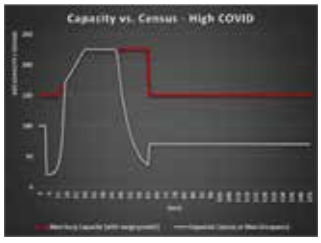
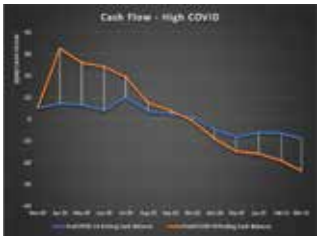
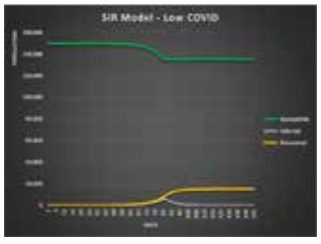
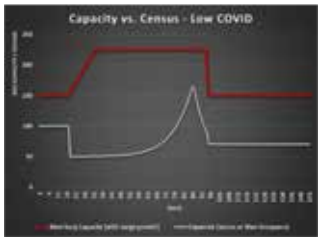
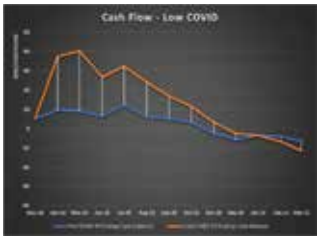
Traditional Inpatient Volumes



5

DRAFT – FOR DISCUSSION PURPOSES ONLY

Pandemic Impact and Mitigation Strategies (PIMS)

	SIR Model Rates for COVID-19	Capacity Vs. Census	Cash Flow
High COVID			
Low COVID			

Infection rate drives COVID admissions and loss of elective case volume impacting financial outcome

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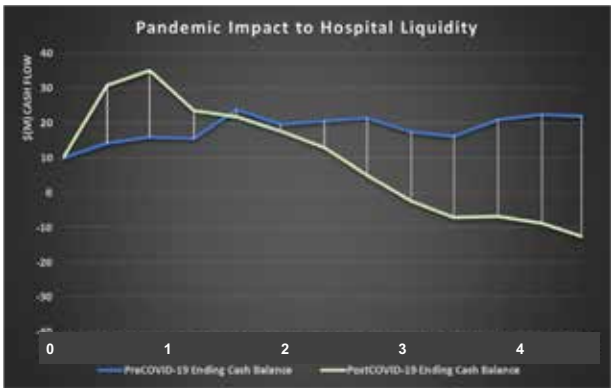
PIMS Links Total COVID-19 impact to Financial Stability

Full financial impact of COVID-19 will require early action



- **ALL HOSPITALS:** dramatic impact regardless of caseload
- **INFECTION RATE IMPACT:** predict magnitude and timing of hospital admission rates and initial financial impact
- **FINANCIAL PROJECTION:** PIMS utilizes case number, acuity, timing, and elective case volume loss
- **ADAPTABLE MODEL:** any hospital system in any region
- **SUPPLEMENTAL FUNDING INSUFFICIENCY:** does not cover lost case volume revenue
- **EARLY ACTION IS CRITICAL:** can significantly improve hospital financial stability from dramatic post-surge losses
- **FAILURE TO ACT = INSOLVENCY:** failure to act early jeopardizes a sustainable recovery for any hospital

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Reconstructing Healthcare Post-COVID

COVID has injected speed and volatility into healthcare transformation already in process

Boards Must Understand Full Impact of COVID

- **Dramatic current and future financial impact to communities and healthcare systems**
- **Changed patient demand for healthcare services**
- **Altered clinical delivery and operational model**
- **Shifting healthcare economics, heightened competition, different margin priorities**
- **Community impact – socioeconomic health and wellness will worsen**

Primary Strategic Focus Areas

- **Recapture demand and volume**
- **Reduce operating expense**
- **Change clinical operating model**
- **Restructure physician relationships**
- **Partnerships for scale and efficiency**

Boards Must Shape Actions

- **Local situation will inform the right strategies**
- **Unprecedented disruption requires ability to decisively advance change**
- **Size, availability of resources and management capabilities will be determinants of outcome**
- **High risk of insolvency requires Board's full engagement with management to create options**

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Has the CARES Act been good or bad for providers?

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CARES

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed on March 27, 2020, which included a $100 billion fund intended to support health care providers. An additional $78 billion was granted on April 23, 2020 totaling to ~$178 billion of funding

- CARES was intended to stabilize hospital finances as they faced a loss of revenue from the loss of elective procedures and increased costs for PPE and personnel

Eligibility - CARES funds can only be used to reimburse eligible providers for "health care related expenses or lost revenues that are attributed to coronavirus"

Cannot be used for:
- Normal operating expenses
- Capital projects unrelated to coronavirus

As reference $100 billion roughly equals 9% of total hospital expenses in 2020*

***Source: https://www.aha.org/system/files/media/file/2020/01/2020-aha-hospital-fast-facts-new-Jan-2020.pdf**

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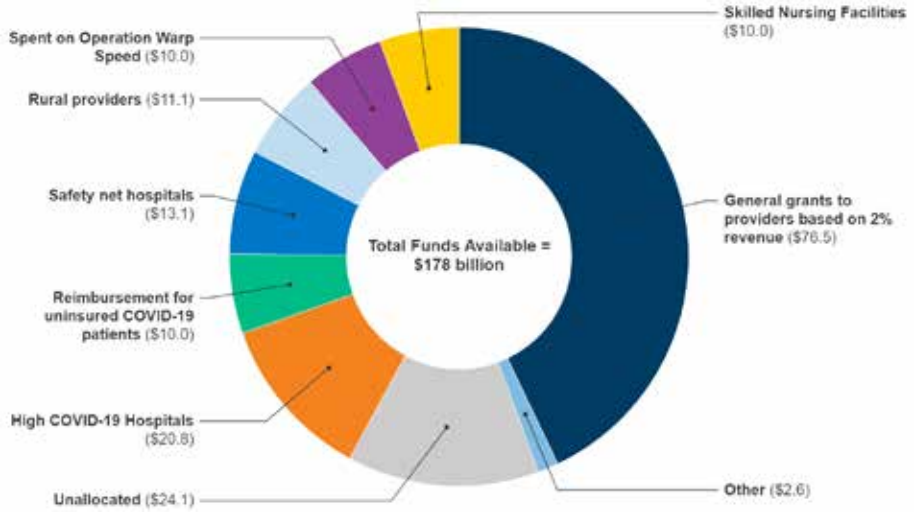
Allocation of Provider Relief Fund

Out of $178 billion approximately $40 billion* has not been distributed and $24 billion remains unallocated



Source: KFF analysis of HHS announcements regarding provider relief grant allocations and distributions of funds to providers treating uninsured COVID-19 patients and the Government Accountability Office's "COVID-19:Sustained Federal Action Is Crucial as Pandemic Enters Its Second Year ,", March 11, 2021.
*AHA stated that ~$40 billion of the Provider Relief Fund has not been distributed as of August 17, 2021 - https://www.aha.org/lettercomment/2021-08-17-aha-urges-hhs-release-covid-19-relief-funds-hospitals-health-systems
Note that an additional $25.5 billion was announced in additional distributions and applications for funding begin September 29th, 2021

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Additional Funding Sources for Providers

Health providers were also eligible to receive loans through the Medicare Accelerated and Advance Payment Programs

- 80% of the $100 billion in loans went to hospitals
- Repayment started as early as March 30, 2021
- A portion of the new Medicare claims will be reduced to repay the loans
- 25% during the first 11 months of repayment and 50% during the next 6 months

Social Security Deferral – Defer payment of 6.2% FICA tax

Paycheck Protection Program – Maximum of 250% of the last 12 months average monthly payroll capped at $10 million

State and Local Level Foundations and Charities

- Robin Hood COVID-19 Relief Fund
- Mother Cabrini Health Foundation
- New York Community Trust – NYC COVID-19 Human Services

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COVID's Financial Impact And Counting….

The American Hospital Association estimated that hospitals and health systems will lose at least $323.1 billion in 2020, which includes $202.6 billion between March 2020 – June 2020 and $120.5 billion between July 2020 and December 2020

Source: https://www.aha.org/system/files/media/file/2020/06/aha-covid19-financial-impact-short-0620.pdf

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The Good and The Bad

Good

- Liquidity
- Focus on operations
- Public perception
- Target those with greatest need
- Avoided mass bankruptcy

Bad

- Inaction
- Masking performance
- Lost focus on finance
- "Use it or lose it" mentality
- Market forces – "gouging"
- What can you buy with the money?
- Timing of funds versus deployment

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Has it prevented the collapse of our healthcare systems, or has it masked the underlying underperformance, resulting in a delay of needed actions?

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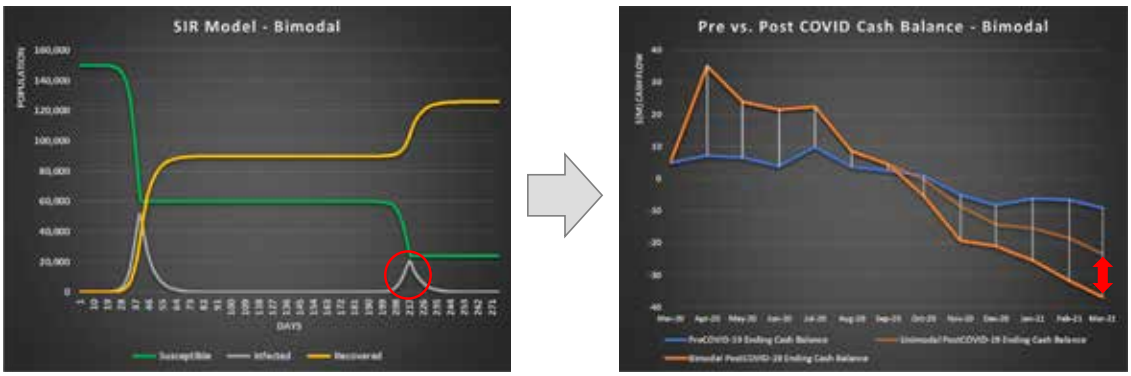
Every Surge Has a Cost

Bimodal COVID-19 impact on financial stability



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COVID Impact to Hospital Bankruptcies

At least 30 hospitals entered bankruptcy in 2019*

At least 47 hospitals have filed for bankruptcy in 2020**

Bankruptcies represent 0.5% of total hospitals in 2019 and 0.8% in 2020

*Source: https://www.hfma.org/topics/coronavirus/covid-19-exacerbates-bankruptcy-for-at-risk-hospitals.html
**Source: https://www.beckershospitalreview.com/finance/47-hospitals-closed-filed-for-bankruptcy-this-year.html

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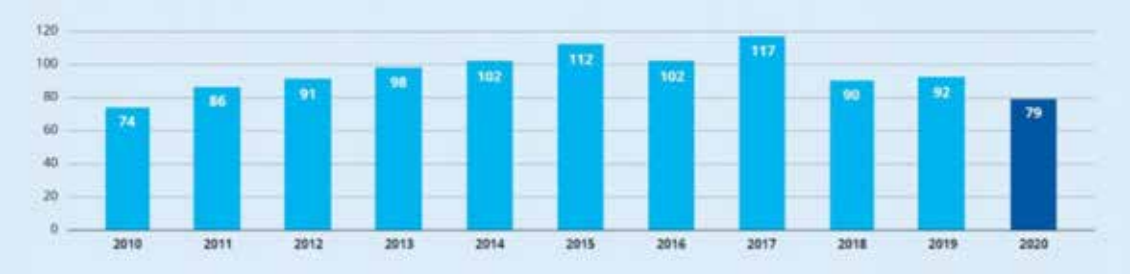
COVID Impact on Transactions

COVID-19 had an negative impact on transactions however the number remained within the historical range within the past 10 years



- For-profit health systems increased as a percentage of total transaction to 37% in 2020 from 23% in 2019
- The number of financially distressed sellers was stable but lower in 2020, down to 16% in 2020 from 20% in 2019

Source: https://www.kaufmanhall.com/insights/research-report/2020-mergers-acquisitions-review-covid-19-catalyst-transformation

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Other Observations

- Accelerate shift away from hospital-based services
- Continued advances in telemedicine
- New entrants

…so, yes at to prevention...

…what about unintended consequences?

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Faculty

Andrew C. Helman is a partner in the Restructuring, Insolvency and Bankruptcy practice group at Dentons in Boston, where he focuses his practice on bankruptcy and insolvency matters and works to restructure all types of businesses, including those in the health care sector. He has served as lead counsel to debtors, trustees, secured parties and others in chapter 11 cases, including having served as independent counsel to a state attorney general in several chapter 11 cases in New England and Delaware. Mr. Helman has particular experience as lead counsel representing rural hospitals in chapter 11 cases, and has successfully confirmed chapter 11 plans that have allowed rural hospitals to continue operating with restructured balance sheets. His practice also includes commercial and insolvency-related litigation. He successfully obtained three temporary restraining orders and a permanent injunction against the U.S. Small Business Administration due to the agency's decision to exclude debtors from participating in the federal Paycheck Protection Program. Mr. Helman frequently writes articles for national insolvency publications and teaches seminars on bankruptcy and fraudulent transfer law. In addition, he co-chairs ABI's Health Care Committee and was honored in ABI's 2019 class of "40 Under 40." Mr. Helman was selected as one of 40 attorneys nationally to participate in the National Conference of Bankruptcy Judges' 2016 NextGen Program. He is ranked in *Chambers* for bankruptcy and restructuring and has been listed in the 2015-20 issues of *Super Lawyers* as a "Rising Star." Mr. Helman received his B.A. *cum laude* from the University of Massachusetts and his J.D. *summa cum laude* from the University of Maine.

M. Benjamin Jones is a senior managing director at Ankura Consulting Group, LLC in New York and has more than 20 years' experience advising and participating in complex corporate reorganizations. He has been involved in all aspects of financial restructuring, serving as a CRO or as an advisor to financially underperforming/distressed companies, lenders, creditors, corporate boards and equity owners. Mr. Jones has advised clients in diverse businesses, including health care, education, professional services, manufacturing, apparel, food processing, retail and entertainment. In addition to serving as an advisor, he has also served in turnaround management positions, including as president, CRO and CFO on numerous occasions for both private and public companies. Mr. Jones has played a key role in dozens of successful restructuring and M&A engagements, including Mariner Post-Acute Networks, Centennial Healthcare, World Health Alternatives, The Penn Traffic Co., Milacron, Lionel, Caraustar Industries, Golden Books Family Entertainment and Rand McNally. Prior to joining Ankura, he was a senior managing director at CDG Group and started his career at Ernst & Young, where he worked in the national research group and financial advisory services group, focusing on valuations and middle-market corporate finance transactions. Mr. Jones received his B.S. in accounting with distinction from Wake Forest University.

Deirdre A. O'Connor is a senior managing director for corporate restructuring at Epiq in New York. With more than 30 years of restructuring experience in law, government, corporate finance and technology-enabled legal solutions, she is responsible for business development and strategic initiatives in all types of restructuring matters. Ms. O'Connor supports corporate sales initiatives by analyzing new market growth areas that align with existing product offerings. She has several years of experience in the leveraged finance industry, having most recently served as managing director at Wells Fargo Capital Finance, where she provided finance solutions to distressed companies. Ms.

O'Connor has also served as the U.S. Trustee for the Southern District of New York and oversaw the administration of some of the largest bankruptcies in history. In addition, she served as an Assistant U.S. Attorney for the District of Connecticut in both the civil and criminal divisions. Ms. O'Connor was the inaugural recipient of IWIRC's Women of the Year in Restructuring and has received the St. Francis Service Award by Catholic Renewal of Catholic Charities of Greater New York. She also is an ABI member and serves as on the advisory board for its Health Care Program and New York City Bankruptcy Conference. Ms. O'Connor is an adjunct professor at St. John's University School of Law's L.L.M. Program. She received her B.A. from New York University and her J.D. from Quinnipiac University School of Law.

Naomi O'Dell is a director with RBC Capital Markets, LLC in Chicago, which specializes in health care and nonprofit lending. Her industry background includes senior living, charter schools, universities, student housing, hospitals, museums, theaters and other charitable organizations. Ms. O'Dell has sourced and negotiated approximately $400 million in property and note sales within the health care and nonprofit sectors. Prior to joining RBCCM in July 2018, Ms. O'Dell managed multiple asset-recovery divisions at Santander Bank, N.A., supervising more than $4.0 billion in assets. She has been involved in nearly 200 financings across the country, encompassing the full credit life cycle from seed capital/new construction through debt restructure/property disposition. She also has sourced and negotiated approximately $400MM in property and note sales. Ms. O'Dell has experience with depositions and trial testimony in both bankruptcy and civil courts. She is currently registered with FINRA with Series 52, 63, and 79 securities licenses. Ms. O'Dell received her B.A. in marketing from Bradley University in 2002.

James R. Porter, ACA, JIEB, CIRA, CPE is a managing director with ToneyKorf Partners, LLC in Charlotte, N.C., and has more than 25 years of experience as a restructuring professional. He moved to the U.S. in 2003 from the U.K. after working for the Joint Provisional Liquidator in a major-cross border bankruptcy. Mr. Porter's ongoing work is in the successful financial restructuring of a critical access hospital in New York, where he was responsible for the identification and rapid implementation of Finance and Business Operations initiatives. This allowed the organization to avoid bankruptcy and further develop integrating with a broader system. This work continued into and through the COVID-19 pandemic. Mr. Porter was named president of the Turnaround Management Association (Carolinas Chapter) for 2020. He served as the CFO in the restructuring of Brookdale University Hospital & Medical Center, a $500M revenue distressed hospital located in Brooklyn, N.Y. He also served as the SVP Restructuring, where he managed various restructuring initiatives in conjunction with the New York Department of Health to stabilize and improve health care delivery in East New York. This ultimately resulted in the formation of the One Brooklyn Health system, for which he oversaw its finance integration. Prior to ToneyKorf, Mr. Porter was a partner at Grant Thornton in its Charlotte, N.C., office, where he led the successful financial restructuring of the US National Whitewater Center. He currently serves as vice-chair of this organization. Mr. Porter received his B.S. in mechanical engineering from Nottingham University, U.K.

AMERICAN BANKRUPTCY INSTITUTE

2021 Health Care Program

Health Care Fraud Fallout: Financial Implications for the Future

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2021

Healthcare Fraud:
Pandemic Impacts and the Financial Implications

October 25, 2021

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Topics

1) Fraud Resulting from the Pandemic
   a. CARES Act
   b. COVID-19 Fraud
   c. Telehealth
   d. Nursing Homes
2) What to Expect in the Future
   a. False Claims Act and Anti-Kickback Statute Enforcement
   b. Other Developments in Enforcement
3) Questions?

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CARES Act Funding

- Funding for individuals and businesses affected by the pandemic, including:
  - Paycheck Protection Program (PPP): Established in the 2020 CARES Act to assist certain businesses to continue paying workers
  - Economic Injury Disaster Loans (EIDL): Loans offered through the Small Business Association to offset financial difficulties caused by disaster, expanded by the CARES Act. Intended to help physicians and smaller healthcare providers impacted by the emergency.
- Approximately $175 billion for hospitals and other providers to cover expenses and lost revenue associated with the treatment of COVID-19
- Health care providers received nearly $68 billion of the PPP loans that were distributed in 2020 and an additional $29 billion in 2021

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CARES Act Enforcement

- CARES Act established three new entities to address fraud
  - Office of the Special Inspector General for Pandemic Recovery (SIGPR)
  - Pandemic Response Accountability Committee (PRAC)
  - Congressional Oversight Commission (COC)
- These entities oversee the administration of COVID-19 relief funds and investigate and bring enforcement actions
- These entities are largely modeled after similar tools used to investigate fraud related to the Troubled Asset Relief Program (TARP), passed during the 2008 financial crisis.
  - SIGTARP yielded **384 criminal convictions**, including 94 bankers and 79 of their co-conspirators, and recovery of more than **$11 billion** in purportedly misappropriated funds, and remains active today.

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CARES Act Fraud Enforcement

- **$84 billion in potentially fraudulent lending** identified
- More than thirty agencies investigating allegations of fraud in CARES Act-related programs, including the U.S. Secret Service, Internal Revenue Service (IRS), and Financial Crimes Enforcement Network (FinCEN)
- As of March 2021, the Department of Justice has publicly charged 474 defendants with criminal offenses related to $569 million in fraudulently obtained funds – these numbers are steadily growing
- Use of the False Claims Act related to COVID-19 stimulus fraud
  - Knowingly certifying false answers in connection with loan forgiveness or loan requirements
  - Health care providers knowingly violate CARES Act provider relief fund requirements
  - DOJ working with OIG and SBA

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CARES Act Fraud Enforcement

- **Criminal Enforcement**
  - *Amina Abbas* (E.D. Mich.), owner of a home health business, was indicted February 2021. The business closed prior to the pandemic, but received funds to pay for the medical treatment of COVID-19 patients - the money was distributed to family.
  - *David Hines* (S.D. Fla.), pleaded guilty to obtaining $3.9 million in PPP loans and using part of those funds to purchase a $318,000 Lamborghini sports car for himself.
  - On July 22, 2021 the Northern District of Georgia announced that 22 defendants had been charged in connection with a scheme to obtain $11.1 million in PPP loans and used those funds to purchase cars, jewelry, and other personal items
- **Civil Enforcement**
  - *SlideBelts Inc.* and its CEO, settled an FCA case related to a PPP loan in January 2021 agreeing to pay a combined $100,000 in damages and penalties for alleged violations of the FCA and Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA)
  - Whistleblower FCA cases, filed under seal, are likely to start becoming public soon

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COVID-19 Fraud

- Antibody Testing
- Vaccines
- PPE
  - N95 respirator masks
  - Goggles
  - Full-face shields
  - Protective gowns
  - Gloves
  - Sanitizer

- Fake Services have been offered by scammers as part of phishing or malware scams:
  - Contact Tracing
  - Economic Impact Payments/ IRS Impersonation
  - CDC Alerts
  - Medicare Support
  - SBA Loan Assistance

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COVID-19 Scams

- In Missouri, a lawmaker was indicted on twenty counts including fraud for administering fake COVID-19 treatments filled with amniotic fluid
- In Washington, a company pleaded guilty to applying a worthless or improper pesticide that the company falsely claimed provided “90+ day protection” against COVID-19
- Internationally, hundreds of doses of fake COVID vaccines on multiple continents have been seized by authorities, which INTERPOL calls the “tip of the iceberg”

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COVID-19 Scams

- The government has seized domains such as “pfizervaccines.com” and “unicefcovid19relief.com” purporting to be the legitimate websites of either Pfizer or UNICEF, while actually being designed to obtain the personal information of website visitors for nefarious purposes, such as fraud or phishing attacks
- In Baltimore, three men were charged with establishing a website to sell the Moderna vaccine for $30 a shot after offering to sell 6,000 doses to federal officers
- As of March 2021, consumer fraud related to the COVID-19 pandemic has cost individuals in the U.S. over **$382 million** according to the FTC

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COVID-19 Fraud Enforcement Actions

FOR IMMEDIATE RELEASE — Friday, April 17, 2020

U.S. Attorney's Office Files Enforcement Action Against Chiropractor Promoting Fake COVID-19 Treatment

FOR IMMEDIATE RELEASE — Monday, December 7, 2020

CAMEROONIAN OPERATOR CHARGED IN FRAUDULENT ONLINE "PUPPY SCAM" THAT EXPLOITED THE COVID-19 PANDEMIC

FOR IMMEDIATE RELEASE — Tuesday, August 4, 2020

Texas Entrepreneur Charged with Spending COVID Relief Funds on Improper Expenses Including Lamborghini and Strip Club

FOR IMMEDIATE RELEASE — Friday, April 10, 2020

Georgia Man Arrested for Attempting to Defraud the Department of Veterans Affairs in a Multimillion-Dollar COVID-19 Scam

WASHINGTON – Christopher Parris, a 39-year-old Atlanta, Georgia resident, was arrested today and charged in federal court in the District of Columbia with fraud for attempting to sell millions of nonexistent respirator masks to the Department of Veterans Affairs in exchange for large upfront payments, the Justice Department announced.

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Telehealth Regulatory Landscape Post-Pandemic

- Pre-COVID Medicare coverage of telehealth was limited – access primarily provided to beneficiaries in rural areas
- One of the first CMS actions pursuant the March 13, 2020 Emergency Declaration was to expand Medicare telehealth benefits to allow all beneficiaries to receive telehealth in any location, including at home
  - On March 17, CMS acted through waivers to remove rural and site limitations
- Now, we are seeing a rapid expansion of Medicare coverage for telehealth and virtual check-ins
  - Number of telehealth visits increased from ~ 10,000/week to ~300,000/week in March 2020
  - Percentage of Medicare primary care visits via telehealth increased from 0.1% to 43.5% between February and April 2020

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Telehealth Regulatory Landscape Post-Pandemic

On March 30, 2020, CMS released an Interim Final Rule that initially added 80 Medicare telehealth services, including:

- **Inpatient and ED**
  - Initial Hospital Care and Hospital Discharge Day Management
  - Initial and Subsequent Observation and Observation Discharge Day Management
  - Inpatient Neonatal and Pediatric Critical Care, Initial and Subsequent
  - ED visits, Levels 1-5
  - Critical Care Services
- **Long-Term Care**
  - Initial Nursing Facility Visits, All Levels
  - Home Visits
- **Behavioral Health**
  - Psychological and Neurological Testing
  - Group Psychotherapy
  - Licensed Clinical Social Work
  - Clinical Psychology
- **Other**
  - Radiation Treatment Management Services
  - ESRD Kidney Failure Services
  - Therapy Services
  - Care planning for patients with cognitive impairment

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Increased Focus on Telehealth Enforcement

- Telehealth, the subject of fraud takedowns and enforcement operations even before the pandemic, will remain a target of enforcement authorities
- DOJ, HHS-OIG, and CMS have increased scrutiny of telehealth services
  - DOJ announced the National Rapid Response Strike Force to "investigate and prosecute fraud cases involving major health care providers that operate in multiple jurisdictions, including major regional health care providers . . . ."
- HHS-OIG is exercising enforcement discretion regarding the Anti-Kickback Statute that may impact telehealth. For example,
  - Hospitals may provide free access to telehealth platforms to independent physicians on medical staff if they do so for all staff on an equal basis and do not condition access on volume or value of referrals
  - Providers may waive telehealth cost sharing
  - Will not apply to claims that are medically unnecessary or violate Medicare guidelines

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Increased Focus on Telehealth Enforcement

- Potential areas of increased enforcement focus related to telehealth:
  - Improper coding of health care services provided via telehealth
  - Inappropriate use of telehealth technology
  - Fraud involving HIPAA and data privacy laws and state fee-splitting and corporate practice of medicine laws
  - Provision of services without sufficient doctor-patient relationship
  - Improper use of relief funds
  - Continued operation under temporary COVID-19 waivers

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Nursing Home Care

- COVID-19's heavy toll on the elderly has put nursing homes in the spotlight
  - Revealed substandard care
- The DOJ launched the National Nursing Home Initiative in 2020 and will likely only escalate enforcement
  - Intended to coordinate and enhance civil and criminal efforts to pursue nursing home bad actors
  - Claims will include allegations of deficient care, substandard services, and billing for unnecessary services
- Expect increased scrutiny or regulations on private-equity owned nursing homes from the current administration

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Continued Focus on the use of the FCA

- As a Senator, President Biden argued for bipartisan support of key amendments to the FCA
- Biden was Vice President in 2009 with the Fraud Enforcement and Recovery Act further strengthened the FCA
- FCA recoveries averaged approximately $3.88 billion per year when Biden was Vice President
- Vice President Harris made extensive use of California's FCA to combat fraud as AG of California, including $241 million in one case
- As a Judge, AG Garland stated that the FCA is "the Government's primary litigative tool for combating fraud"
- Xavier Becerra, Secretary of HHS, previously sponsored legislation in California that would expand the state's FCA to further empower whistleblower reporting

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Other Developments impacting the FCA

- On July 1, 2021, AG Merrick Garland rescinded the 2018 Brand memo on affirmative civil enforcement (ACE) actions, such as False Claims Act (FCA) lawsuits, and a related 2017 memo from former Attorney General Jeff Sessions, calling them "overly restrictive."
  - Both memos prohibited the use of guidance documents, with the "Sessions Memo" focusing use to create rights or impose obligations on persons outside the executive branch and the "Brand Memo" prohibiting use in criminal and civil enforcement
- Under the Garland Memo, providers must keep tabs on DOJ policy statements, such as advisory opinions, in addition to regulations and CMS and OIG subregulatory guidance
- All the subregulatory guidance matters more

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False Claims Act in Numbers

- In 2020 the DOJ recovered more than $2.2 billion in both settlements and judgments
- This was the lowest level since 2008 and almost $1 billion less than was recovered in 2019
- Over 80% of all recoveries – amounting to almost $1.9 billion – came from the health care and life sciences industries
- 2020 saw the largest number of new FCA matters initiated in a single year
- The government initiated new FCA matters at its highest rate since 1994, with 250 new cases brought in 2020
- of the 672 *qui tam* cases filed, 68% were related to health care

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Modifications of AKS and Stark Law

- HHS issued 18 blanket waivers of sanctions under Stark Law
  - Apply to certain types of remuneration and physician referrals if solely related to COVID-19 purposes
  - Effective March 1, 2020 through the public health emergency
- HHS-OIG announced it will not impose administrative sanctions under the AKS for remuneration related to COVID-19 covered by Stark law blanket waivers
  - Policy statement issued April 3, 2020
- OIG and CMS finalized three rules modifying the AKS, Beneficiary Inducement Civil Monetary Penalty and Stark Law
  - effective January 19, 2021
  - Important new flexibilities, including several new safe harbors and exceptions for financial arrangements related to value-based care arrangements

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What to Expect in the Future…

- Regulatory and Enforcement Activity, particularly FCA enforcement will increase under the Biden administration
- Continued Focus on:
  - CARES Act Fraud
  - COVID-19 Fraud
  - Opioid –related enforcement
  - Telehealth – related fraud and kickback schemes
  - Elder Care – including long-term care facilities
  - Medicare Advantage
- Increase Use of Data Analytics to Bring Cases

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Questions?

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ToneyKorf Partners LLC

ABI Healthcare Conference

October 25, 2021

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Biography

James R. (“Jim”) Porter is a Managing Director of ToneyKorf Partners. He has spent more than 25 years working with distressed companies and organizations internationally and in the U.S. by providing turnaround and restructuring services as well as litigation support to maximize stakeholder value and return

Jim’s ongoing work is in the successful financial restructuring of a critical access hospital in New York, where he was responsible for the identification and rapid implementation of Finance and Business Operations initiatives. This allowed the organization to avoid bankruptcy and further develop integrating with a broader system. This work continued into and through the COVID-19 pandemic

Jim also served as the Chief Financial Officer in the restructuring of Brookdale University Hospital & Medical Center, a $500M revenue distressed hospital located in Brooklyn, New York. He also served as the SVP Restructuring, where he managed various restructuring initiatives in conjunction with the New York Department of Health to stabilize and improve healthcare delivery in East New York

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Topics

1. Background and Intro
    i. Include Bio and firm background. (5 min)

2. Why did we not initially see a wave of bankruptcy?
    i. Pandemic Impact
        i. General Comments (Steven)
            a. How did we get where we are
            b. Funding and Stimulus
            c. What bankruptcies did happen
            d. Regulatory
    ii. Issues
        i. Hospital
        ii. CCRC
        iii. LTC

    iii. What hasn't happened and outlook

3. Conclusion / Q&A (5 min)

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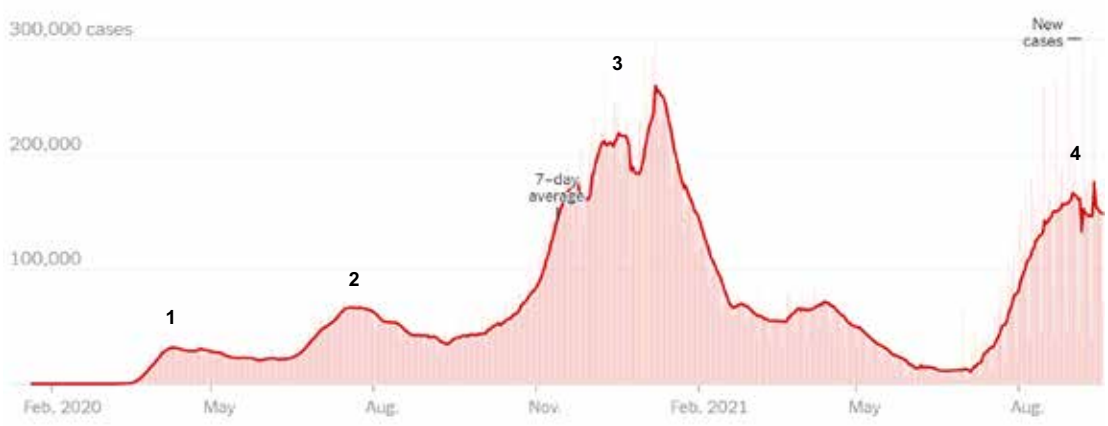
COVID Timeline



Source: https://www.nytimes.com/interactive/2021/us/covid-cases.html

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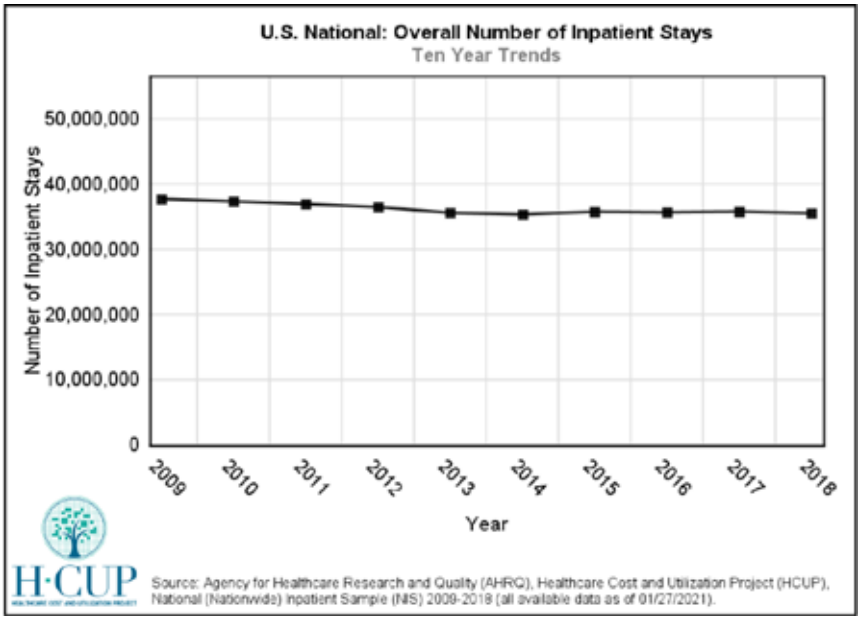
Traditional Inpatient Volumes



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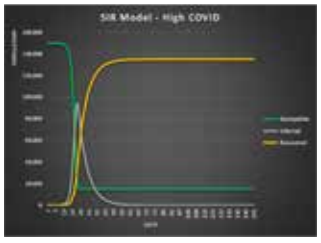
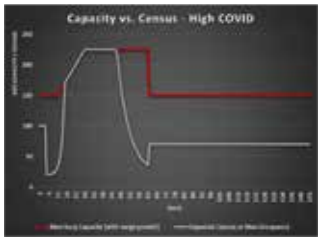
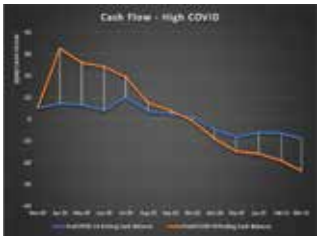
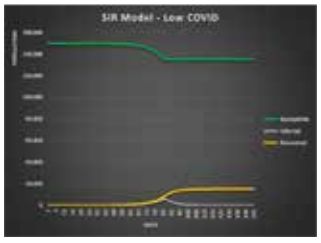
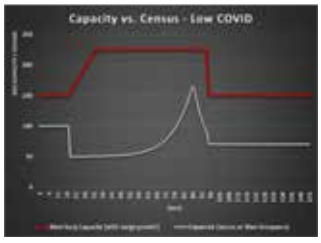
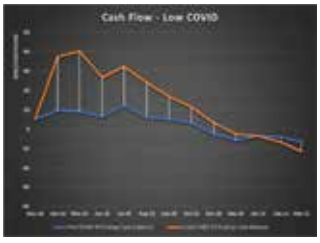
Pandemic Impact and Mitigation Strategies (PIMS)

	SIR Model Rates for COVID-19	Capacity Vs. Census	Cash Flow
High COVID			
Low COVID			

Infection rate drives COVID admissions and loss of elective case volume impacting financial outcome

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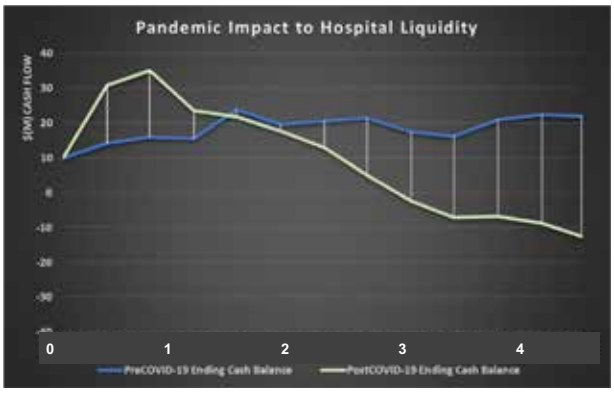
PIMS Links Total COVID-19 impact to Financial Stability

Full financial impact of COVID-19 will require early action



- **ALL HOSPITALS:** dramatic impact regardless of caseload
- **INFECTION RATE IMPACT:** predict magnitude and timing of hospital admission rates and initial financial impact
- **FINANCIAL PROJECTION:** PIMS utilizes case number, acuity, timing, and elective case volume loss
- **ADAPTABLE MODEL:** any hospital system in any region
- **SUPPLEMENTAL FUNDING INSUFFICIENCY:** does not cover lost case volume revenue
- **EARLY ACTION IS CRITICAL:** can significantly improve hospital financial stability from dramatic post-surge losses
- **FAILURE TO ACT = INSOLVENCY:** failure to act early jeopardizes a sustainable recovery for any hospital

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Reconstructing Healthcare Post-COVID

COVID has injected speed and volatility into healthcare transformation already in process

Boards Must Understand Full Impact of COVID

- Dramatic current and future financial impact to communities and healthcare systems
- Changed patient demand for healthcare services
- Altered clinical delivery and operational model
- Shifting healthcare economics, heightened competition, different margin priorities
- Community impact – socioeconomic health and wellness will worsen

Primary Strategic Focus Areas

- Recapture demand and volume
- Reduce operating expense
- Change clinical operating model
- Restructure physician relationships
- Partnerships for scale and efficiency

Boards Must Shape Actions

- Local situation will inform the right strategies
- Unprecedented disruption requires ability to decisively advance change
- Size, availability of resources and management capabilities will be determinants of outcome
- High risk of insolvency requires Board's full engagement with management to create options

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Has the CARES Act been good or bad for providers?

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CARES

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed on March 27, 2020, which included a $100 billion fund intended to support health care providers. An additional $78 billion was granted on April 23, 2020 totaling to ~$178 billion of funding

- CARES was intended to stabilize hospital finances as they faced a loss of revenue from the loss of elective procedures and increased costs for PPE and personnel

Eligibility - CARES funds can only be used to reimburse eligible providers for "health care related expenses or lost revenues that are attributed to coronavirus"

Cannot be used for:
- Normal operating expenses
- Capital projects unrelated to coronavirus

As reference $100 billion roughly equals 9% of total hospital expenses in 2020*

***Source: https://www.aha.org/system/files/media/file/2020/01/2020-aha-hospital-fast-facts-new-Jan-2020.pdf**

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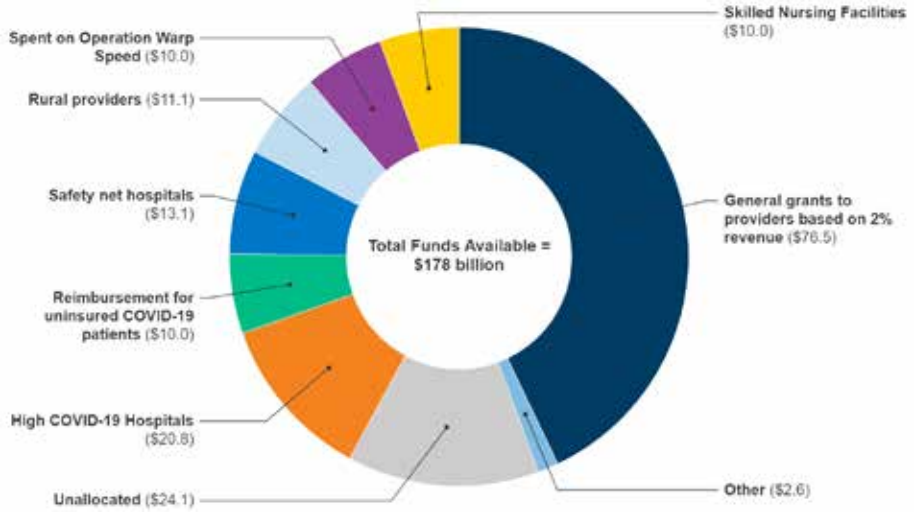
Allocation of Provider Relief Fund

Out of $178 billion approximately $40 billion* has not been distributed and $24 billion remains unallocated



Source: KFF analysis of HHS announcements regarding provider relief grant allocations and distributions of funds to providers treating uninsured COVID-19 patients and the Government Accountability Office's "COVID-19:Sustained Federal Action Is Crucial as Pandemic Enters Its Second Year ,", March 11, 2021.
*AHA stated that ~$40 billion of the Provider Relief Fund has not been distributed as of August 17, 2021 - https://www.aha.org/lettercomment/2021-08-17-aha-urges-hhs-release-covid-19-relief-funds-hospitals-health-systems
Note that an additional $25.5 billion was announced in additional distributions and applications for funding begin September 29th, 2021

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Additional Funding Sources for Providers

Health providers were also eligible to receive loans through the Medicare Accelerated and Advance Payment Programs

- 80% of the $100 billion in loans went to hospitals
- Repayment started as early as March 30, 2021
- A portion of the new Medicare claims will be reduced to repay the loans
- 25% during the first 11 months of repayment and 50% during the next 6 months

Social Security Deferral – Defer payment of 6.2% FICA tax

Paycheck Protection Program – Maximum of 250% of the last 12 months average monthly payroll capped at $10 million

State and Local Level Foundations and Charities

- Robin Hood COVID-19 Relief Fund
- Mother Cabrini Health Foundation
- New York Community Trust – NYC COVID-19 Human Services

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COVID's Financial Impact And Counting….

The American Hospital Association estimated that hospitals and health systems will lose at least $323.1 billion in 2020, which includes $202.6 billion between March 2020 – June 2020 and $120.5 billion between July 2020 and December 2020

Source: https://www.aha.org/system/files/media/file/2020/06/aha-covid19-financial-impact-short-0620.pdf

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The Good and The Bad

Good

- Liquidity
- Focus on operations
- Public perception
- Target those with greatest need
- Avoided mass bankruptcy

Bad

- Inaction
- Masking performance
- Lost focus on finance
- "Use it or lose it" mentality
- Market forces – "gouging"
- What can you buy with the money?
- Timing of funds versus deployment

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Has it prevented the collapse of our healthcare systems, or has it masked the underlying underperformance, resulting in a delay of needed actions?

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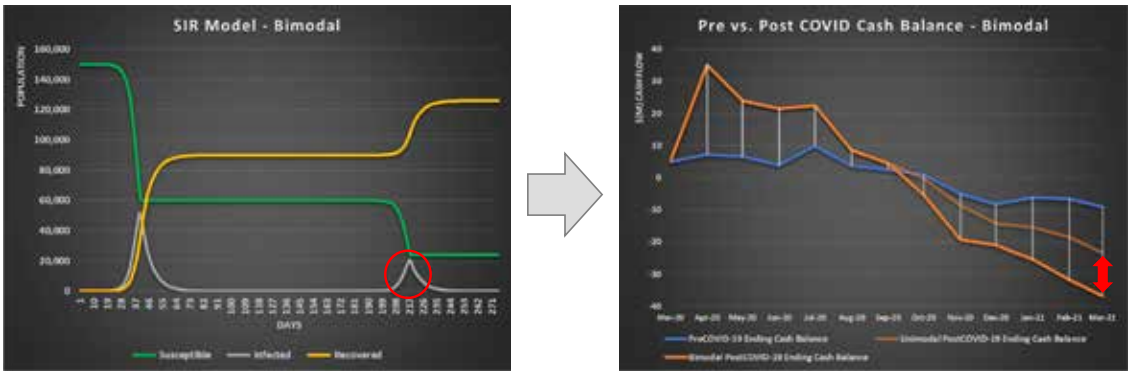
Every Surge Has a Cost

Bimodal COVID-19 impact on financial stability



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COVID Impact to Hospital Bankruptcies

At least 30 hospitals entered bankruptcy in 2019*

At least 47 hospitals have filed for bankruptcy in 2020**

Bankruptcies represent 0.5% of total hospitals in 2019 and 0.8% in 2020

*Source: https://www.hfma.org/topics/coronavirus/covid-19-exacerbates-bankruptcy-for-at-risk-hospitals.html
**Source: https://www.beckershospitalreview.com/finance/47-hospitals-closed-filed-for-bankruptcy-this-year.html

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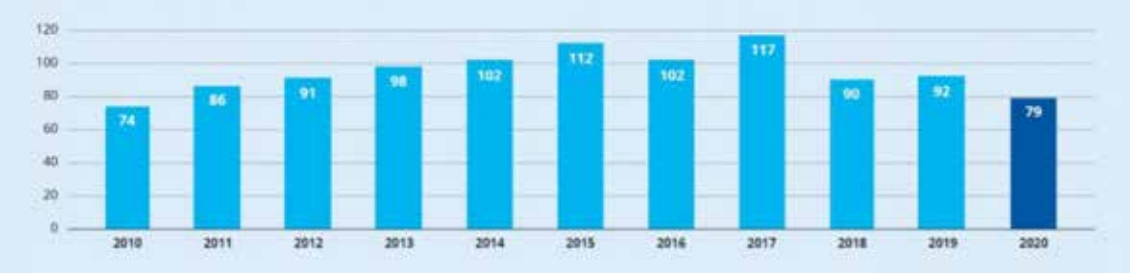
COVID Impact on Transactions

COVID-19 had an negative impact on transactions however the number remained within the historical range within the past 10 years



- For-profit health systems increased as a percentage of total transaction to 37% in 2020 from 23% in 2019
- The number of financially distressed sellers was stable but lower in 2020, down to 16% in 2020 from 20% in 2019

Source: https://www.kaufmanhall.com/insights/research-report/2020-mergers-acquisitions-review-covid-19-catalyst-transformation

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Other Observations

- Accelerate shift away from hospital-based services
- Continued advances in telemedicine
- New entrants

…so, yes at to prevention…

…what about unintended consequences?

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2021 HEALTHCARE CFO OUTLOOK SURVEY

February 10, 2021

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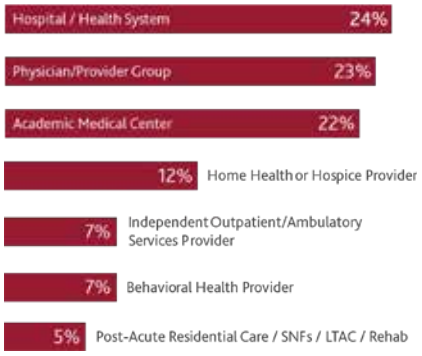
2021 Healthcare CFO Outlook

TYPES OF HEALTHCARE ORGANIZATIONS



REVENUES RANGED FROM $250M to $3B

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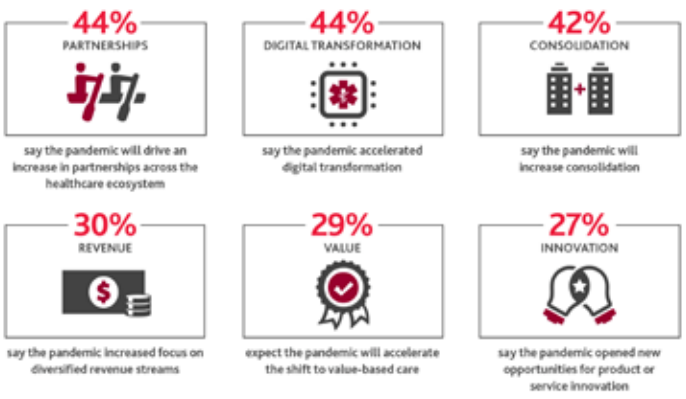
The Pandemic Changed Healthcare CFOs' Outlook for the Future of Health

SIX PRIORITIES MOVING FORWARD



2021 Healthcare cfo outlook survey

Revenue Will Return, but Liquidity Is an Immediate Challenge

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Resilience Through Distress

The pandemic brought a financial cliff to many healthcare organizations. It also created new clarity on the importance of liquidity and what are truly essential services and operational costs.

CASH
44% say liquidity will be a challenge in 2021

COSTS
34% will pursue a strategic cost reduction

CAPITAL
90% plan to seek outside capital

CONSOLIDATION
34% will look to optimize their real estate footprint

While the pandemic exacerbated some areas of distress, it's important to look critically at issues that may continue to present problems when the crisis abates. Unwieldy administrative structures, high reliance on Medicaid funding and lack of affiliation with a healthcare system should be addressed as part of any reorganization strategy.

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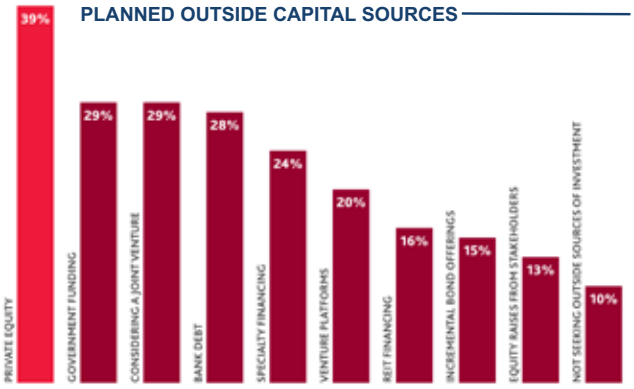
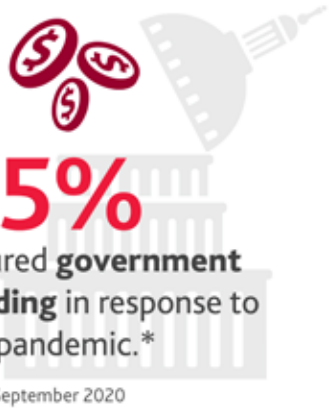
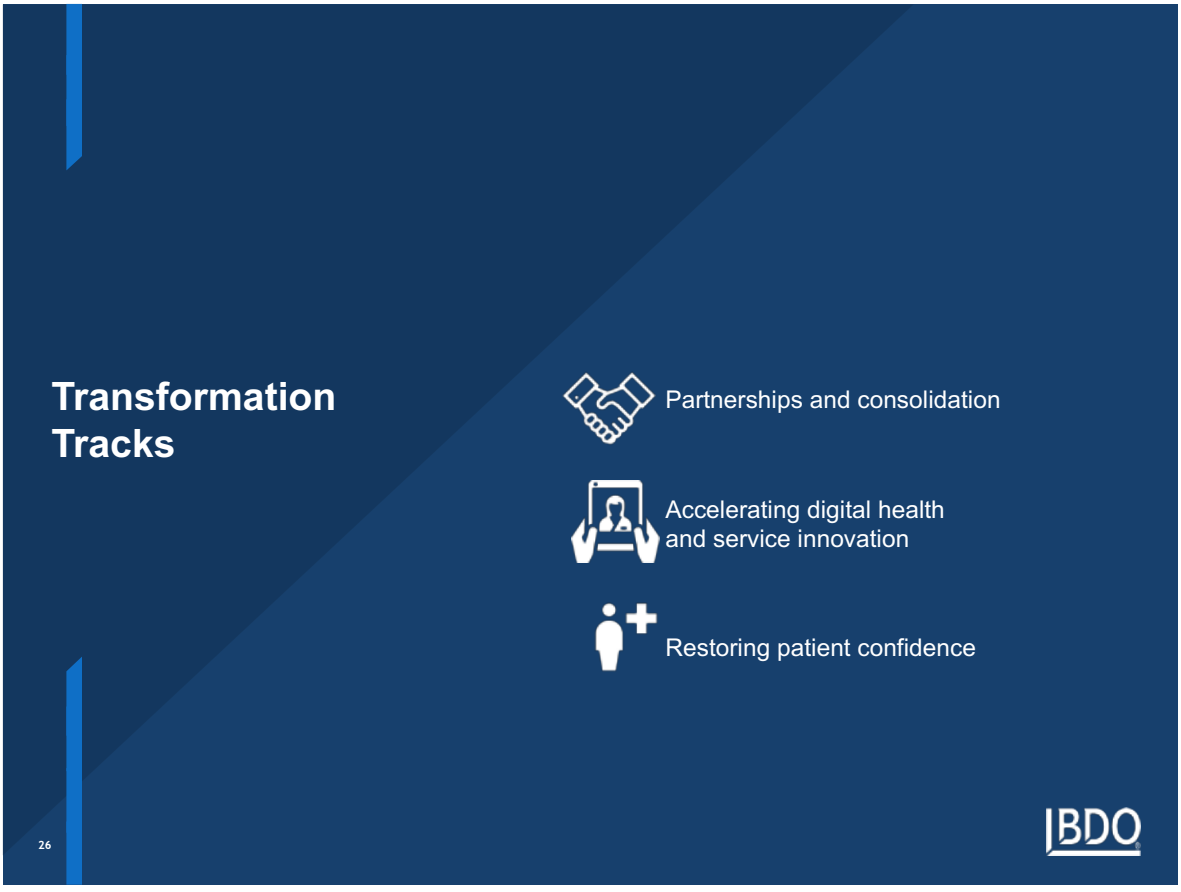
Healthcare CFOs give an edge to private equity as a preferred source of capital, followed by government funding.







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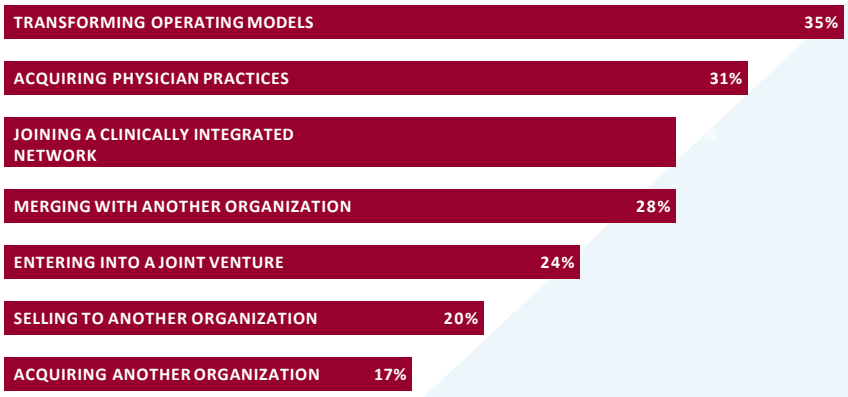
HEALTHCARE CFOs' PARTNERSHIP & CONSOLIDATION OUTLOOK

Choosing a Partnership Path Will Require Tough Decisions



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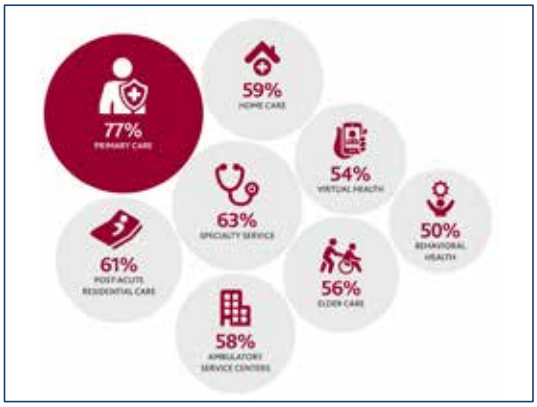
Innovation and Investment

Where CFOs plan to innovate and invest in service lines within the next 2 years



Looking ahead, healthcare organizations are hoping to fund and fuel a shift back to the primary care office as the center of health.

More than 3 in 4 CFOs say they will invest in primary care in the next year, a notable increase over 51% who reported planned investment in primary care last year.

2021 Healthcare cfo outlook survey

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Telehealth's Time to Shine

CFO's TOP-CITED CONCERNS RELATED TO TELEHEALTH

More than one in four healthcare CFOs say the pandemic has increased the industry's focus on opportunities in telehealth, but it is not without challenges.

Risk in Perspective

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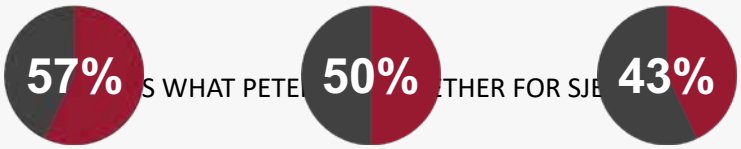
In context of a global pandemic, healthcare organizations' risk profile has evolved. The future of care will require new focus on patient experience, regulatory compliance and supply chain agility.

TOP EMERGING RISKS FOR 2021



restoring **patient confidence**

complying with **Health Price Transparency Act**

healthcare **reform policy**

Restoring patient confidence and enhancing the patient experience have never been more challenging or more critical. But in some ways, COVID-19 has leveled the playing field. There's new opportunity for any organization to secure competitor advantage by investing in patient satisfaction.

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Download the Full Report

DOWNLOAD

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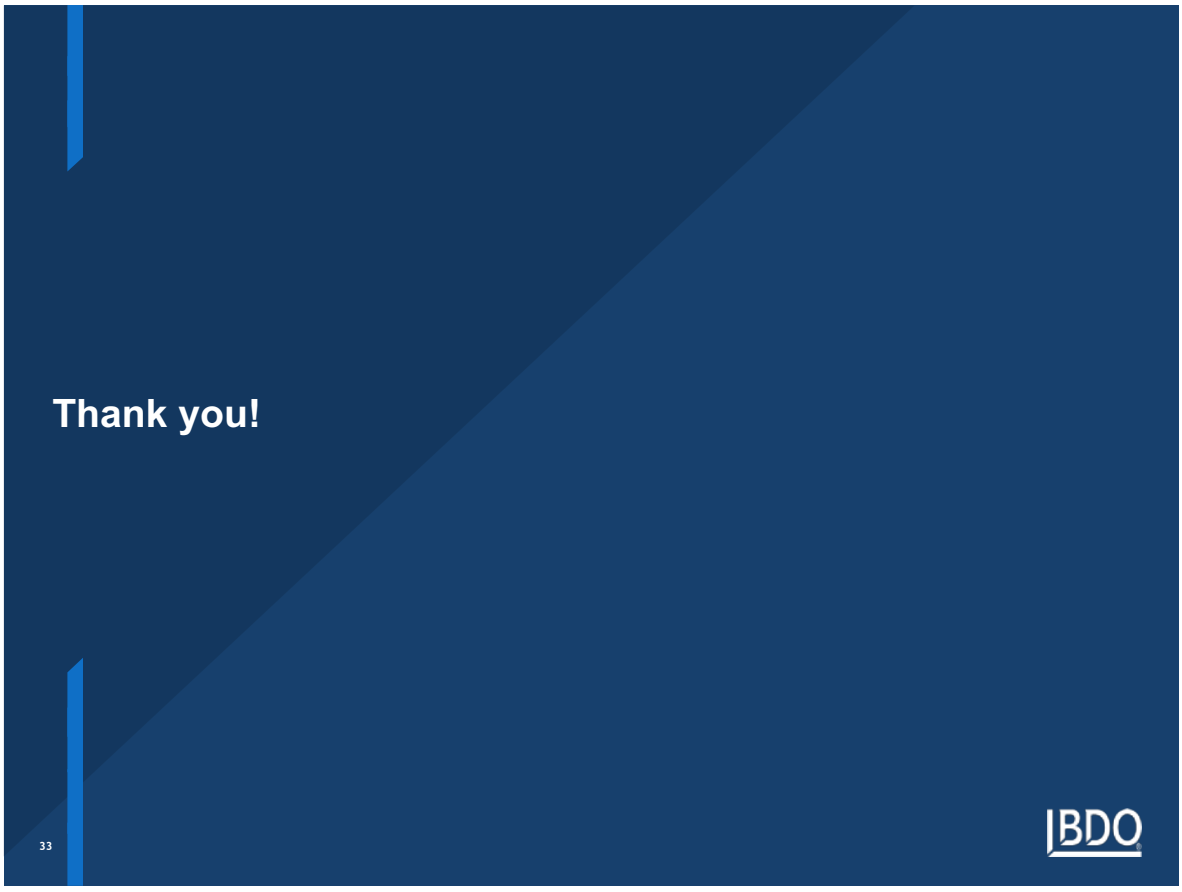
Thank you!
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Faculty

Kimberly Brandt is a partner in the Washington, D.C.-based policy firm Tarplin, Downs & Young, LLC, where she advises the firm's clients on a wide range of health care regulatory, enforcement and policy issues. She also serves as an advisor to Enhanced Healthcare Partners, a health care-focused private-equity firm committed to partnership with family- and founder-run businesses, and sits on the board of two of its portfolio companies. Prior to her current private-sector roles, Ms. Brandt served as principal deputy administrator for Operations and Policy of the Centers for Medicare & Medicaid Services (CMS), where she supported the administrator in overseeing all activities necessary for the operation and management of CMS's $1.4 trillion-dollar budget, 140 million beneficiaries, and its programs, including Medicare, Medicaid and the Children's Health Insurance Program. She also served as chief oversight counsel and general counsel on the staff of the U.S. Senate Finance Committee from January 2011-August 2017. Before joining the Finance Committee staff, Ms. Brandt was a senior counsel at Alston & Bird in Washington, D.C. Her previous government service includes serving for seven years as the CMS director of the Medicare Program Integrity Group. Prior to her first tenure at CMS, she worked for five years at the HHS Office of Inspector General as a senior counsel and director of External Affairs. Ms. Brandt received her B.A. in political science and history from Valparaiso University, her M.A. in legislative affairs and health policy in 1995 from George Washington University College of Professional Studies, and her J.D. in 1998 with a concentration in health law from DePaul University College of Law.

Adam S. Hoffinger is a sharegolder with Greenberg Traurig, LLP in Washington, D.C., and focuses his practice on complex civil and white collar criminal matters, including health care, securities, the Foreign Corrupt Practices Act (FCPA) and False Claims Act ("*qui tam*"), export sanctions, criminal tax, money laundering, antitrust and bankruptcy. He counsels corporations and individuals in compliance matters, government investigations, and congressional and regulatory matters. He also represents corporations and individuals in high-stakes civil litigation. Mr. Hoffinger conducts internal investigations on behalf of corporate boards of directors, bankruptcy trustees and public authorities. He has defended numerous high-ranking executives and general counsel from some of the world's largest companies, as well as high-profile staff and members of the Senate, Congress, White House and various government agencies faced with federal and state criminal investigations and indictments. Mr. Hoffinger is a Fellow of the American College of Trial Lawyers and has tried cases throughout the country. He has been recognized in *Chambers USA*, *The Legal 500 US* and in *Benchmark Litigation: The Definitive Guide to America's Leading Litigation Firms and Attorneys*. From 1985-90, Mr. Hoffinger served as an Assistant U.S. Attorney for the Southern District of New York. He received the Director's Award for Superior Performance from the U.S. Department of Justice (DOJ) in 1990. Mr. Hoffinger is an adjunct professor of law at George Washington University Law School and an instructor at Georgetown University Law Center's National Institute of Trial Advocacy. He received his B.A. from Trinity College and his J.D. from Fordham University School of Law.

Ellen H. Persons is a shareholder with Polsinelli in Atlanta, where she represents corporate and individual clients in civil and criminal investigations by the Department of Justice, regulatory investigations and enforcement actions by the SEC and other federal and state agencies, and complex

litigation matters. She focuses her practice on defending clients against allegations of fraud, including matters involving the False Claims Act, the Anti-Kickback Statute, health care fraud, antitrus violations and securities fraud. Ms. Persons has represented clients in the health care, automotive, government contracting, education, banking and manufacturing industries. She also conducts internal investigations on behalf of companies and counsels them on remedial actions and disclosure decisions. Ms. Persons previously served as an Assistant U.S. Attorney in the Civil Division of the U.S. Attorney's Office for the Northern District of Georgia, where she investigated and prosecuted financial fraud against the federal government in the areas of health care, government contracting, education and the mortgage industry. She also defended the U.S. against civil claims in numerous contexts. Ms. Persons was named a "Local Litigation Star" by *Benchmark Litigation* in 2021 and is a member of the Georgia Bar Association, Women's White Collar Defense Association, American Bar Association's White Collar Crime Committee, The Atlanta Lawyers Club, American Health Lawyers Association and the Lumpkin Inn of Court Barrister. She received her B.A. in AMerican government in 2005 from the University of Virginia and her J.D. *cum laude* in 2008 from the University of Georgia School of Law, where she participated on its Moot Court.

AMERICAN BANKRUPTCY INSTITUTE

2021 Health Care Program

Health Care Market Economics and Pricing

Dr. Larry Van Horn, Ph.D., M.P.H., M.B.A.
Vanderbilt University Owen Graduate School of Management | Nashville, Tenn.

2021

Economic Trends Facing Healthcare Delivery

R. Lawrence Van Horn, Ph.D, MPH, MBA
Director, Center for Healthcare Market Innovation

Executive Director for Health Affairs
Associate Professor of Economics and Management
Associate Professor of Health Policy
Associate Professor of Law

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Disclaimer

- All comments, observations, and forecasts are my own and in no way reflect the views of Vanderbilt University or any firm with which I am associated as a director or officer.

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Today's Rundown

- US Economic challenge and relationship to healthcare's future
- The move to consumerism in healthcare
- Future opportunities for consumers

My goal: Leave you with some framing and perspectives that will help you understand the economic realities facing the health care industry on a go forward

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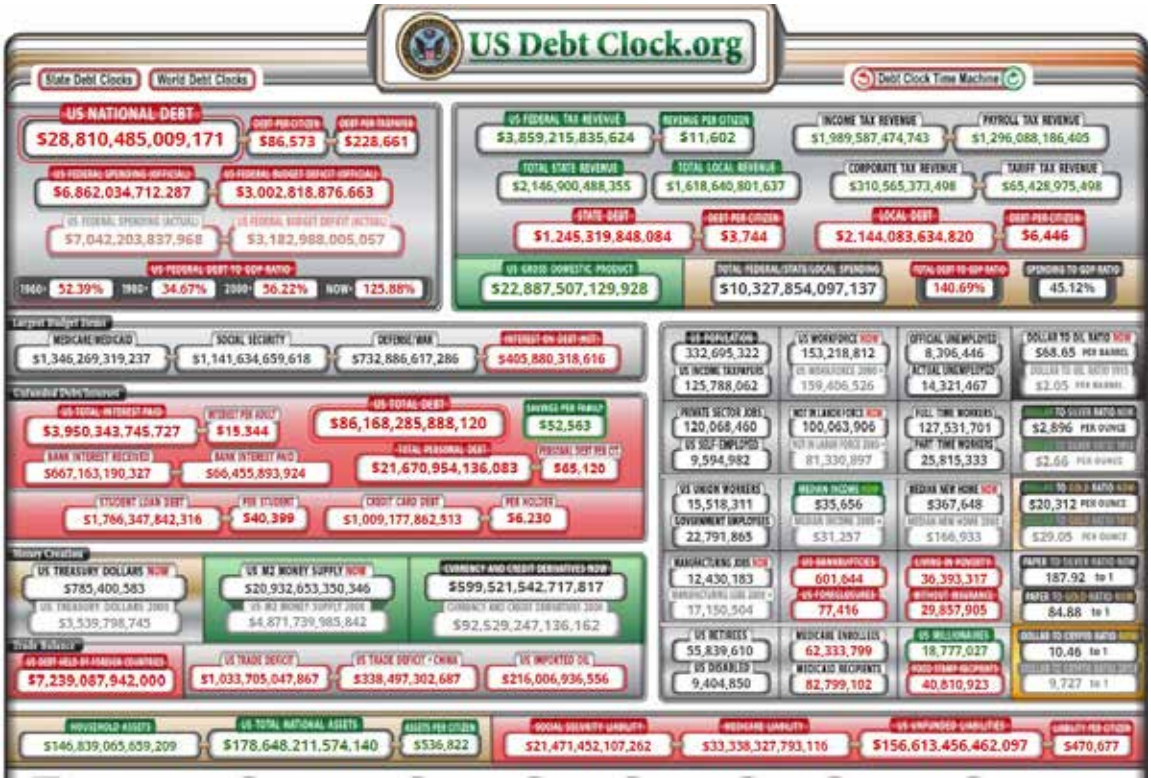

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Medicare Financial Challenge

$495.5 Billion	**Medicare's Annual Cash Shortfall in 2020** • In 2020, Medicare spent $925.8 billion on medical services for America's seniors but only collected $430.3 billion in payroll taxes and monthly premiums. • This cash shortfall represented almost 16 percent of the federal deficit in 2020.
$5.95 Trillion	**Medicare's Cumulative Cash Shortfall Since 1965** • Medicare has had a cash shortfall every year since its creation except two: 1966 and 1974. • Medicare covers these cash shortfalls by "borrowing" unrelated tax revenues from other programs.
28.8 Percent	**Medicare's True Contribution to the National Debt** • America's fiscal trajectory is unsustainable, and Medicare is the primary source of red ink. • Medicare's cash shortfall is responsible for one-third of the federal debt.

Options to balance Medicare

32.6 Percent Increase	**Annual Payroll-Tax Increase Needed to Balance Medicare Part A** • In 2020, the Medicare Part A (hospitals) cash deficit was $98.9 billion. • To balance, payroll taxes would need to increase from 1.45 percent to 1.9 percent.
$4,797 Increase	**Annual Premium Increase Needed to Balance Medicare Part B** • In 2020, the Medicare Part B (physicians) cash deficit was $307.4 billion. • To balance, seniors' premiums for physicians would need to increase by 276 percent, meaning the typical annual physician premium cost to seniors would rise from $1,782 to $6,531.97 – an increase of $4,796.77.
$2,218 Increase	**Annual Premium Increase Needed to Balance Medicare Part D** • In 2020, the Part D (prescription drugs) cash deficit was $89.2 billion. • To balance, seniors' premiums for prescription drugs would need to increase by 565 percent, meaning the annual drug premium cost to seniors would rise from $392.88 to $2,610.91 – an increase of $2,218.03.

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CONSUMERISM & PRICE TRANSPARENCY

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High Level Perspective

- Two factors are shaping private sector US health care delivery
  - Changing Structure of Insurance
  - Pricing of Health Care Services

- It has driven the supply side in ways that are not necessarily aligned with patient preferences.
- Patients are responding, changing how much, where and when they are consuming medical care today and likely in the future – the demand side

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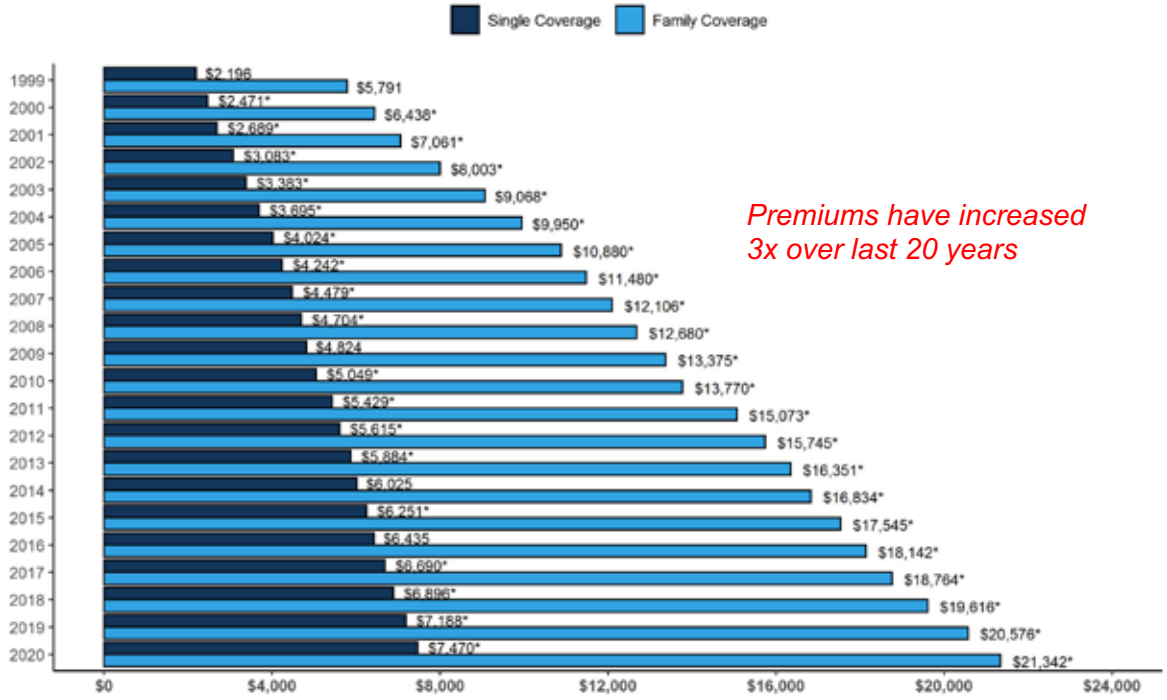
Figure 9

Average Annual Premiums for Single and Family Coverage, 1999-2020



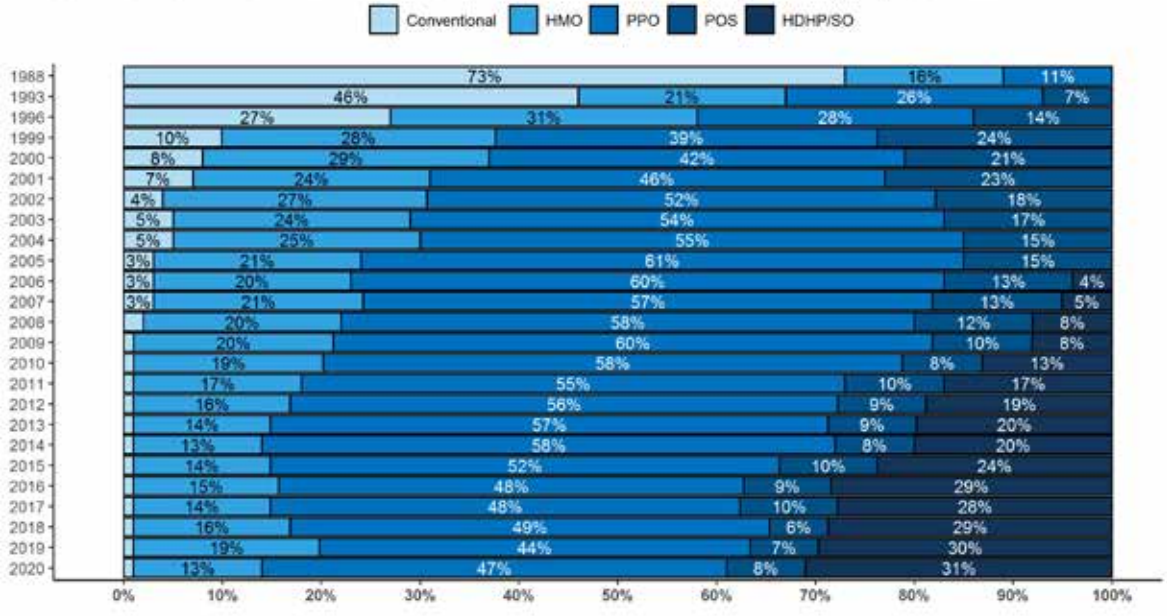
Premiums have increased 3x over last 20 years

* Estimate is statistically different from estimate for the previous year shown ($p < .05$).
SOURCE: KFF Employer Health Benefits Survey, 2018-2020; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

KFF

Figure 10

Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988-2020



NOTE: Information was not obtained for POS plans in 1988 or for HDHP/SO plans until 2006. A portion of the change in 2005 is likely attributable to incorporating more recent Census Bureau estimates of the number of state and local government workers and removing federal workers from the weights. See the Survey Design and Methods section from the 2005 Kaiser/HRET Survey of Employer-Sponsored Health Benefits.
SOURCE: KFF Employer Health Benefits Survey, 2018-2020; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017; KPMG Survey Employer-Sponsored Health Benefits, 1993 and 1996; The Health Insurance Association of America (HIAA), 1988.

KFF

Economic Realities

1. Workers pay for all health insurance premiums through reduced wages
    1. The rapid growth of health insurance has reduced real wage growth for the last 40 years
2. Insurance is for high consequence, low probability events only.
    1. It is a very costly and inefficient way to finance expenditures if not for the above.
    2. The payment apparatus for health care costs more than $400B year

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THE PROBLEM

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Where things stand

- Patient's are fearful of the financial consequences of getting health care and are searching for alternatives
- Providers lack the information on how their treatment decisions will impact their patients.
- Providers are frustrated and overwhelmed by dealing with the bureaucracy and complexity of getting paid.

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Larry's bill for care

Facility charges from Vanderbilt Hospital/Clinic

Patient Name: Ray L Vanhorn — **Statement Number: 32961707**

DATE	VISIT #	DESCRIPTION	CHARGES	PAYMENTS/ ADJUSTMENTS	INSURANCE BALANCE	PATIENT BALANCE
03/22/19	1002925335	LABORATORY-CHEMISTRY	$771.00			
03/22/19	1002925335	LABORATORY-HEMATOLOGY	$90.00			
03/27/19	1002925335	INSURANCE CONTRACTUAL - Aetn		- $714.55	Net $144	
01/15/19	1002525258	RADIOLOGY-DIAGNOSTIC-CHEST	$387.00			
02/06/19	1002525258	INSURANCE CONTRACTUAL - Aetn		- $195.82	Net $192	
		PATIENT DUE				$ 337.63
Totals			$ 1,248.00	- $ 910.37	$ 0.00	$ 337.63

Professional fees for Vanderbilt Medical Group and Retail Clinics

Patient Name: Ray L Vanhorn — **Statement Number: 32961707**

DATE	VISIT #	DESCRIPTION	PROVIDER	CHARGES	PAYMENTS/ ADJUSTMENTS	INSURANCE BALANCE	PATIENT BALANCE
01/15/19	5009385531	RADIOLOGIC EXAM CHEST 2 VIEW	GUTTENTAG, ADAM	$44.00			
02/06/19	5009385531	INSURANCE CONTRACTUAL - Aetn			- $22.88		
01/15/19	5009659749	OFFICE OUTPATIENT VISIT 25 MINUT	HORTON, ANGELA M	$260.00			
02/27/19	5009659749	INSURANCE CONTRACTUAL - Aetn			- $65.31		
02/27/19	5009659749	INSURANCE PAYMENT - Aetna			- $159.69		
		PATIENT DUE					$ 56.12
Totals				$ 304.00	- $ 247.88	$ 0.00	$ 56.12

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ATLAS MD

Labs and Medication Pricing

PANELS PRICING	Atlas MD	Retail
CMP	4.50	52.00
BMP	3.40	40.00
Renal	4.00	47.00
Hep4 (Acute Hepatitis)	24.00	112.00
Liver	3.50	21.00
Lytes	3.00	25.00
Lipid	5.50	62.50
Obstetric Panel	20.00	180.00
ADD ONS WITH PANEL		
Amylase	2.00	25.00
CBC	2.00	30.00
CEA	7.00	82.00
Cholesterol	1.50	20.00
CPK	2.00	25.00
HDL	2.00	25.00
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Hepatitis Panel	19.50	112.00
LDH	1.50	20.00
Lipid Panel	3.00	62.50
Magnesium	3.00	40.00
Phosphorus	2.00	20.00
PSA	10.00	60.00
RPR	2.50	30.00
SGPT	2.00	25.00

Complimentary Services

PROCEDURES PRICING	Atlas MD	Retail
EKG	INCLUDED	19.17
Holter Monitor	INCLUDED	102.02
Spirometer	INCLUDED	31.31
Lesion Removal	INCLUDED	
Ear Wash	INCLUDED	45.38
Foreign Body Removal	INCLUDED	
Incision & Drainage	INCLUDED	120.73
Laceration Repair	INCLUDED	
Blood Sugar Testing	INCLUDED	
Toe nail removal	INCLUDED	
And much more...		

$27

INJECTIONS PRICING	Atlas MD	Retail
Rocephin	INCLUDED	80.00
Toradol	INCLUDED	80.00
EQUIPMENT/DIAGNOSTIC TESTING PRICING		
DEXA Bone Scan – Osteoporosis	INCLUDED	300.00
Carotid Ultrasound Screenings	INCLUDED	200.00
Medical Ultrasound Screenings	INCLUDED	

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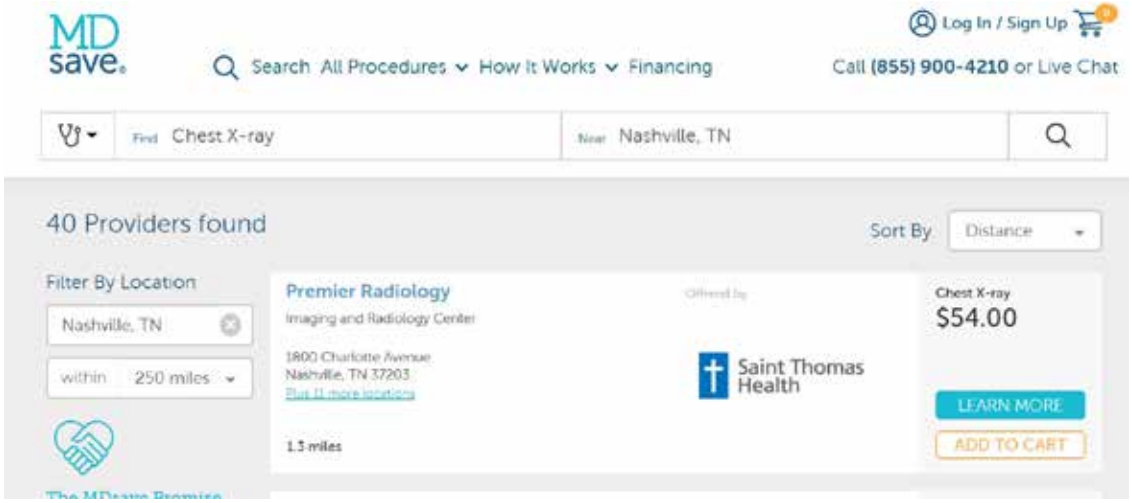
Cash price for a Chest Xray - Nashville



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May 2019 the first meeting

Increasing cash pay

The Cash Advantage

Patients who pay cash upfront for medical services can sometimes make out better than they would by using their insurance, especially if they have high-deductible plans and pay the insured rate in full. Some examples:

PROCEDURE	FACILITY | CITY	SELF-PAY RATE	INSURANCE RATE	INSURANCE COMPANY
MRI of the foot	Regional Medical Imaging | Flint, Mich.	$379	$445	Aetna
Tonsillectomy	Banner Desert Medical Center | Mesa, Ariz.	$2,858*	$5,442	Arizona Blue Cross Blue Shield
MRI of the knee	Boulder Community Hospital | Boulder, Colo.	$600	$1,100	Arizona Blue Cross Blue Shield

Note: Insurers' rates may vary by plan. *Not including physicians' fees, typically $1,000 to $1,400.

Sources: the providers; insurers' cost-estimator tools

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Commercial Paid Amount Condition Analysis

Region	Place of Service	Service	min_cost	Average	max_cost	min Percent Of CMS	avg cms rate	max cms rate	variance
Midwest Region	Hospital	Colonoscopy Diagnostic with Biopsy	$ 720	$ 2,464	$ 7,040	58%	197%	563%	877%
Northeast Region	Hospital	Colonoscopy Diagnostic with Biopsy	$ 712	$ 2,274	$ 7,456	57%	182%	597%	948%
South Region	Hospital	Colonoscopy Diagnostic with Biopsy	$ 886	$ 2,045	$ 5,105	71%	164%	409%	476%
West Region	Hospital	Colonoscopy Diagnostic with Biopsy	$ 1,282	$ 2,674	$ 5,964	103%	214%	477%	365%
Midwest Region	Hospital	CT Angiography, Abdomen	$ 549	$ 1,159	$ 2,005	186%	393%	680%	266%
Northeast Region	Hospital	CT Angiography, Abdomen	$ 576	$ 1,306	$ 2,151	195%	443%	729%	274%
South Region	Hospital	CT Angiography, Abdomen	$ 678	$ 1,063	$ 1,497	230%	360%	508%	121%
West Region	Hospital	CT Angiography, Abdomen	$ 1,212	$ 1,667	$ 2,333	411%	565%	791%	92%
Midwest Region	Hospital	Mammogram of One Breast	$ 85	$ 244	$ 509	69%	198%	412%	497%
Northeast Region	Hospital	Mammogram of One Breast	$ 92	$ 252	$ 653	74%	204%	529%	612%
South Region	Hospital	Mammogram of One Breast	$ 83	$ 241	$ 801	67%	195%	649%	869%
West Region	Hospital	Mammogram of One Breast	$ 92	$ 203	$ 480	74%	165%	389%	423%
Midwest Region	Hospital	Mohs Surgery for Tumor Removal	$ 2,360	$ 2,711	$ 3,622	270%	311%	415%	53%
Northeast Region	Hospital	Mohs Surgery for Tumor Removal	$ 2,379	$ 2,648	$ 3,596	273%	303%	412%	51%
South Region	Hospital	Mohs Surgery for Tumor Removal	$ 2,362	$ 2,503	$ 3,669	271%	287%	420%	55%
West Region	Hospital	Mohs Surgery for Tumor Removal	$ 2,432	$ 2,739	$ 3,498	279%	314%	401%	44%

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Variation Matters!! - **Variation is consumer risk exposure**

	Cash Prices			Insurance Paid					
Insurance Bundle	Q1	Q3	Spread	Q1	Q3	Spread	Cash (Q3 - Q1)/Q1	Ins (Q3 - Q1)/Q1	Spread over Spread
MRI of Head (Orbit/Face/Neck)	$ 646	$ 781	$ 135	$ 750	$ 3,549	$ 2,799	21%	373%	20.7
Echocardiogram - Trans-Thoracic	$ 619	$ 709	$ 90	$ 451	$ 1,547	$ 1,096	15%	243%	12.2
Chest X-Ray	$ 94	$ 111	$ 17	$ 37	$ 126	$ 89	18%	241%	5.2
CT Scan of Chest	$ 424	$ 504	$ 80	$ 462	$ 1,317	$ 855	19%	185%	10.7
Mammogram of Two Breasts	$ 227	$ 267	$ 40	$ 113	$ 284	$ 171	18%	151%	4.3
Comprehensive Metabolic Test	$ 20	$ 31	$ 11	$ 11	$ 27	$ 16	55%	145%	1.5
Colonoscopy Screening	$ 1,968	$ 2,310	$ 342	$ 969	$ 2,176	$ 1,207	17%	125%	3.5
ACL or MCL Repair	$ 9,192	$ 11,312	$ 2,120	$ 6,121	$ 11,665	$ 5,544	23%	91%	2.6
Vasectomy	$ 573	$ 636	$ 63	$ 1,538	$ 2,898	$ 1,360	11%	88%	21.6
Angioplasty for Vein Blockage				$ 13,496	$ 23,871	$ 10,375		77%	
Laparoscopic Gall Bladder Removal	$ 7,230	$ 8,815	$ 1,585	$ 7,319	$ 12,901	$ 5,582	22%	76%	3.5
C-Section Delivery	$ 8,177	$ 9,462	$ 1,285	$ 9,454	$ 15,792	$ 6,338	16%	67%	4.9
Tonsillectomy and Adenoidectomy, Over Age 12	$ 3,166	$ 4,385	$ 1,219	$ 3,258	$ 5,361	$ 2,103	39%	65%	1.7
Repair of Ventral Hernia	$ 5,079	$ 5,903	$ 824	$ 3,810	$ 5,948	$ 2,138	16%	56%	2.6
Knee Replacement	$ 21,568	$ 25,166	$ 3,598	$ 22,822	$ 35,019	$ 12,197	17%	53%	3.4
Vaginal Delivery	$ 6,739	$ 8,053	$ 1,314	$ 6,784	$ 10,121	$ 3,337	19%	49%	2.5
Back Surgery - Laminectomy	$ 29,838	$ 32,722	$ 2,884	$ 44,848	$ 59,843	$ 14,995	10%	33%	5.2
						Mean	21%	125%	664%
						Median	18%	89%	428%

Point: *Mean and Medians are meaningless in light of underlying price variation*

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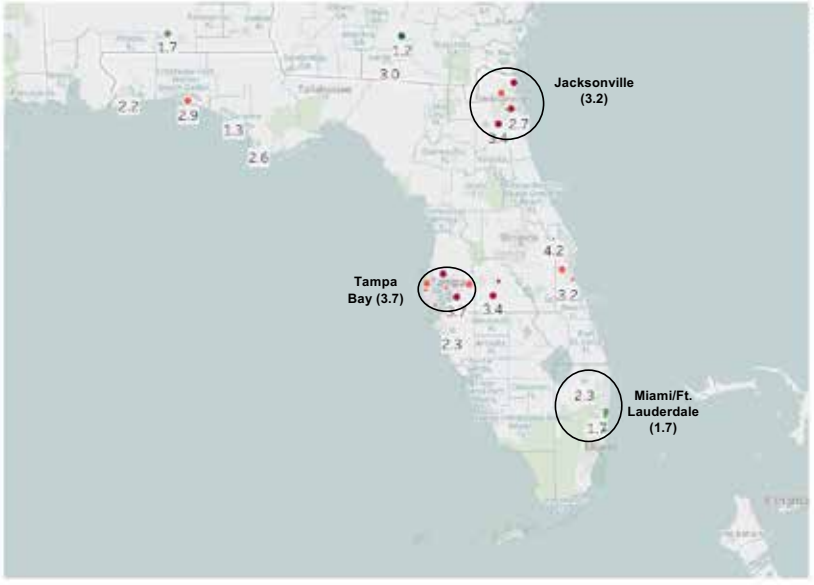
OP Commercial Allowance Multiples of Wage-Adjusted Medicare Florida Market



- Within the Jacksonville & Tampa markets, We notice different competition dynamics amongst providers.
- We utilized several unique health systems within the Palm Beach & Broward county areas and noticed high degree of parity of Commercial multiples of Medicare

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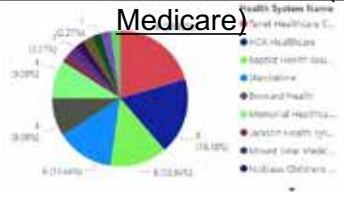
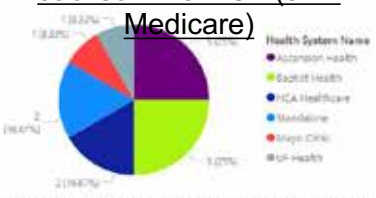
Jacksonville, Tampa Bay, & Miami/Ft. Lauderdale Market Assessment

Miami/Ft. Lauderdale MSA (1.7x Medicare)



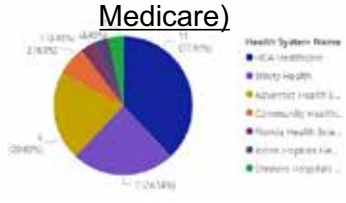
70% of hospitals concentrated to **five** systems.

Jacksonville MSA (3.2x Medicare)



67% of hospitals concentrated to **three** systems

Tampa MSA (3.7x Medicare)



84% of hospitals concentrated to **three** systems. Please note, Trinity Health represents BayCare

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Findings

- Commercial paid amounts average 290% of Medicare
  - This finding corroborates RAND study
- There is meaningful price variation across region.
- There is an average 446% price variation for like services.
- A market basket of cash prices are 39% cheaper than a like basket of services paid for by third party payors.

The prices are all wrong

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Executive Order -June 24th 2019

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Why industry pushback?

- **Providers** are concerned that they will lose their ability to get high rate from the payers who don't have negotiating leverage
- **Payers** are concerned that they will lose their ability to get exclusive low rate where they have leverage

Rate negotiation should not be the primary source of value creation for consumers

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POLITICS | HEALTH POLICY

Hospital Groups Sue to Block Price-Transparency Rule

Health-care providers say disclosure requirement pushed by Trump violates First Amendment

By Stephanie Armour
Updated Dec. 4, 2019 10:03 am ET

Hospital groups sued to block a Trump administration rule forcing them to disclose secret rates, for the first time laying out the industry's legal strategy for defeating the president's central health-policy initiative.

The hospitals, including the American Hospital Association, argued in a lawsuit filed in United States District Court in Washington that the new rule "is unlawful, several times over."

They argued that the administration exceeded its legal authority in issuing the rule last month as part of its efforts to make the health care system much more transparent to patients. The lawsuit contends the requirement to disclose their private negotiations with insurers violates their First Amendment rights.

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June 25, 2020

Federal Court Rejects American Hospital Association Challenge to Trump Price Transparency Rule

- A federal judge ruled against the American Hospital Association on Tuesday in its lawsuit attempting to block an HHS rule pushing for price transparency. The judge ruled in favor of the department, which requires hospitals to reveal private, negotiated rates with insurers beginning Jan. 1.
- U.S. District Court Judge Carl Nichols, an appointee of President Donald Trump, was swayed neither by AHA's argument that forcing hospitals to publicly disclose rates violates their First Amendment rights by forcing them to reveal proprietary information nor by the claim that it would chill negotiations between providers and payers. The judge characterized the First Amendment argument as "half-hearted."
- Nichols seem convinced that the requirement will empower patients, noting in Tuesday's summary judgment in favor of the administration that "all of the information required to be published by the Final Rule can allow patients to make pricing comparisons between hospitals."
- The ruling is a blow for hospitals, which have been adamantly opposed to disclosing their privately negotiated rates since HHS first unveiled its proposal in July 2019. AHA did not immediately reply to a request for comment on whether it planned to appeal.

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Modern Healthcare

NEWS INSIGHTS TRANSFORMATION DATA/LISTS OP-ED AWARDS EVENTS LISTEN

February 26, 2021 01:43 PM

Most Tennessee hospitals struggle to comply with CMS price transparency rule, Vanderbilt study finds

Austin Triana, MD/MBA Candidate, Vanderbilt University
R. Lawrence Van Horn Ph.D, Executive Director for Health Affairs, Owen Graduate School of Management

Less than 20% of hospitals in Tennessee are fully compliant with the CMS price transparency rule that went into effect on January 1, 2021. The rule mandates hospitals to publicly list negotiated rates for 300 shoppable services online in a consumer-friendly format.

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HOUSE COMMITTEE ON ENERGY & COMMERCE
CHAIRMAN FRANK PALLONE, JR.

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BIPARTISAN E&C HEALTH LEADERS URGE HHS TO ENFORCE HOSPITAL TRANSPARENCY RULE

Apr 13, 2021 | Press Release

"Given the widespread non-compliance by hospitals, we urge HHS to revisit its enforcement tools, including the amount of the civil penalty, and to conduct regular audits of hospitals for compliance."

Energy and Commerce Committee Chairman Frank Pallone, Jr. (D-NJ), Full Committee Ranking Member Cathy McMorris Rodgers (R-WA), Health Subcommittee Chairwoman Anna G. Eshoo (D-CA), and Health Subcommittee Ranking Member Brett Guthrie (R-KY) wrote to Health and Human Services (HHS) Secretary Xavier Becerra today regarding implementation of the Hospital Price Transparency Final Rule, which went into effect on January 1, 2021, and the need to ensure that hospitals are complying with the new rule.

"We are concerned about troubling reports of some hospitals either acting slowly to comply with the requirements of the final rule, or not taking any action to date to comply," the bipartisan Committee leaders wrote. **"We urge you to ensure that [HHS] conducts vigorous oversight and enforces full compliance with the final rule."**

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Wall Street Journal Investigation Finds Computer Code on Hospitals' Websites That Prevents Prices from Being Shown by Internet Search Engines, Circumventing Federal Price Transparency Laws

April 14, 2021

BUSINESS | HEALTH CARE | HEALTH

Coding to Hide Health Prices from Web Searches Is Barred by Regulators

The guidance regarding insurers' required posting of healthcare prices came after The Wall Street Journal revealed hospitals used such coding on their price pages

May 7, 2021

POLITICS

Hospitals Draw Warning on Price Disclosure Rule Compliance

Centers for Medicare and Medicaid Services is expected to release names of hospitals if they are penalized

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NEWS INSIGHTS TRANSFORMATION DATA/LISTS OP-ED AWARDS EVENTS LISTEN

July 09, 2021 08:59 AM

Biden executive order calls for action on hospital consolidation, price transparency

JESSIE HELLMANN

TWEET SHARE SHARE EMAIL REPRINTS PRINT

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Hospitals and Insurers Didn't Want You to See These Prices. Here's Why.

By Sarah Kliff and Josh Katz
Produced by Rumsey Taylor
Aug. 22, 2021

This secrecy has allowed hospitals to tell patients that they are getting "steep" discounts, while still charging them many times what a public program like Medicare is willing to pay.

And it has left insurers with little incentive to negotiate well.

The peculiar economics of health insurance also help keep prices high.

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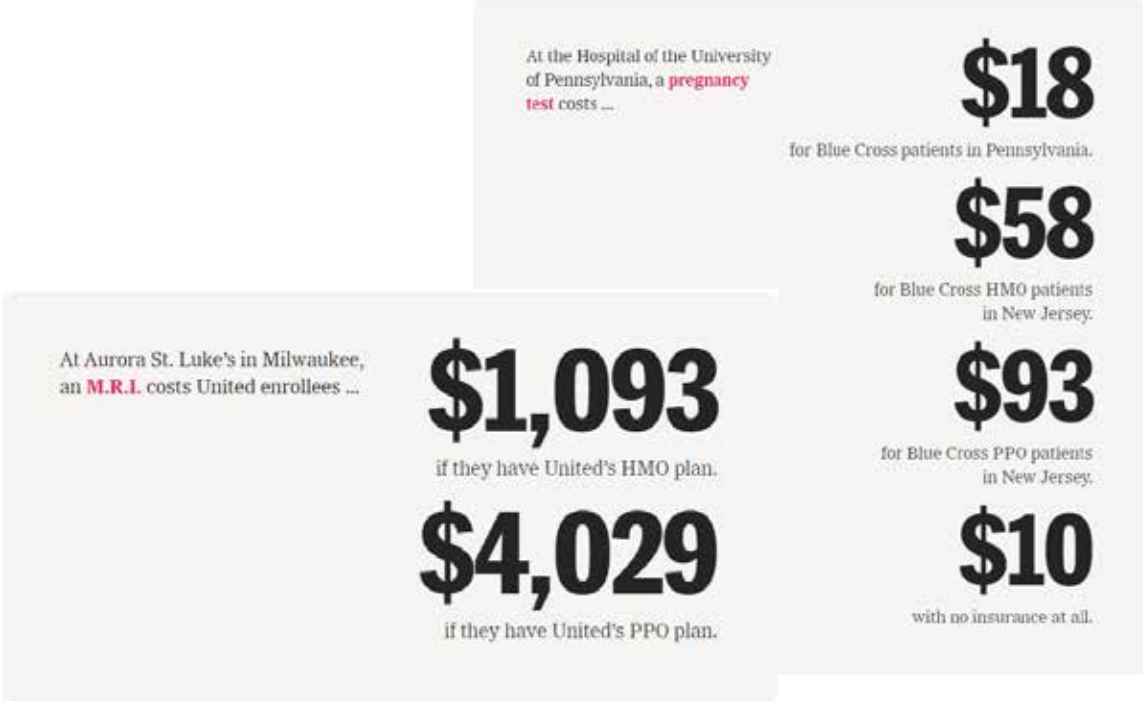

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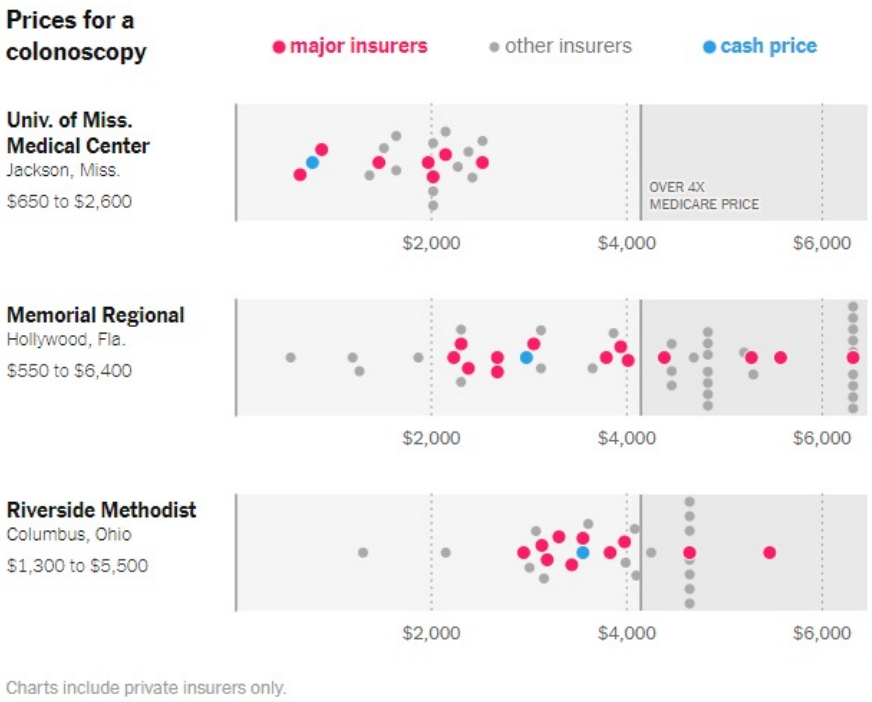

Observation

- This level of price variation for the same service in the same market is evidence of market failure.
- The price variation cannot be substantiated based on quality differences.

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SO where does this leave us

- Patient's and consumers are losing confidence in the delivery system – They are looking for alternatives
- They want financial certainty
- They don't want limitations on who they can see based on insurer contracts
- Insurance is a very inefficient way of funding anything.

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Cross subsidies are not sustainable

- Providers use commercial to cross subsidize Medicare, Medicaid, Uninsured through high rate.
- Providers use surgical services to cross subsidize medical services.

SUBSIDY GENERATORS HAVE AN INCENTIVE TO DEFECT!

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INNOVATIVE SOLUTIONS ANCHORED IN TRANSPARENT PRICES

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The first example of transparent pricing!

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Growth of Direct Primary Care – Cash Membership

MONTHLY MEMBERSHIP FEES

- Children 0-19 years old, $10/month with at least one parent membership
- We can now offer routine pediatric vaccines through a service called www.vaxcare.com, and we may be able to bill your insurance so that you don't have additional out of pocket expense.
- Adults 20-44 years old, $50/month
- Adults 45-64 years old, $75/month
- Adults 65+ years old, $100/month
- Employer groups with 5+ employees, $50/mo/adult
- Nursing home and home-bound patients, call for details

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ATLAS MD

Labs and Medication Pricing

PANELS PRICING	Atlas MD	Retail
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Phosphorus	2.00	20.00
PSA	10.00	60.00
RPR	2.50	30.00
SGPT	2.00	25.00
T-3 (Uptake)	3.00	32.00
T-4	3.00	25.00

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Foreign Body Removal	INCLUDED	
Incision & Drainage	INCLUDED	120.73
Laceration Repair	INCLUDED	
Blood Sugar Testing	INCLUDED	
Toe nail removal	INCLUDED	

MEDICATION PRICING

Pill #	Generic	Brand	Atlas MD
100	Allopurinol 300 mg	Lopurin/Zyloprin	5.00
90	Amlodipine 10 mg	Norvasc	2.50
100	Amitriptyline HCL 10 mg	Elavil	2.00
100	Benazapril 20 mg	Lotensin	8.00
100	Bumetanide 1 mg	Bumex	11.00
60	Bupropion 150 mg SR	Wellbutrin	20.00
30	Bupropion 150 mg XL	Wellbutrin	22.00
100	Buspirone HCL 10 mg	Buspar	5.00
100	Cetirizine 10 mg	Zyrtec	5.00
100	Citalopram 20 mg	Celexa	3.00
100	Clonidine 0.1 mg	Catapres	3.00
100	Chlorzoxazone 500 mg	Paraflex	8.00
100	Diclofenac Potassium	Cataflam 50 mg	12.00
100	Dicyclomine 20 mg	Bentil	5.00
100	Diltiazem 90 mg	Cardiazem	8.00
100	Estradiol 0.5 mg	Estrace	4.00
100	Fexofenadine 180 mg	Allegra	36.00

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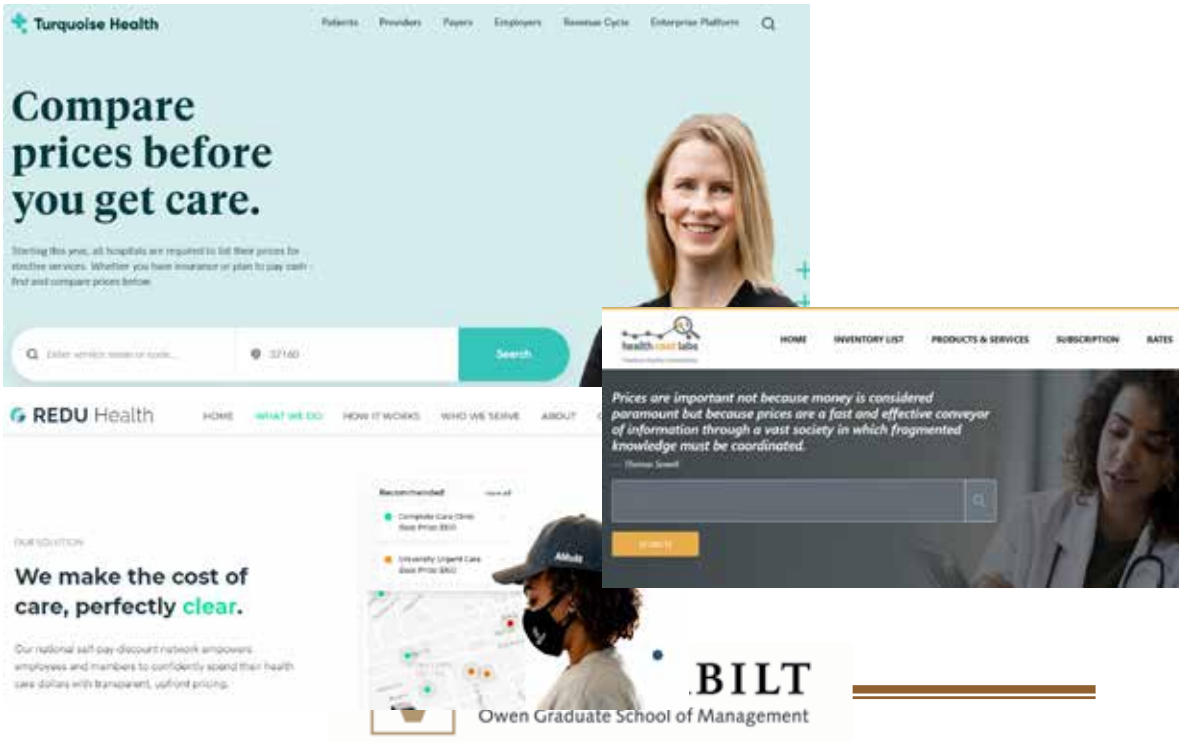
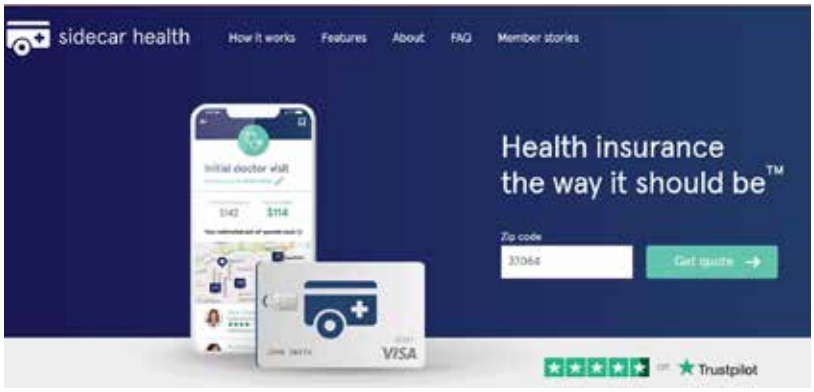
Expedia for Healthcare…..

Cars.com for health care – price comparison tools



A new insurance model based on cash



The future path

- Care is migrating away from institutional settings to the home.
- Trends toward eliminating middlemen and insurance between patient and provider
- Cash is a frictionless form of exchange that makes patients and providers better off saving more than $400B of non-value added costs.
- Access is improved thereby improving patient choice and provider frustrations.

For more context and information.....

Faculty

Dr. Larry Van Horn, Ph.D., M.P.H., M.B.A. is an associate professor of economics & management at Vanderbilt University, executive director for Health Affairs at the Owen Graduate School of Management, associate professor of law at Vanderbilt Law School and associate professor of Health Policy at Vanderbilt School of Medicine in Nashville, Tenn. and is a leading expert and researcher on health care management and economics. His current research focus centers around the shift to consumer purchasing of health care and the impact it will have on new delivery models. Dr. Van Horn's research has appeared in such leading journals as the *Journal of Health Economics*, the *New England Journal of Medicine* and the *Harvard Business Review*. His commentary regarding health care economics appears frequently in mainstream media, including *USA Today* to *Fox Business*. Dr. Van Horn is responsible for the graduate health care programs at the Owen Graduate School of Management at Vanderbilt University, and he founded and directs its Center for Healthcare Market Innovation. He also holds courtesy appointments in both the medical and law schools. Dr. Van Horn has consulted with most of the largest hospital systems and insurers in the U.S. on data analysis and antitrust concerns, among other topics, and he co-created and has co-directed the Nashville Healthcare Council Fellows Program. Dr. Van Horn is the founder and CEO of Preverity Inc., founder and partner of LVH Economics LLC, and a senior professional with Berkeley Research Group. He also is on the board of directors for Community Health Care Realty Trust, Savida, Harrow and Preverity. He previously served on the boards of Quorum Health Corp. and Pierian BioSciences. Dr. Van Horn is a member of the CEO Council for Council Capital, and serves on the advisory boards for Harpeth Capital and the Mainsail Group. He received his B.A. in philosophy from the University of Rochester, his M.B.A. from the University of Rochester's William E. Simon Graduate School of Business, his M.P.H. from the University of Rochester's School of Medicine and his Ph.D. in Managerial Economics and Decision Sciences The Wharton School at the University of Pennsylvania.

AMERICAN BANKRUPTCY INSTITUTE

2021 Health Care Program

Reactor Panel: Health Care Investments Galore: Opportunities and Pitfalls

Grant Chamberlain
Ziegler and Company | Chicago

Matthew Evans
Monroe Capital LLC | Highland Park, Ill.

Patricia A. Markus
Nelson Mullins Riley & Scarborough LLP | Raleigh, N.C.

Steven Shill
BDO USA, LLP | Costa Mesa, Calif.

2021

Reactor Panel: Health Care Investments Galore: Opportunities and Pitfalls

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October 26, 2021 | Nashville, TN

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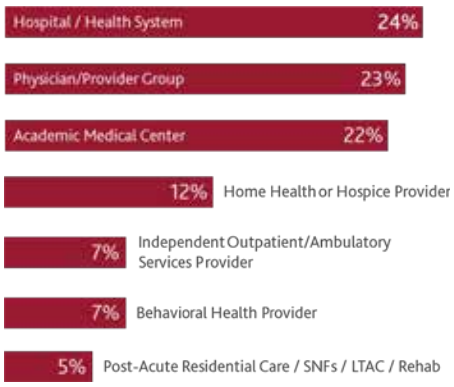
Part I:

2021 Healthcare CFO Outlook Survey

2021 Healthcare CFO Outlook

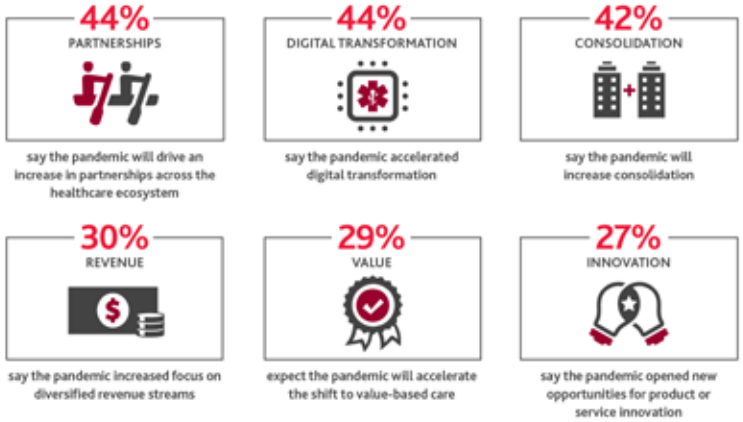
TYPES OF HEALTHCARE ORGANIZATIONS



REVENUES RANGED FROM $250M to $3B

The Pandemic Changed Healthcare CFOs' Outlook for the Future of Health

SIX PRIORITIES MOVING FORWARD



Revenue Will Return, but Liquidity Is an Immediate Challenge

5

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Resilience Through Distress

- The pandemic brought a financial cliff to many healthcare organizations. It also created new clarity on the importance of liquidity and what are truly essential services and operational costs.

CASH
44% say liquidity will be a challenge in 2021

COSTS
34% will pursue a strategic cost reduction

CAPITAL
90% plan to seek outside capital

CONSOLIDATION
34% will look to optimize their real estate footprint

While the pandemic exacerbated some areas of distress, it's important to look critically at issues that may continue to present problems when the crisis abates. Unwieldy administrative structures, high reliance on Medicaid funding and lack of affiliation with a healthcare system should be addressed as part of any reorganization strategy.

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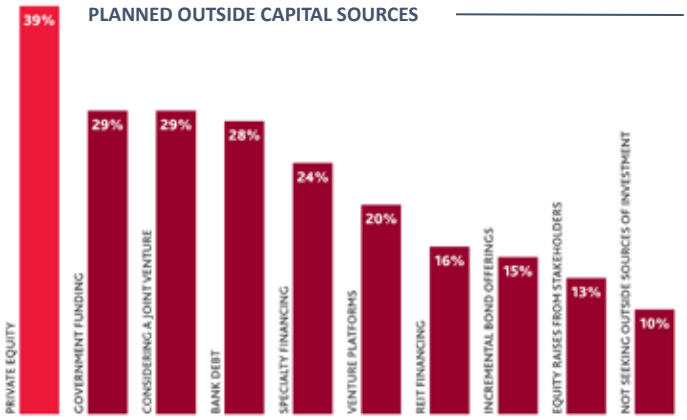
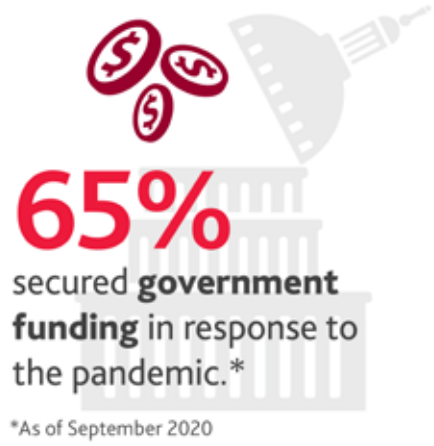
Preferred Source of Capital

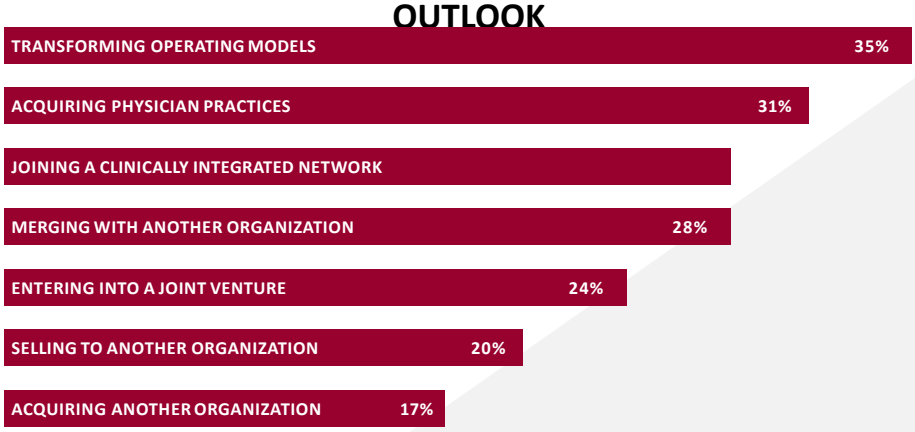
Healthcare CFOs give an edge to private equity as a preferred source of capital, followed by government funding.





Choosing a Partnership Path Will Require Tough Decisions

- **HEALTHCARE CFOs' PARTNERSHIP & CONSOLIDATION OUTLOOK**



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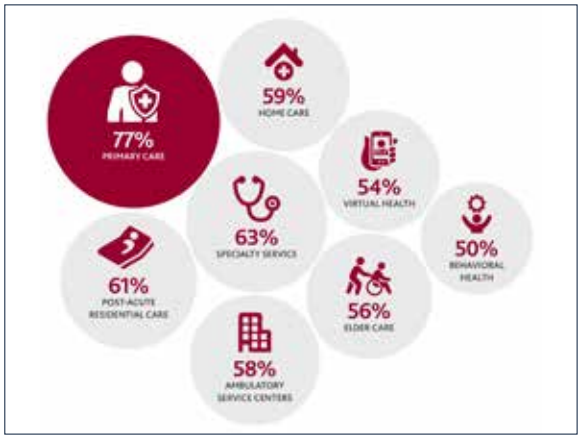
Innovation and Investment

Where CFOs plan to innovate and invest in service lines within the next 2 years



Looking ahead, healthcare organizations are hoping to fund and fuel a shift back to the primary care office as the center of health.

More than **3 in 4 CFOs** say they will invest in primary care in the next year, a notable increase over 51% who reported planned investment in primary care last year.

Telehealth's Time to Shine

- **CFO's TOP-CITED CONCERNS RELATED TO TELEHEALTH**

46%
Efficacy of care

39%
Consumer experience

34%
Productivity

- More than one in four healthcare CFOs say the pandemic has increased the industry's focus on opportunities in telehealth, but it is not without challenges.

Risk in Perspective

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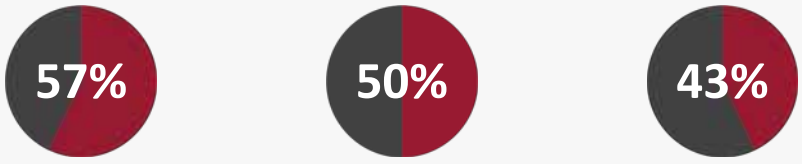
Risk in New Perspective

In context of a global pandemic, healthcare organizations' risk profile has evolved. The future of care will require new focus on patient experience, regulatory compliance and supply chain agility.

TOP EMERGING RISKS FOR 2021



restoring **patient confidence**

complying with **Health Price Transparency Act**

healthcare **reform policy**

Restoring patient confidence and enhancing the patient experience have never been more challenging or more critical. But in some ways, COVID-19 has leveled the playing field. There's new opportunity for any organization to secure competitor advantage by investing in patient satisfaction.

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Part II:
Where Health Care Investment Money Is Flowing—and Why

Current Healthcare Investment Topics

- **"Through" COVID**
  - Multi-site Healthcare recovered
  - Innovation
- **Politics**
  - Demonstrated support during COVID
  - Continues to support Medicaid/Programs
- **Pharma Development Investment**
- **Lot of Capital**

Resulting Healthcare Investment Themes

- **"Through" COVID**
  - Healthcare once again demonstrate resiliency
  - More investment into platforms focused on/or incorporating technology
- **Politics**
  - Now a "put" on the system
  - Medicaid as a payor not nearly as faux pas as it was historically
- **Pharma Development Investment**
  - Active consolidation
- **Lot of Capital**
  - Deals galore

Healthcare Investment Potential Pitfalls

- VALUE BASED REIMBURSEMENT VS FFS
- WITH MORE REWARD COMES MORE RISK (COMPLIANCE)
- ROLL UPS GONE WRONG
- OVER VALUED/OVER LEVERED

Part III:
Driving Forces of and Current Trends in Digital Health

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Board of Directors

AMERICAN TELEMEDICINE ASSOCIATION

MAVEN PROJECT

Author of "Deconstructing the Telehealth Industry" (2016),

"It's Just Healthcare" (2018),

"Enabling More Clinicians to Do More Good for More People" (2020)

Relevant Telehealth Experience (Representative Deals):

- Behavioral Health: Forefront/Spring Lake/Ziegler Link-Age Fund; Regroup/Insight Merger of Equals/Financing
- Senior Living Aging & Home Solutions: Forefront; TripleCare/Curavi; ThirdEye Health; MPAC
- Digital Front Door/Access Management/Transfer Management: Doctible/PracticeTek; Central Logic/Rubicon Technology Partners; SCI/R1

Anticipate Capital Flowing to Four Main Areas of Telehealth:

1. Companies that understand the integral marriage between:
   - Social Determinants
   - Behavioral Health
   - Chronic Care Management
2. Senior Living / Aging-at-Home Solutions:
   - The telehealth sector is in the 5th inning
   - Senior living telehealth solutions are now in the 2nd inning
3. Access Management / Transfer Management
4. Virtual Clinical Trials

Two Overriding Themes in the 2020 Telehealth White Paper

1. Workforce Optimization: The Key Value Driver in All Use Cases

Telehealth facilitates provider **workforce optimization at all levels**, including for specialists, PCPs, NPs, case workers, social workers, and informal / family & friend caregivers.

Through the benefit of continually improving solutions embedded within existing workflows, **telehealth can drive timely, evidence-based, analytically-driven engagement to the appropriate provider** at the appropriate time.

This allows providers to consistently work at the top of their licenses.

The continued introduction of these workforce optimization tools will enable telehealth's primary goal: **cost-effectively increasing the access points of high-quality care**.

Importantly, these tools will **ease the current and future crisis of provider shortages**.

2. Meeting Patients Where They Are

We believe the next generation of successful virtual care companies will be those who understand the critical marriage between chronic care management, behavioral health, and social determinants ("**biopsychosocial care**").

In particular, there are two primary subsectors on which we place redoubled emphasis in this new white paper:

- **Tele-behavioral health offerings**
- **Analytically-driven social determinants of health toolkits**

Driving Forces for Digital Health – Rapidly Expanding Due to COVID-19

Characteristics of successful virtual care programs – being disruptive without being disrupting

Stakeholder-specific virtual care programs optimize supply & demand needs to use scarce resources most efficiently

Key Elements	1 Easy to use and implement (5G, AI)	2 Embedded within existing workflow (5G, AI)	3 Analytically-driven engagement (AI)	4 Filters out the noise (AI)	5 Provides timely, relevant feedback (5G)
Program Requirements	Program champion; Enrollment management (AI)	Education and training; Visible ROI or reimbursement (AI)	Care transition and Coordination tools (AI); Appropriate triage to diverse care providers	Logistics management (AI); Reporting tools	Secure, HIPAA-compliant solutions; Measurability
Creates	Enhanced patient self-management (5G, AI)	Evidence-based care pathways (5G, AI)	Value-based care solutions		

Historical barriers to virtual care adoption – significant progress made in the last several years

- Adoption rates low
- Competing IT department priorities
- Confusion regarding insurance coverage
- Cost
- Ease of use
- Establishing common terminology
- Hard to define ROI and lack of proven ROI
- Inconsistent ongoing compliance
- Interoperability challenges
- Lack of reimbursement opportunity
- Lack of single vendor, enterprise solution
- Medical establishment resistance
- Medical malpractice concerns
- Misaligned incentives
- Poor training and implementation
- Privacy and security concerns
- Regulatory hurdles (e.g. credentialing barriers)
- Slow adoption of smartphones/technology by seniors
- Telecom infrastructure/bandwidth limitations
- Uncoordinated engagement and awareness efforts

Recent favorable tailwinds

1. Growing need for more efficient care delivery models (AI)
2. Payment models are better aligned to virtual care solutions and more funding sources are available
3. Proven use cases have become standards of care
4. Favorable reimbursement trends
5. Acceptance and commoditization of virtual care-enabling technologies, from smartphones to wearable sensors (5G)
6. Increasing consumerism in healthcare

Rapidly evolving future state

- 5G and broadband access (5G)
- Aligned financial incentives
- Artificial intelligence (AI)
- Big data analytics
- Evidence-based medicine
- Genomic coordination
- Geo-targeting
- Measurable order sets and guidance
- Predictive analytics
- Smart homes
- Virtual reality
- And more…

5G *Expansion of 5G networks and broadband are of special importance*

AI *AI and ML have particularly great promise*

Addressing Social Determinants of Health ("SDOH")

- Social factors historically underemphasized by healthcare industry stakeholders like housing, transportation, employment, community support, and and local availability of nutritious food are now recognized as essential to positive health outcomes
  - According to the Robert Wood Johnson Foundation, socioeconomic and environmental factors determine up to 50% of a person's health outcomes
- Providers and health plans are taking important steps to address SDOH in response to the shift towards value-based care
  - 73% of provider executives and 53% of health plans surveyed by PwC stated their organizations have created or are creating partnerships with community stakeholders to better address SDOH factors
  - Incentive for providers and health plans to invest in analytics capabilities to identify at-risk patients based on SDOH

Substantial Opportunity for Providers and Health Plans

$160B	$1.2M	$36B
Potential savings of SDOH interventions on chronic disease costs	*Annual savings for providers per 10,000 patients from SDOH interventions*	*Observed reduction in costs from nutrition, social support, and housing SDOH interventions*

SDOH Representative Names

SOCIALLYDETERMINED

- Uses data-driven, scientific approach to allow organizations to prioritize and match targeted social interventions to the specific needs of socially and clinically complex patients

NOWPOW

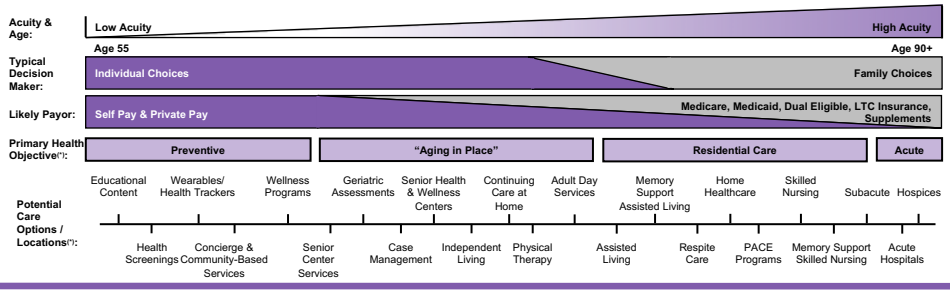
- "The self care referral utility," offering a complete platform to create highly matched, shared, tracked, and coordinated referrals to close the loop in care

kaiser HEALTH

- Improving community access to healthcare by providing a logistics hub for providers and patients to drive measurable results in resource utilization, quality of care, and patient/member engagement

Virtual Care in the Smart Aging Continuum

The smart aging ecosystem encompasses numerous care settings that primarily serve consumers age 55 and above. While we have highlighted below how virtual care is impacting five subsectors that are especially relevant to the smart aging market, we believe virtual care will be an integral tool across the entire the smart aging continuum, in both the near- and long-terms.



Select Subsectors Relevant to the Smart Aging Market:

Social Determinants of Health	Behavioral Health	Chronic Care Management	Provider Workforce Management	After-Hours SNF Coverage
kaizen HEALTH, NOWPOW, SOCIALLYDETERMINED, UNITE US	embodied labs, FORESFRONT TELECARE, INSIGHT, regroup, MediTelecare, mindoula	BioTelemetry, CANARY HEALTH, MedMinder, VirtuSense, VitalTech	arena, BookJane, embodied labs, OnShift, PayActiv	amwell, CURAVI HEALTH, MPAC healthcare, TAPESTRY, THIRD EYE HEALTH

Digital Patient Navigation – Scheduling and Transfer Management

Seamlessly navigating patients into, through, and out of a health system is an increasingly important capability for care providers to master as competition increases and patients continue to make more of their own healthcare decisions

- Navigating the healthcare journey can be daunting and complex – from finding the proper provider and site to receive a diagnosis, to identifying the best care for a unique case, and making lifestyle changes to prevent relapse and even finding transportation between all of these sites
- Health systems need to ensure that every patient receives personalized guidance and support to get to the resources that are best for them, elevating quality of care, reducing barriers to access, and optimizing costs as well as clinical resources
- To facilitate these improvements, health systems need to centrally coordinate scheduling in a single department, regardless of specialty, service line, or acuity: this enables harmonized, consistent care and provides patients and clinicians with a single phone number to call for any navigation needs
- Navigation centers with full control of scheduling can expand to coordinate patient transportation, manage procedure preauthorization, orchestrate patient transfers, and more, creating a one-stop shop for care coordination that eases burdens on all stakeholders
- One 2017 *JAMA* study demonstrated a 1:10 ROI when introducing non-clinical patient navigators into oncology treatment plans

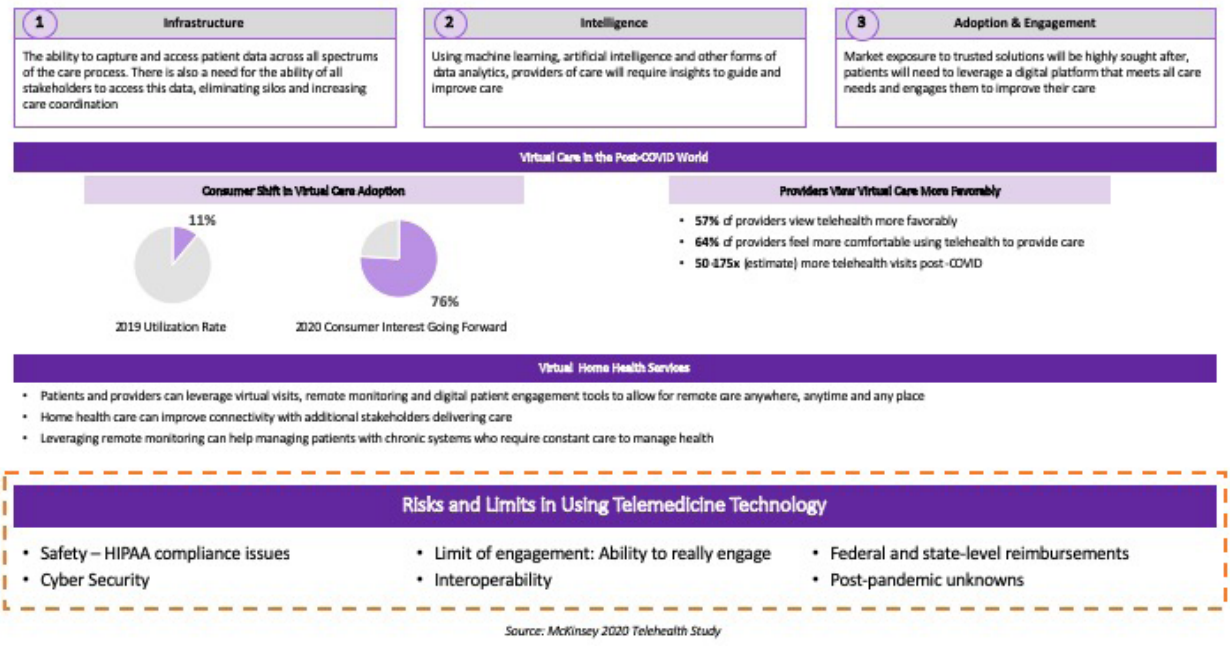
	Intake: Start of Patient Journey	Receiving Care	Discharge & Follow-Up
Locations	• Patient self-referral for emergent or recurring symptoms • **AI-enabled triage and remote patient monitoring** • Referring primary care provider or specialty clinic • Referring hospital, ER, or urgent care	• Primary care or specialty care • Hospital, ED, urgent care, ICU • Labs, imaging • Tertiary care and LTAC • Behavioral care • **Telehealth consultation**	• Home (with or without ongoing remote patient monitoring) • SNF, rehab, or residential care • PT/OT • Primary or specialty care • **Telehealth consultation**
Integrated Navigation	• Triage • Scheduling • Transportation • Telehealth and remote patient monitoring • Preauthorization	• Acute inpatient transfers • Bed management • Documentation and record transfer • Transportation • On-call scheduling	• Discharge planning • Continuing education • Transportation • Med & Therapy Adherance • Addressing social determinants

Exemplary Technology and Service Providers	
GoodHealth at Ascension	Centralized scheduling and navigation department for Texas region; orchestrates coordinated, continuous care for patients and providers
CentralLogic	Transfer center tech enabling health systems to manage all aspects of high-acuity inpatient transfers for greater revenue and lower costs
R1 / SCI SOLUTIONS	Patient-centric application that offers pre-visit workflows and supports onset of any care event with real time clinical decision support
zipnosis	Empowering health systems to expand access to virtual care through technology-driven triage based on adaptive online interviews

VIRTUAL CLINICAL TRIALS

Opportunities for Virtual Clinical Trials epitomizes the core principles of virtual care's mantra as expressed by ATA CEO Ann Mond Johnson: ensure people get care where and when they need it, and when they do, make sure they know it is safe, effective and appropriate while empowering clinicians to do more good for more people. For example, Virtual Clinical Trials have the ability to compassionately deliver care to trail participants and their families and dramatically increase the likelihood of a successful clinical trial

PILLARS AND LIMITS FOR THE COMPLETE DIGITAL HEALTHCARE ECOSYSTEM OF THE FUTURE



Source: McKinsey 2020 Telehealth Study

Watch for Continued Momentum of Favorable Legislation in the Telehealth Space

Federal and state policymakers will continue to engage with organizations like the ATA to implement significant telehealth policies in the wake of COVID-19

Federal Policy Priorities

- Ensure temporary flexibilities put in place during the COVID-19 public health emergency last at least through 2021, avoiding a "telehealth" cliff while working to make policies permanent
- Work with Congress to permanently remove the geographic and originating site barriers in statute and to remove the in-person telemental health provision found in COVID relief package
- Work with Congress to permanently allow FQHCs and RHCs to provide telehealth and be reimbursed fairly
- Ensure CMS continues to cover additional telehealth services
- Urge CMS to cover remote patient monitoring services in accordance with clinical practice
- Engage and educate new Members of Congress on the importance of telehealth
- Continue strong advisory relationships with the bipartisan, bicameral Telehealth Working Group/CONNECT for Health Act sponsors, congressional leadership and committees of jurisdiction
- Highlight how telehealth expansion at the federal level can be a tool to reduce social and racial disparities in health and increase access to care
- Continue work on data collection efforts to inform federal policymakers about the value of telehealth
- Provide technical assistance to Members of Congress considering telehealth legislation
- Seek opportunities for ATA telehealth champions to testify at congressional hearings

State and Local Policy Priorities

- Work with campaign members on a continuing basis to determine where, when and how the ATA should intervene at the state level
- Work with campaign members to produce a 2021 assessment of how states are doing against key metrics – and then work with state policymakers to address issues brought to light by the report
- Continue work on data collection efforts to inform state policymakers about the value of telehealth
- Engage state legislatures and state Medicaid agencies to ensure fair reimbursement and coverage parity of telehealth services
- Highlight how telehealth expansion in states can be a tool to reduce social and racial disparities in health and increase access to care
- Work with state legislatures and medical boards to ensure maximum licensing flexibility for telehealth
- Engage and educate new members of state legislatures on the importance of telehealth while continuing to engage and educate previously elected state officials
- Continue strong relationships with the state telehealth caucuses, state legislative leadership and relevant state legislative committees of jurisdiction
- Provide technical assistance to members of state legislatures, governors' offices and state executive agencies considering telehealth legislation and policies
- Seek opportunities for ATA telehealth champions to testify at state legislature hearings

Part IV: Opportunities and Regulatory Challenges in Expanding Telehealth

Opportunities for Expanding Telehealth

- Better broadband = greater opportunity for rural health improvements (this remains a work in progress)
- Value-Based Care
- Behavioral Health
- Senior Care
- Clinical Research

Regulatory Challenges in Expanding Telehealth

- Will COVID waivers/extensions be made permanent?
- State and federal payment policies – what's covered?
- Established versus new patients
- Parity for telehealth versus in-person services
- State licensing laws – who may furnish telehealth?
- Online prescribing
- Privacy and security – what technologies may be used?
- Interoperability
- Recent use of telehealth for fraudulent COVID, genetic test schemes

Reactor Panel: Health Care Investments Galore: Opportunities and Pitfalls

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Grant Chamberlain is a managing director with Ziegler & Company in Chicago in its Corporate Finance Healthcare Practice. He has more than 20 years of investment banking experience and has advised some of the leading health care systems, including Sharp Healthcare, Cedars-Sinai and Baylor Health, along with several of the most innovative virtual-care companies, including AirStrip, MDLive, Voalte, IRIS, Forefront Telecare and Regroup. Prior to joining Ziegler, Mr. Chamberlain led the mHealth sector coverage at Raymond James, which included telehealth, remote monitoring and wireless health care solutions, after spending 15 years advising HCIT and tech-enabled outsourced services companies on a broad variety of M&A, joint ventures/partnerships and private financings. Additionally, he has completed dozens of transactions in the physician practice management space with a specific concentration in oncology, having closed more than 15 deals in that sector in his career. Prior to Raymond James, Mr. Chamberlain was a principal at Shattuck Hammond Partners, which was acquired by Morgan Keegan. He was also a part of the corporate finance group of General Electric Capital Corp. and the financial services division of GE Medical Systems. Mr. Chamberlain is an elected director of the American Telemedicine Association (ATA), the leading international advocate for the use of advanced remote medical technologies. He is also on the Board of Directors for the MAVEN Project, which uses virtual care and a network of volunteer physicians affiliated with the nation's foremost medical school alumni associations to improve health care access for underserved populations. Mr. Chamberlain received his B.A. in finance and investment banking from the University of Wisconsin-Madison.

Matthew Evans is a managing director and head of Healthcare Finance at Monroe Capital LLC in Highland Park, Ill., where he is responsible for relationship-sourcing and the origination of new business opportunities within the health care industry. He has more than 20 years of experience in health care finance. Prior to Monroe, Mr. Evans was a principal at Beverly Capital, a health care-focused private-equity firm, and he was formerly a vice president in the Healthcare Leveraged Finance group at Madison Capital, where he originated, structured and underwrote debt financing for private-equity-sponsored transactions. Prior to Madison Capital, Mr. Evans worked in Merrill Lynch Capital Healthcare Finance's leveraged lending group. He received his B.A. in economics from the University of Michigan and his M.B.A. from Northwestern University's Kellogg School of Management.

Patricia A. Markus is a partner with Nelson Mullins Riley & Scarborough LLP in Raleigh, N.C., where she represents health care providers and related organizations across the country on an array of regulatory compliance, reimbursement, licensure and operational matters, with a special focus on issues surrounding health information privacy, security and technology. She provides strategic and practical advice regarding HIPAA and other data privacy and security laws, information-blocking and interoperability requirements, telehealth and health information exchange initiatives, technology licensing and services arrangements, cybersecurity risks and data breach prevention and response, clinical research and patient care issues, and compliance and fraud and abuse matters. Ms. Markus works with physicians, hospitals, accountable care organizations, post-acute care facilities, behavioral health and substance use disorder facilities, and pharmacies on licensure and reimbursement matters, acquisitions and divestitures. She writes frequently and speaks nationally on health care topics. Ms. Markus is the current president-elect designate of the American Health Law Asso-

ciation and is a past chair of AHLA's Health Information and Technology Practice Group. A Fellow of the American Bar Foundation, she is listed in *North Carolina Super Lawyers* in Health Care and as one of the "Top 50 Women" attorneys in North Carolina (2015). In addition, she has been listed in *Chambers USA: America's Leading Lawyers for Business - Healthcare* since 2016 and in *The Best Lawyers in America* for Health Care Law annually since 2009, and in 2020 she was voted Lawyer of the Year for Healthcare Law in Raleigh. Ms. Markus received her undergraduate degree with honors in English from Haverford College and her J.D. from Boston College Law School.

Steven Shill is a partner and national leader of the BDO Center for Healthcare Excellence & Innovation at BDO USA, LLP in Costa Mesa, Calif., and a chartered accountant. He has spent more than two decades in public accounting, as well as five years in a senior management role with a publicly traded corporation overseas. Mr. Shill serves both public and privately held and nonprofit companies in the health care provider, payer and insurance sectors, including hospitals, health plans, specialty and primary care physician groups, surgery centers, urgent care centers, and various managed-care organizations. In addition to providing assurance services, he has examined feasibility studies for bond offerings used to finance new or replacement hospital developments of in excess of $750 million, including the examination of the feasibility study for the "The Bond Buyer Deal of the Year in 2005." Mr. Shill has experience performing merger due diligence and assurance procedures, including for one of the largest hospital acquisitions in the U.S. in 2003. He is Yellow Book–certified to provide audit opinions on Single Audit and OMB A-133 engagements, and his article "Re-engineering the Turnaround Process for Healthcare Organizations" was featured as the lead article in the *Journal for Corporate Renewal*, the flagship publication of the Turnaround Management Association. Mr. Shill is a steering committee member of BDO International's Public Sector practice, which is made up of the health care, education, social welfare, and local and central government practices for BDO offices across the globe. He is a member of the American Institute of Certified Public Accountants, California Society of Certified Public Accountants and the Healthcare Financial Management Association's Southern California Chapter. Mr. Shill received his B.S. in commerce from the University of Witwatersrand in South Africa and a post-graduate Honors Degree in accounting science from the University of South Africa.

AMERICAN BANKRUPTCY INSTITUTE

2021 Health Care Program

As the Health Care Industry Emerges from COVID-19, What Will the Challenges Be?

Bradley T. Giordano, Moderator
McDermott Will & Emery | Chicago

Kim Gordon
MONTICELLOAM, LLC | Deerfield, Ill.

Suzanne A. Koenig
SAK Management Services, LLC | Riverwoods, Ill.

Martin D. Smith
Retired President and Chief Operating Officer at Quorum Health | Franklin, Tenn.

Sharon F. Whittle
Grant Thornton LLP | Charlotte, N.C.

2021

AMERICAN BANKRUPTCY INSTITUTE

Restructuring in Healthcare

As Health Care Rebounds from COVID-19, What Will the Challenges Be?

Presented by American Bankruptcy Institute

October 26, 2021

Panelists

Bradley Giordano
Moderator
McDermott Will & Emery

Kim Gordon
Panelist
MONTICELLOAM, LLC

Suzanne Koenig
Panelist
SAK Management Services, LLC

Sharon Whittle
Panelist
Grant Thornton

Marty Smith
Panelist
Quorum Health Corp. (Former COO)

Post-COVID Labor Issues

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Staffing and Labor Issues

- Short Term/Long Term/Permanent
- Pre-Covid issues now more pronounced and sped up the inevitable
  - Lack of automation and low use of technology/AI
  - Very labor dependent delivery model
  - Many low skilled positions
  - Costly and inefficient delivery model
  - Talent shortages for various reasons
  - Competition for some positions is not in industry

4

Staffing and Labor Issues

- Health care providers are being forced to limit capacity and cancel elective procedures because of issues with respect to availability and capacity of hospital staff, including:
  - Nurses and other clinical positions – waiting to take a shift for more money, leaving for contract labor or higher paying positions
  - In some markets, lower paid clinical and back office are leaving to join restaurant or manufacturing industry for higher total rewards and less risk
  - No per diem talent available
  - Drawing unemployment benefits $$$
  - Child care issues
  - Burnout and earlier retirements/exits
  - Fear/Risks from COVID
  - Employer vaccination requirements

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Staffing and Labor Issues

- Hospitals pushing COVID volume to nursing homes, that are also short on staff
- Home Health Industry impacted by shortage of caregivers. Adult daycares closed. Seniors are left unattended. Transportation is not adequate. Backlog for needed appointments (3 – 6 months)
- Care is moving upstream instead of down stream as Physicians are frequently doing the work of hospital staff and nurses who are not at work.
- Mental Health Issues of caregivers. Less community rallying/support with second wave.
- Routine care and covid care needed at the same time

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Staffing and Labor Issues

- Pipeline of talent coming into the Health care industry is down
  - CNA candidate pool behaviorally unstable and poor quality
  - CNA credentialing/testing failure rate very high
  - Concern about risks from COVID and vaccine adverse
  - Field is too demanding
  - Skilled workers make 2X plus in bio pharma
- Vaccine requirements
  - Not all health systems mandating – united front?
  - When presented with deadlines, most employees have complied or moved to another system/industry
  - Unions fighting requirement

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Solutions

- Complete rehaul of care delivery model – people, process, technology
- Elevation of labor positions and responsibilities/agility
- Pay and Rewards will have to be addressed
- New value proposition on Mission
- Government intervention/progression towards Socialized medicine
- Government funding for financial shortage and/or transitioned to individual payors?
- Advocacy
- More mergers/economies
- National Guard involvement
- Foreign providers

8

Healthcare Restructuring Considerations

9

Drug Costs

- Supply cost and utilization of drugs have increased throughout the COVID-19 pandemic, creating an impossibly tight margin that health care providers will need to overcome
- Stimulus funds received through the CARES Act can be utilized to cover COVID-19 related losses and expenses like these

10

Lender Perspective

- Lender evaluation of performance
- Lender issues due to COVID impact
- Forbearances & refinancing considerations

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Debtor Perspective

- Healthcare sector bankruptcies or restructurings are more complicated than a typical restructuring in retail or restaurant, as the company's services impact patient and/or resident lives.
- COVID-19 severely impacted financial health of healthcare companies, hospitals, nursing homes, skilled nursing facilities ("SNFs"), and other healthcare providers caring for patients
  - Revenue hit
    - Lack of/reduced elective surgeries – earnings from loss of non-essential procedures and increased LOS for COVID patients more costly
    - Decline in emergency department visits – people are delaying major medical procedures which could increase their health risks (while government relief is helping, still falling short on occasion)
    - Reduced Medicare and Medicaid spending + increased costs
    - Shift to more outpatient services
    - Increasing demands for charity care
  - Urban vs. rural areas
    - Physician and nursing staff shortages
  - Mergers & acquisitions
    - Strategic parties now are focused internally on building morale and employee assistance programs, thus deal flow materially choked off. Mergers and sales have been cancelled.
    - Despite healthcare slowdown in revenue and growth, private equity and venture capital are looking to invest.

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Debtor Perspective

- SNFs & Assisted-Living Facilities
  - Current Status
    - Although serving the most vulnerable population in the COVID outbreak, skilled nursing and assisted-living facilities have been the forgotten stepchildren.
    - Industry census has fallen roughly 10% from late 2019 to early May 2020.
  - Census & Revenue
    - Fair stimulus packages have helped temporarily
    - Cessation of hospital elective procedures have hurt census in downstream referrals
    - Virus has devastated facilities in reputational, financial, and human terms
    - COVID residents convert to Medicare eligible
  - Expenses
    - The race for Personal Protective Equipment – expensive, hard-to-find, consumption grows
    - Employee hazard pay for those having direct COVID exposure
  - Financial and Operational Challenges
    - Budget compliance
    - REITs and lenders under stress having to accommodate borrowers
    - SNFs will not open with the rest of the comapny
  - Regulatory and Quality Issues
    - Medicare waivers – 3-day stay
    - Testing – employee and resident
    - Disease containment
    - No immunity for resident or staff litigation; whistle-blower cases; wrongful death lawsuits
    - High cost of liability insurance – COVID disclosures

Debtor Perspective

- Stimulus Funds
  - CARES Act
    - The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") is a $2.2 trillion economic stimulus bill passed in response to the economic fallout of the COVID-19 pandemic in the United States.
    - Stimulus funds received through the CARES Act could be used to cover a health care provider's COVID-related losses and expenses; any excess amounts must be returned to the Centers for Medicare and Medicaid Services ("CMS") or will be recouped by CMS following an audit.
  - MAAP Program
    - The Medicare Accelerated and Advance Payment Program (the "MAAP Program") was funded through the Hospital Insurance (Part A) and Supplementary Medical Insurance (Part B) trust funds, and CMS characterized MAAP Payments as "a loan that providers must pay back."
    - Initially, CMS recovery of MAAP payments was to begin 210 days after disbursement; however in October 2020, the Continuing Appropriations Act, 2021 and Other Extensions Act extended the repayment terms for the MAAP payments to one year starting from the date of issuance. As a result, CMS began recovering MAAP funds from many recipients in April 2021.

Debtor Perspective

- Stimulus Funds
  - Paycheck Protection Program
    - The Paycheck Protection Program was signed into law on April 24, 2020. A PPP loan provided small businesses with the resources they need to maintain their payroll, hire back employees who may have been laid off, and cover applicable overhead. Borrowers may be eligible for PPP loan forgiveness.
  - Health Care Enhancement Act
    - The Health Care Enhancement Act was signed into law on April 24, 2020 and provides funding for health care providers and national COVID-19 testing
- Impact on Healthcare Companies and Providers
  - Liquidity issues
  - Stave off restructuring
  - Outlook for foreseeable future (many may not make another six months)

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Post-COVID Stressors

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Post-COVID Stressors

- Labor
  - Labor costs, employee bonuses, etc. are going to be go-forward built-in costs
- Insurance
  - Plaintiffs are beginning to commence insurance lawsuits related to claims that arose during the COVID-19 pandemic, leading to insurance rate increases

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Questions?

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Faculty

Bradley T. Giordano is a partner in the Chicago office of McDermott Will & Emery, where he represents debtors, equity sponsors, lender groups, creditors and strategic investors in all aspects of in-court and out-of-court restructurings. He advises senior managers and boards of directors on operating in chapter 11, fiduciary duty considerations and strategic restructuring alternatives. In addition, he advises credit and private-equity-fund clients in connection with strategic acquisitions or dispositions of distressed assets. Mr. Giordano's restructuring experience includes complex multi-jurisdictional and cross-border matters spanning multiple industries, including health care, retail, energy, technology, hospitality, media, airlines, aircraft manufacturing, telecom and heavy machinery. He received his B.A. magna cum laude from DePauw University in 2006 and his J.D. in 2009 from the University of Virginia School of Law.

Kim Gordon is a managing director with MONTICELLOAM, LLC in Deerfield, Ill., where she works in its asset-based-lending line of business, bringing more than 30 years of experience in this space, with a focus on health care lending. She works to streamline the firm's working-capital lending processes, team-engagement enhancement, client relationship development, and collaborative client-based solutions development and execution. Ms. Gordon has enhanced the firm's asset-based lending platform, adopting industry-leading technology and improving efficiencies, to expedite borrowing base and collateral reviews and accessibility to the clients. Prior to joining MONTICELLOAM, she was a senior vice president and senior credit administrator at Opus Bank, where she was responsible for all facets of credit oversight for its health care lending, structured asset-based lending, and lender finance within its commercial banking group. She also worked as a senior vice president and director of Credit at Monroe Capital, LLC, where she helped develop a middle-market health care lending company specializing in revolving lines of credit and term loans. Before joining Monroe Capital, LLC, Ms. Gordon acted as deputy chief credit officer for Ridgestone Bank, chief credit officer for Bridge Finance Group Inc. and vice president of Credit/Portfolio at FINOVA Capital Corp. She is a member of the Commercial Finance Association and the Turnaround Management Association. Ms. Gordon received her B.S. in finance from the University of Illinois College of Commerce and Business Administration.

Suzanne A. Koenig is president and founder of SAK Management Services, LLC in Northfield, Ill., a long-term care management and health care consulting services company. With more than 30 years of experience as an owner and operator, she provides specialized skills in operations improvement, staff development and quality assurance, with expertise in marketing and census development as well as operations enhancement for the whole spectrum of senior housing, long-term care and other health care entities requiring turnaround services. Ms. Koenig's professional experience has included executive positions in marketing, development and operations management for both regional and national health care providers representing property portfolios throughout the U.S. Recently, she has been appointed as the patient care ombudsman, receiver, examiner and chapter 11 trustee in several health care bankruptcy filings (chapters 11 and 7) under BAPCPA, including physician practices and hospitals. In addition, she has served in an advisory and consulting capacity for numerous client engagements involving bankruptcy proceedings, as well as in turnaround-management situations. An owner and operator, licensed nursing home administrator and licensed social worker, Ms. Koenig

has experience as a long-term care provider and also serves as an officer and director for several of the states' long-term-care-provider associations. She serves on the board of directors of the Summit Healthcare REIT Inc. Ms. Koenig was elected to the Global Turnaround Management Association's board of trustees and co-chairs the Steering Committee of the Turnaround Management Association's Midwest Chapter. She also serves on ABI's Board of Directors and is a member of its Health Care Insolvency Committee. In addition, she serves as an officer and director for several of the state's long-term-care-provider associations, and she serves on the board of directors for the School of Social Work at the University of Illinois, Champaign-Urbana. Ms. Koenig is a frequent speaker for various health care industry associations and business affiliates, where she conducts continuing education and training programs. She received her undergraduate degree in social work from the University of Illinois, Urbana-Champaign and her M.S. from Spertus College.

Martin D. Smith is a retired president and COO of Quorum Health in Franklin, Tenn., and has nearly 30 years of hospital and health system senior leadership experience. He is a health care industry veteran, operations consultant and advisor. As president and COO, Mr. Smith was responsible for approximately $2 billion in revenue and operations of Quorum's hospital and related outpatient facilities across 13 states. He was central in the 2015 formation of Quorum Health, a publicly traded spin-off from Community Health Systems, and he helped Quorum navigate several operational startup challenges, including portfolio-rationalization, separation from transitional support service agreements related to the spin-off, and a 2019 restructuring of the company's inherited balance sheet, which enabled the company to go private. Throughout the restructuring, Mr. Smith oversaw the company's multi-channel communication strategy, which proved extremely effective in maintaining key relationships with physicians, payers and tertiary care partners. Although the restructuring took place as COVID-19 was emerging as a global health crisis, the plan's transparency was instrumental in keeping Quorum's corporate support and hospital operations teams moving forward without interruption. In addition to leading Quorum's day-to-day operations, Mr. Smith also oversaw the company's support services for managed care, engineering, medical staff recruitment, physician practice management and strategic development projects. He retired from Quorum Health in September of 2021. Prior to his time with Quorum, Mr. Smith spent 18 years with CHS, joining the company in 1998 as a hospital CEO, becoming a corporate vice president of Operations in 2005 and moving to a division president position in 2008. He received his undergraduate degree in communications from Lee University and his M.B.A. from the University of Tennessee.

Sharon F. Whittle is a practice leader of Human Capital Services in the Charlotte, N.C., office of Grant Thornton, LLP and has more than 20 years of experience providing human capital services as a consultant and benefits director for several Fortune 500 companies. Her diversified experience includes working closely with organizations that are conducting significant merger, acquisition, restructuring or realignment activity, experiencing changes in top management and business strategy, being spun-off from a larger company, or are financially distressed. Ms. Whittle frequently discusses the impact of the Affordable Care Act on employer-sponsored medical benefit plans and initiatives, and recently spoke at the Construction Financial Management Association conference on attracting, retaining and motivating talent during an economic recession. She has worked in a number of sectors, including real estate and construction; transportation, logistics, wholesale and distribution; health care; hospitality and restaurants; manufacturing; nonprofit and higher education. Ms. Whittle received her B.S. in business management from North Carolina State University and her M.B.A. from the University of North Carolina – Charlotte.

AMERICAN BANKRUPTCY INSTITUTE

2021 Health Care Program

M&A, Startups and Where We Go from Here

Katie G. Stenberg, Moderator
Waller Lansden Dortch & Davis, LLP | Nashville, Tenn.

Christie L. Corbett
FTI Consulting, Inc. | Atlanta

Matt Robbins
Kaufman Hall | Boston

Andrew Turnbull
Houlihan Lokey | Chicago

2021

waller FTI CONSULTING KaufmanHall HOULIHAN LOKEY

ABI Health Care Program
M&A, Startups and Where We Go from Here

October 26, 2021

M&A, Startups and Where We Go from Here
Discussion Panel and Topics

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Houlihan Lokey | Chicago

- Operating performance and impact of COVID
- Credit and capital markets view
- Healthcare M&A activity and key trends
- Healthcare bankruptcy
- New areas for healthcare investments

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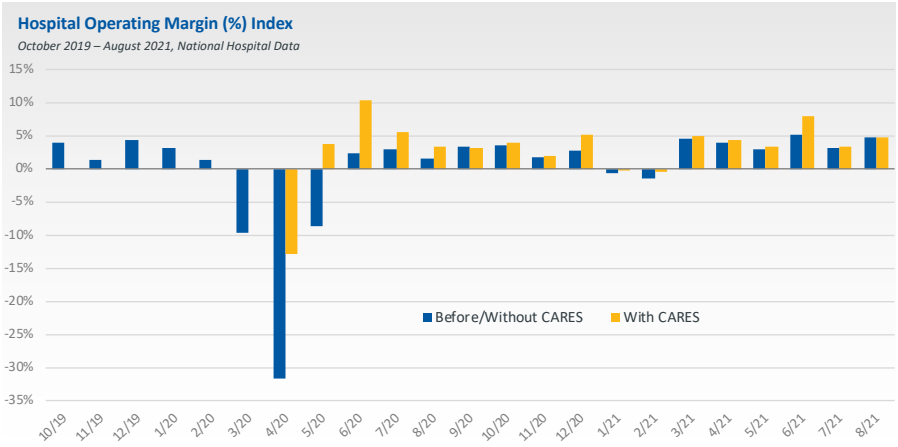
COVID-Related Disruption Has Driven Significant Margin Declines, Despite Near-Term Government Aid

- Hospital financial performance hit unprecedented depths in the early stages of the COVID-19 pandemic—with operating margins reaching a low of nearly -32% in April 2020
- CARES Act funds have played a significant role in buoying operating margins, which have been stressed recently by the Delta variant



Source: Kaufman Hall National Hospital Flash Reports

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Key Observations from September 2021 National Hospital Flash Report

Median Change Jan.-Aug. 2021		From YTD 2020	From YTD 2019
Margin	Operating Margin (w/out CARES)	**5.5 percentage points**	**(0.3 percentage point)**
	Operating Margin (w/CARES)	**2.5 percentage points**	**0.8 percentage point**
Volume	Adjusted Discharges	**9%**	**(5%)**
	OR Minutes	**15%**	**(1%)**
	ED Visits	**7%**	**(11%)**
Revenue	Gross IP Revenue	**12%**	**6%**
	Gross OP Revenue	**20%**	**10%**
Expenses	Total Expense per Adjusted Discharge	**1%**	**17%**

- The median Kaufman Hall hospital Operating Margin Index was 3.1% in August, not including federal CARES funding. With the aid, it was 3.9%, which was down 11.8% from pre-pandemic levels.
- Adjusted Discharges were down 4.8% YTD compared to the first eight months of 2019 but up 8.7% YTD versus 2020. ED visits dropped 11% YTD versus 2019 but rose 7.3% YTD compared to the first eight months of 2020.
- Outpatient Revenue increased 10% YTD versus 2019 and 20.3% versus 2020. Inpatient Revenue was up 5.6% YTD compared to 2019 and 11.8% YTD compared to 2020.
- Total Expense per Adjusted Discharge was up 16.6% YTD compared to 2019 and 1.3% YTD versus 2020.

* Note: The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset adjusted for allocations to hospitals from corporate, physician, and other entities.

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Summary of Recent Rating Commentary

Moody's
Outlook: Negative

S&P Global
Outlook: Stable

FitchRatings
Outlook: Stable

- **Near-term risks remain, but may be offset by agile management.** Other offsetting factors include reduction of COVID-19 cases, improving vaccination rates, healthy balance sheets, federal support, and economic factors
- As a result of improving unemployment rates, **minimal payor mix deterioration is expected in the near term**
- While volume trends are showing signs of improvement, **volumes are not expected to reach pre-pandemic levels before 2022**
- **The credit quality gap may continue to widen** between stronger and weaker providers
- **Despite a potential increase in restrictions, M&A activity will increase** as providers seek size and scale to achieve stability
- **S&P updated their outlook to Stable** in June based on a trend of revenue recovery, ongoing balance sheet strength, and proactive management teams' focus on maintaining financial stability

Source: Moody's, S&P, and Fitch 2021 sector outlook reports; KH Webinars.

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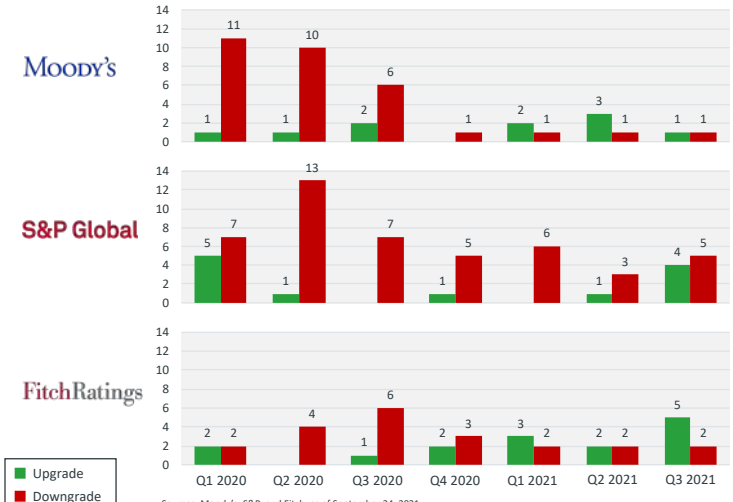
Downgrades Have Outpaced Upgrades During COVID Pandemic



2020 Rating Changes - Totals	Upgrades	Downgrades
Moody's	4	28
S&P Global	7	32
FitchRatings	5	15
Total	16	75

2021 YTD Rating Changes - Totals	Upgrades	Downgrades
Moody's	6	3
S&P Global	5	14
FitchRatings	10	6
Total	21	23

Sources: Moody's, S&P, and Fitch, as of September 24, 2021.
Notes: Upgrade / downgrade counts only shown for U.S. not-for-profit hospitals and health systems that experienced changes to their underlying, long term, or issuer default rating from Moody's, S&P, and Fitch, respectively. Upgrade / downgrade counts shown for revenue bonds only. (1) Credits that were downgraded by multiple rating agencies are classified as initially investment grade and / or initially assigned to a negative outlook or a CreditWatch Negative placement if they were rated or listed as such by at least one of the rating agencies that downgraded them. (2) Medians are based on most recent available metrics from Moody's, S&P, and Fitch as of rating action dates.

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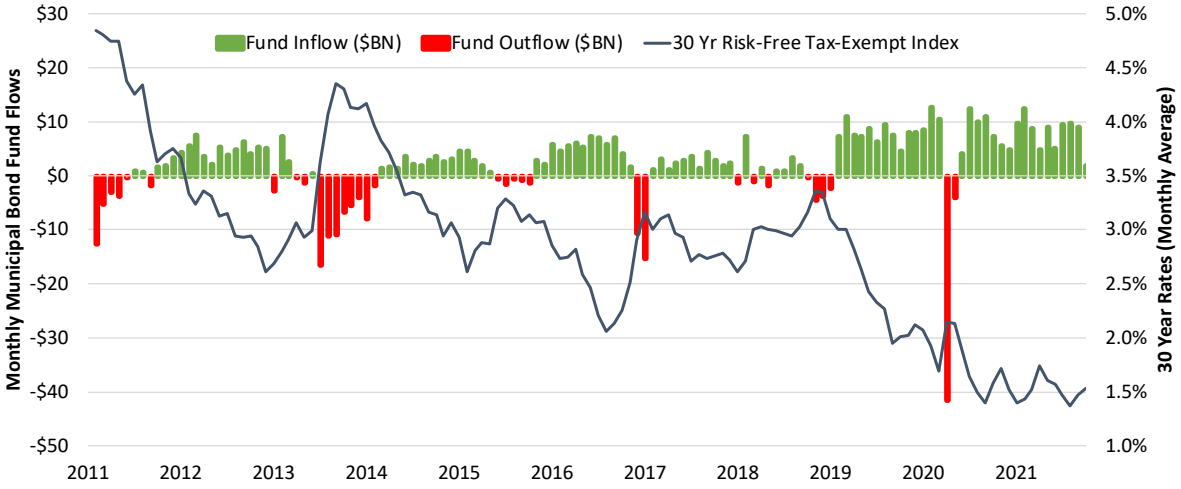
COVID-Related Market Disruption Drove Spike in Rates, But Recent Inflows Have Pushed Rates to Historic Lows



Source: ICI.org, Thomson Reuters, and Bloomberg as of September 10, 2021

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Hospitals Continue to Face Immense Pressures

- CARES and other stimulus funding saved some hospitals, but what about the next downturn?
- How long will downgrades outpace upgrades?
- Cost of capital is cheap…for the well heeled
- Transformation will remain unkind to the smaller and undifferentiated players
- The absolute necessity of strategic thinking and long-term planning

Tower Health, reeling from losses, receives a three-notch credit downgrade from Fitch

The downgrade came just four months after a previous cut.

Mercy Hospital files for bankruptcy despite pushback from legislators

Quorum completes bankruptcy process, taps new CEO

Healthcare Bankruptcies on the Decline Despite Ongoing Pandemic

Pandemic Drains Hospital Finances

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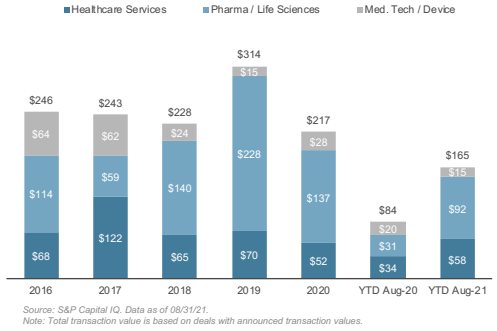
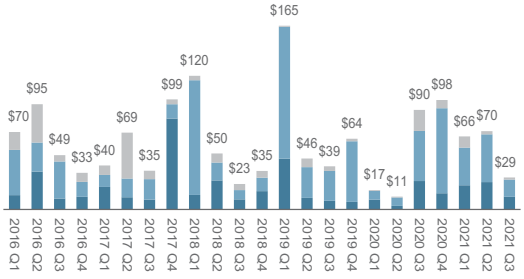
ABI Health Care Program: Back to the Future
M&A, Startups and Where We Go From Here

Annual U.S. HC M&A Transaction Value ($bn)



Source: S&P Capital IQ. Data as of 08/31/21.
Note: Total transaction value is based on deals with announced transaction values.

Quarterly U.S. HC M&A Transaction Value ($bn)



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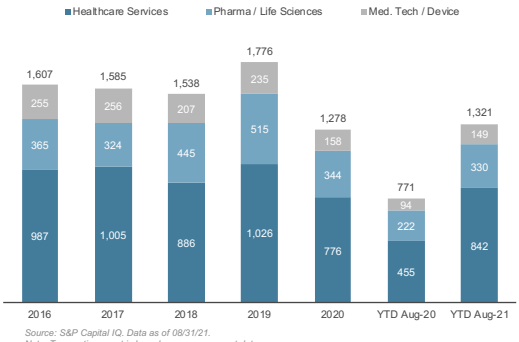
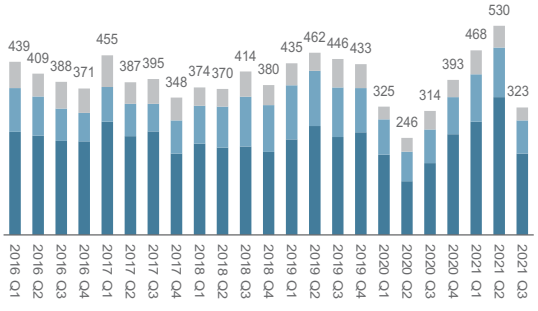


Source: S&P Capital IQ. Data as of 08/31/21.
Note: Transaction count is based on announcement date.

Quarterly U.S. HC M&A Transaction Volume



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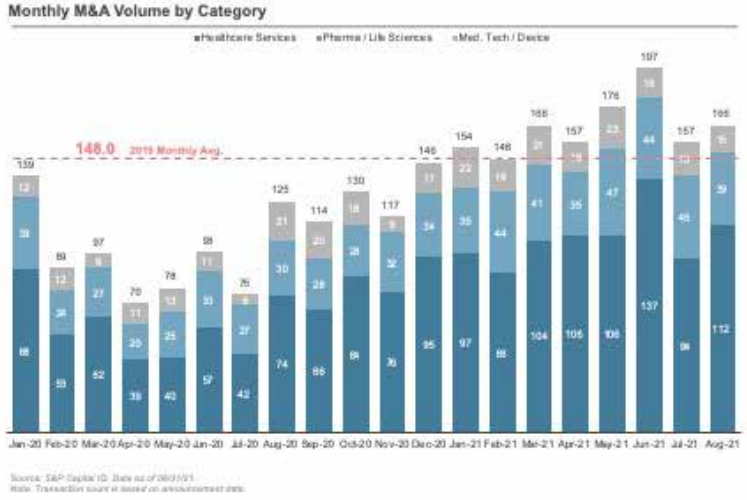

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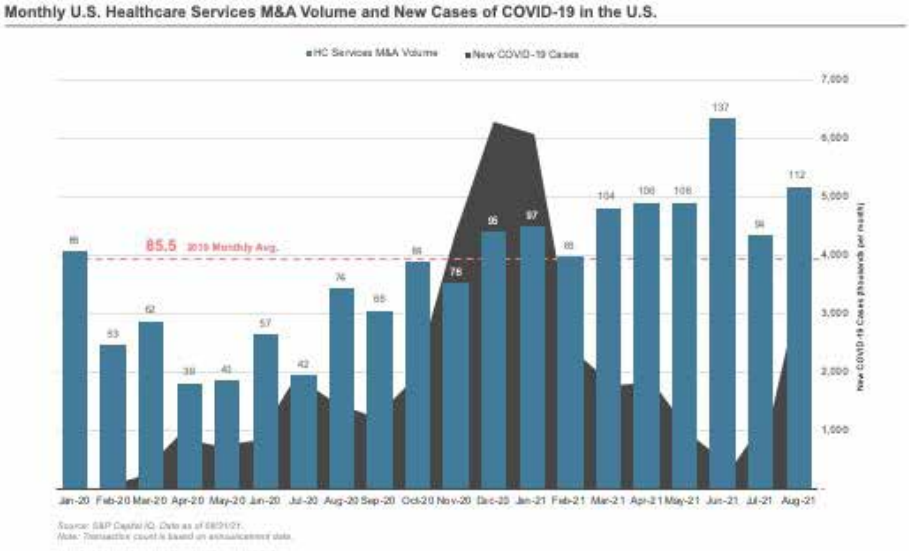

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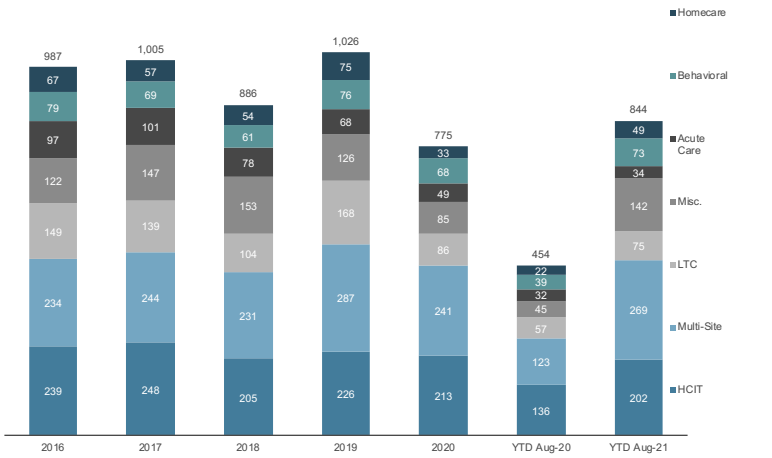
Annual M&A Volume by Sub-Sector



Source: S&P Capital IQ. Data as of 08/31/21.
Note: Transaction count is based on announcement date.

FTI CONSULTING

Healthcare Bankruptcy Activity

There were 19 and 13 healthcare-related bankruptcies in 2020 and through 3Q21, respectively. The healthcare sector continues to have access to liquidity through government programs and other capital sources.

There were 19 healthcare bankruptcies with liabilities totaling $50M or more in 2020.

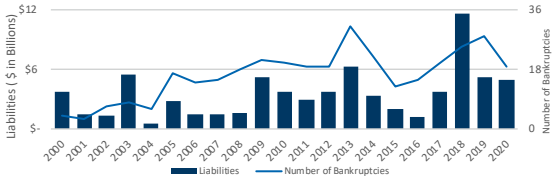
- Healthcare equipment and supplies companies saw an increase in filings compared to 2019, as the rest of the industry saw an 17% decrease.
- While overall filings are down, several pharmaceutical companies filed to wind down operations following involvement in opioid-related litigation.

When government stimulus ends and patient volumes fail to rebound in the first half of 2021, cash-strapped companies will likely have to restructure.

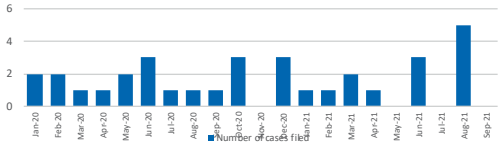
- The CARES Act included $100B to reimburse providers for expenses and lost revenues due to COVID and $180M for telehealth and rural health activities. Additional funds have been provided in subsequent bills.
- Congress is expected to enact legislation in 2021 to extend sequester relief for providers, effectively delaying the scheduled reinstatement of 2% across-the-board reductions in Medicare reimbursements.

There have been 13 healthcare-related bankruptcies in 2021, year to date as of September.

Total Healthcare Bankruptcies with >$50M in Liabilities[1]



Total Monthly Healthcare Filings



Sources: The Deal, Debtwire, Reorg
1. 2018 was skewed by one very large filing: HCR ManorCare, which had over $7B in liabilities.

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MARKET TRENDS & OBSERVATIONS

Recent Top Healthcare Bankruptcies

Quorum Health Corporation and Akorn Inc. were the two largest bankruptcies in 2020, accounting for 53.4% of the total value of filings with $50M or more in liabilities.

Company	Sector	Liabilities ($ in Millions)
2020		
Quorum Health Corp.	Acute Care	1,262.3
Akorn Inc.	Biotechnology/Pharmaceuticals	1,051.8
AAC Holdings Inc. (American Addiction Centers)	Behavioral Health	517.4
Vivus Inc.	Pharmaceuticals	281.7
TriVascular Sales LLC (Endologix)	Medical Devices	281.4
Benevis Corp.	Physician Group	214.7
Hygea Holdings Corp.	Physician Group	212.2
LVI Intermediate Holdings Inc.	Physician Group	207.2
Thomas Health System Inc.	Acute Care	148.8
LRGHealthcare	Acute Care	128.0
Rochester Drug Co-Operative, Inc.	Pharmaceuticals	113.2
REVA Medical Inc.	Medical Devices	104.5
MTPC LLC	Post-Acute Care	100.0
Unipharma LLC	Pharmaceuticals	100.0
Henry Ford Village Inc.	Post-Acute Care	100.0
Randolph Hospital Inc.	Acute Care	55.4
TM Healthcare Holdings LLC	Behavioral Health	50.0
2021		
CMC II LLC (Consulate Health Care)	Post-Acute Care	382.2
Buckingham Senior Living Community, Inc.	Post-Acute Care	300.0
Amsterdam House Continuing Care Retirement Community, Inc	Post-Acute Care	260.1
Mercy Hospital & Medical Center	Acute Care	202.1
Community Intervention Services, Inc.	Behavioral Health	106.8
Prospect-Woodward Home	Post-Acute Care	105.8
Path Medical LLC	Physician Group	86.5
CP Holdings LLC	Post-Acute Care	81.7
Connections Community Support Programs, Inc.	Behavioral Health	50.5
California-Nevada Methodist Homes	Post-Acute Care	50.0

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Source: The Deal

High costs, changing demographics, and increased expectations have put significant pressure on the sector to transform and digitize

The cost of care in the US grows while the population gets older and sicker…

US Health Expenditures

CMS, Dec. 2020

19.4% US healthcare spending in 2027 as percent of GDP, up from 17.7% in 2019 *(CMS)*

72M Medicare enrollment by 2025, up from 62M in 2020 *(CMS)*

20% Of the US population will be 65+ by 2030, totaling 76.4M people *(USCB)*

6:10 US adults who have a chronic disease *(CDC)*

100% Goal by 2025 for Medicare payments tied to quality and value (Medicaid & Commercial goal is 50%) *(HCPLAN)*

33% Of American adults with a mental health condition during COVID-19 *(Commonwealth Fund)*

1:4 US adults suffer from a mental disorder *(NIH)*

…and consumers expect better

49% Of consumers who wish the digital healthcare experience was smoother and more intuitive, similar to Amazon, Netflix or Uber *(Cedar/Forrester)*

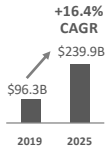
41% Of consumers would prefer to use telehealth in specific circumstances, post-COVID *(HIMSS)*

42% Of consumers would consider switching doctors if they didn't provide good digital experiences *(Cedar/Forrester)*

28% Of consumers have switched or stopped going to a healthcare provider because of a poor digital experience, a 40% increase from 2019 *(Cedar/Forrester)*

The industry will continue to spend significantly on digitization…

N.A. Health IT Spend



Markets to Markets, Providers/Payers; Jan. 2020

$2.6T Global market for Pharma, Biotech, MedTech, and Digital Health by 2025 (6.3% CAGR) *(Frost & Sullivan)*

$173B Homecare market by 2026, representing fastest growth across care types (7% CAGR) *(Business Insider)*

+40% CAGR growth of US Virtual Care market by 2025 *(Frost & Sullivan)*

11.8% CAGR growth of global behavioral/mental health software market by 2026 *(Mordor Intel)*

$534.3B Global healthcare market for Internet of Things (IoT) by 2025 (19.9% CAGR) *(Grand View Research)*

150% Estimated increase in installed base of IoT devices, reaching 75B units in 2025 from 30B in 2020 *(Statista)*

…as health orgs pivot to deliver care 'anytime, anywhere'

55% Of providers who shifted their innovation priority to virtual care and comms tech due to COVID *(CCM/KLAS)*

+68% Increased venture capital spending on digital health between 2019 and 2021 *(Mercom Capital Group)*

17% Of total digital health funding in 2020 was on digital behavioral health companies *(Rock Health)*

$52B Clinical Trials Market Size *(CBInsights)*

19% Average hospital staffing shortage in the US (as of 11/2020; simple avg. across 50 states, %) *(NPR)*

150% Estimated increase in installed base of IoT devices, reaching 75B units in 2025 from 30B in 2020 *(Statista)*

82% Of life science org survey respondents who said they are adopting virtual clinical trial technologies *(ERT)*

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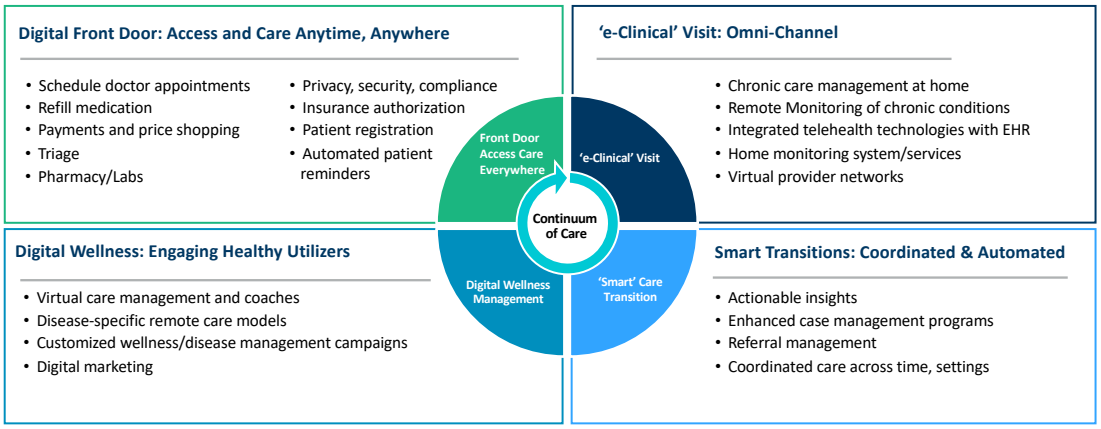
"Connected Health", the new paradigm in healthcare

The new paradigm requires that provider organizations deliver care in a flexible, omni-channel fashion, where the clinician can engage and treat patients anywhere and where patients can be treated anywhere.



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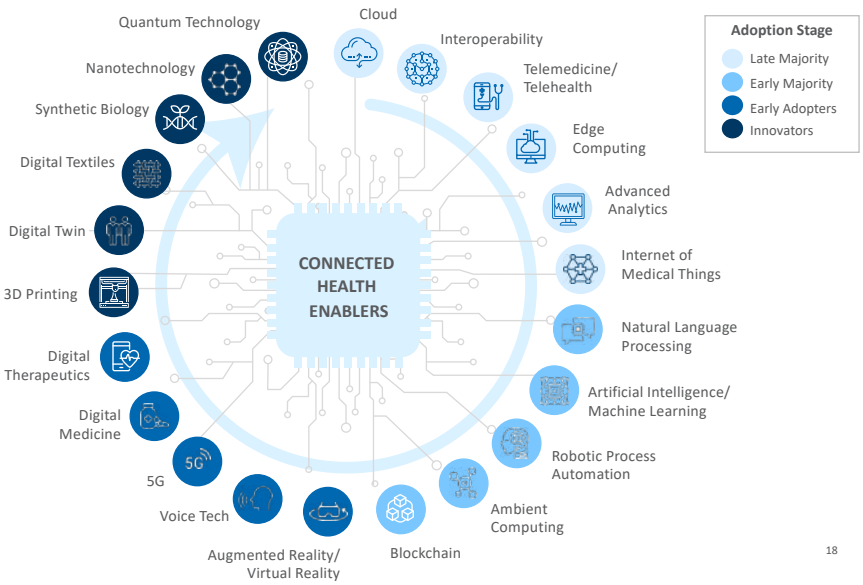
The new paradigm is enabled by emerging technologies

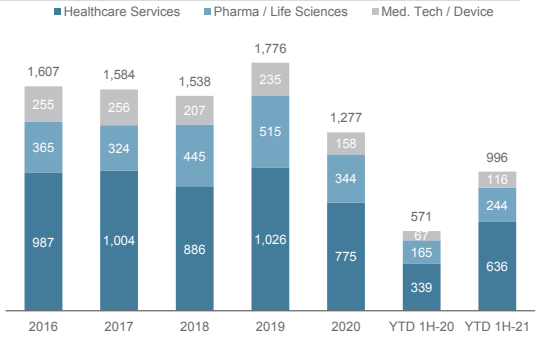
Driven by the evolving healthcare landscape, healthcare organizations are seeing increasing opportunities to partner and leverage convergences among emerging technologies; however, adoption is unevenly distributed.



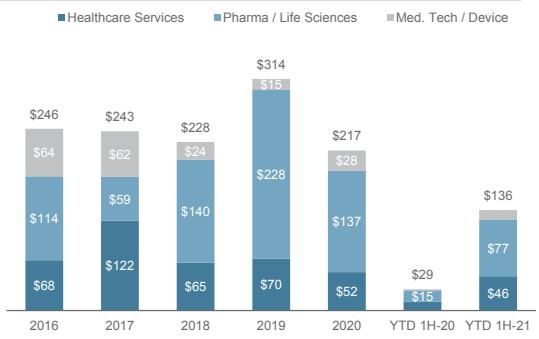
18

U.S. Healthcare M&A Activity

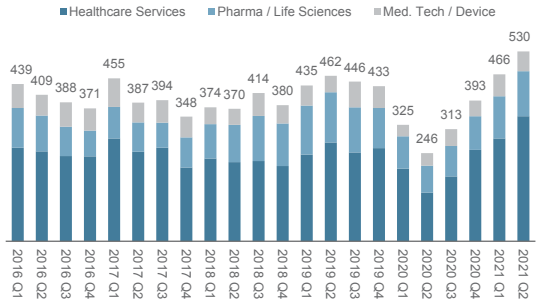
Annual U.S. HC M&A Transaction Volume



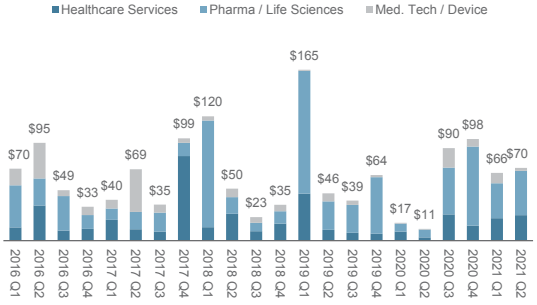
Annual U.S. HC M&A Transaction Value ($bn)



Quarterly U.S. HC M&A Transaction Volume



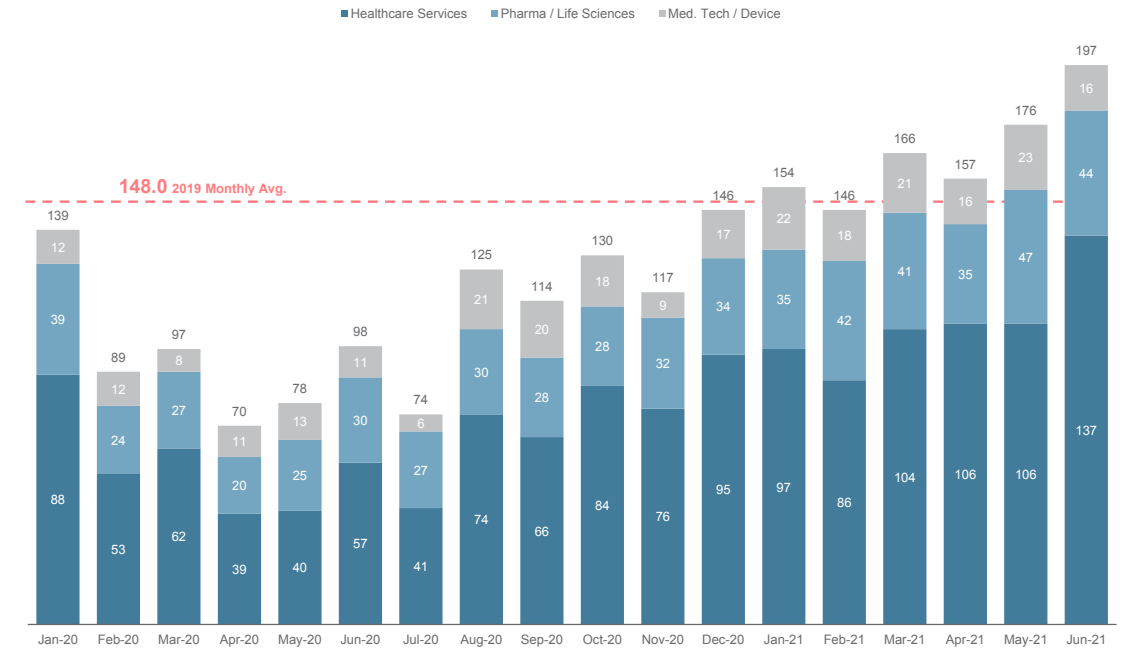
Quarterly U.S. HC M&A Transaction Value ($bn)



Source: S&P Capital IQ. Data as of 06/30/21.
Note: Transaction count is based on announcement date. Total transaction value is based on deals with announced transaction values.

U.S. Healthcare M&A Activity

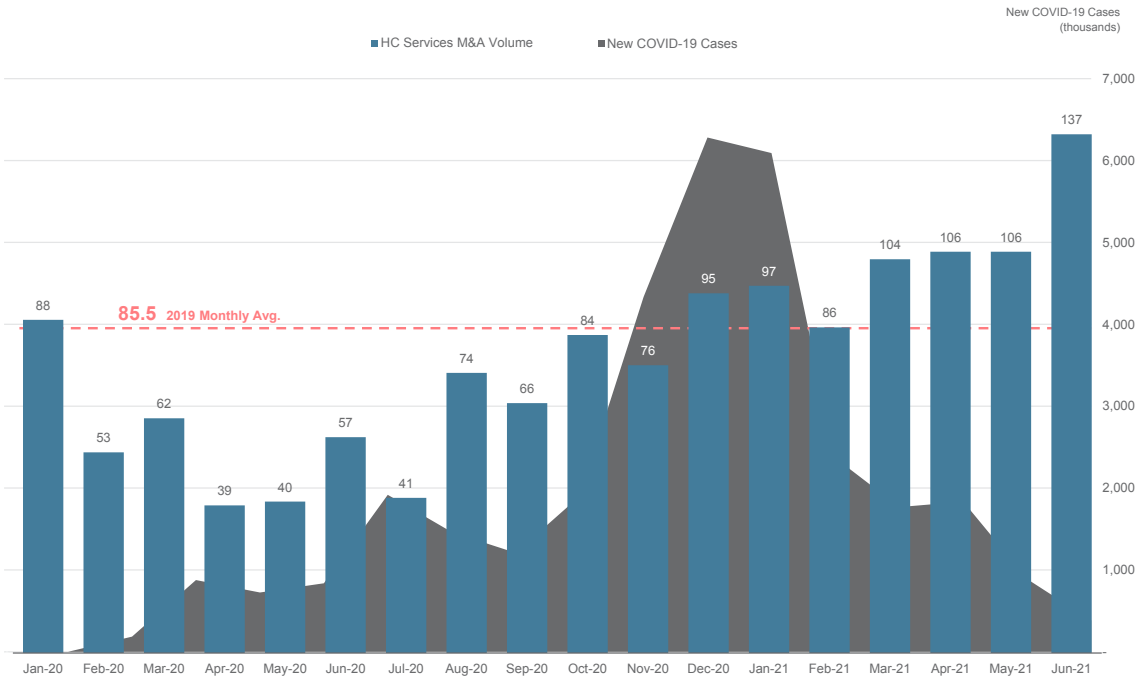
Monthly M&A Volume by Category



Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date.

U.S. Healthcare Services M&A Activity

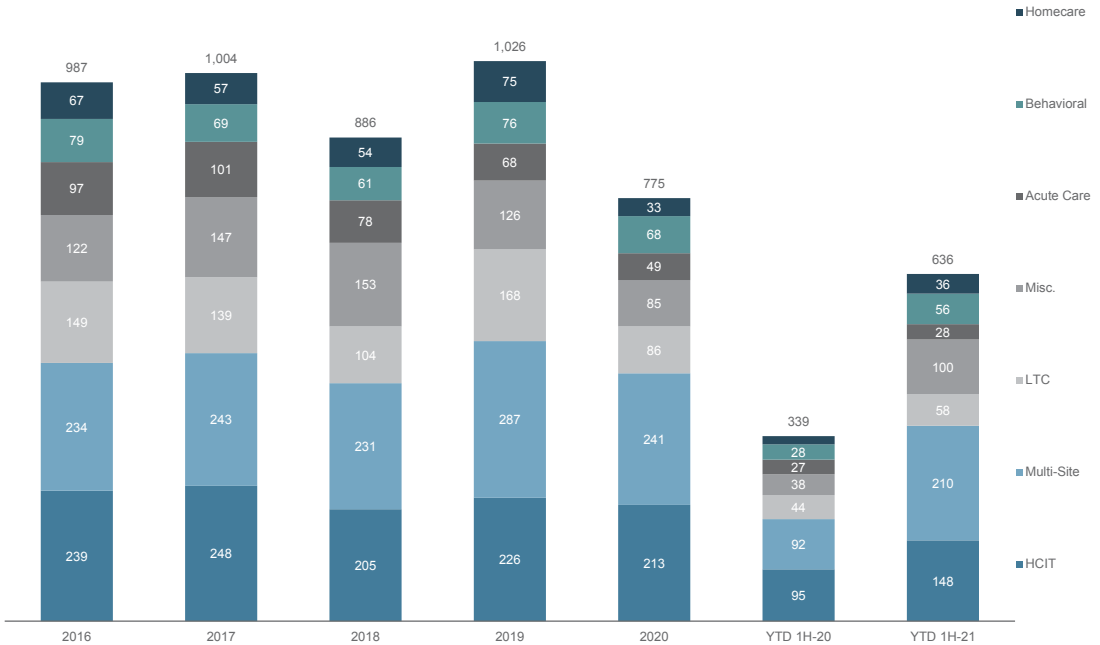
Monthly U.S. Healthcare Services M&A Volume and New Cases of COVID-19 in the U.S.



Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date.

U.S. Healthcare Services M&A Activity

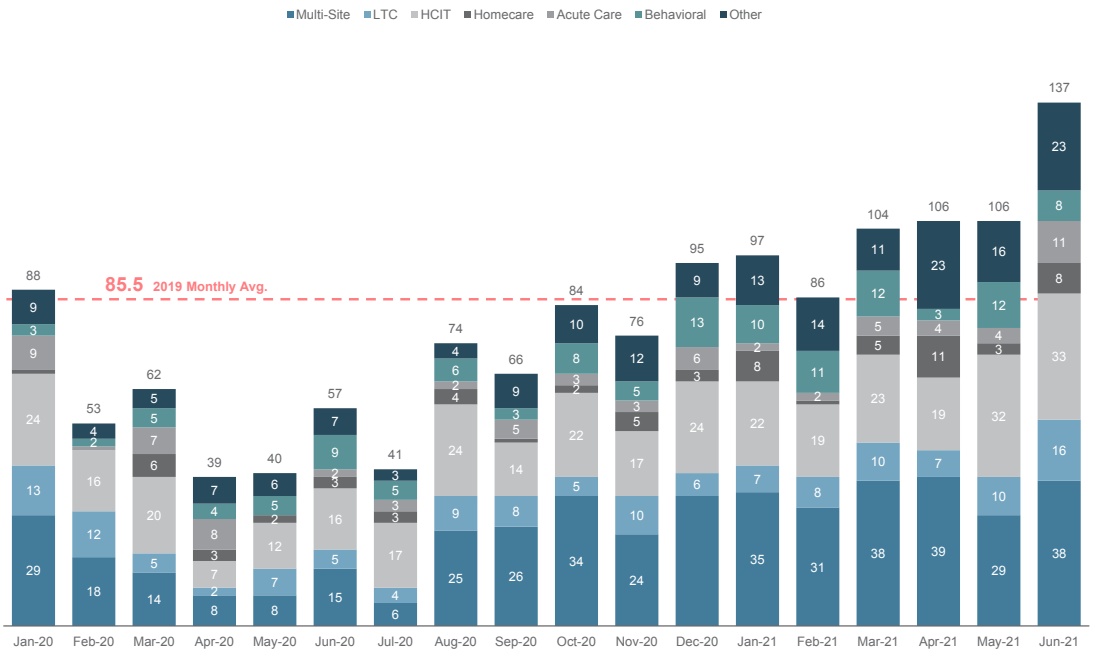
Annual M&A Volume by Sub-Sector



Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date.

U.S. Healthcare Services M&A Activity (Cont.)

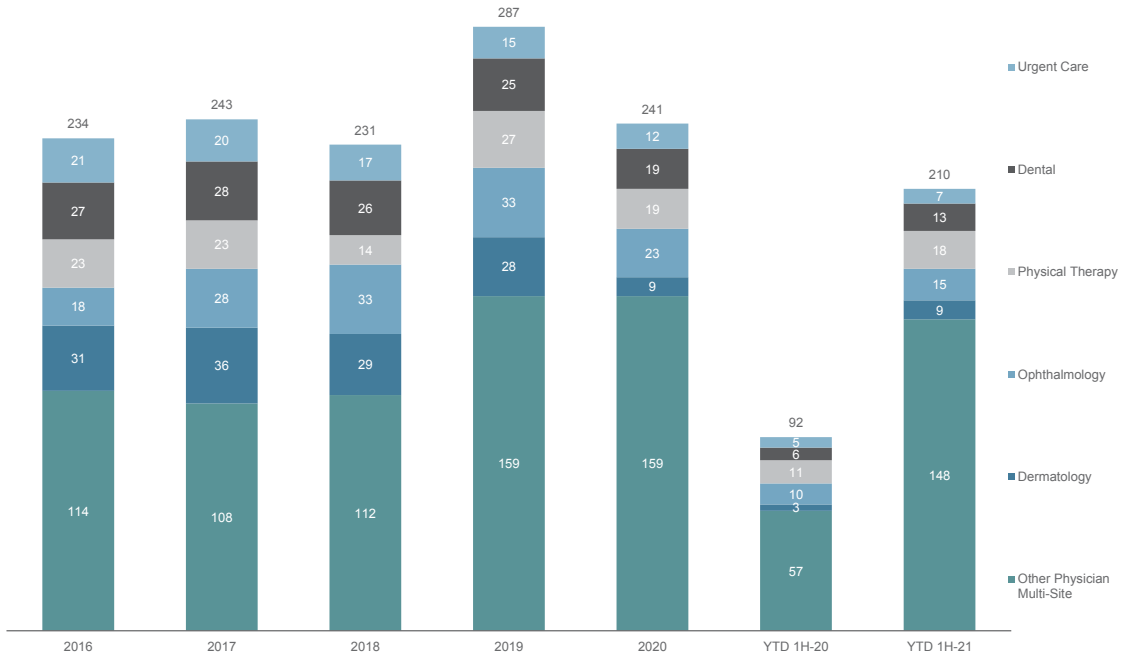
Monthly M&A Volume by Services Sub-Sector



Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date.

U.S. Healthcare Services M&A Activity (cont.)

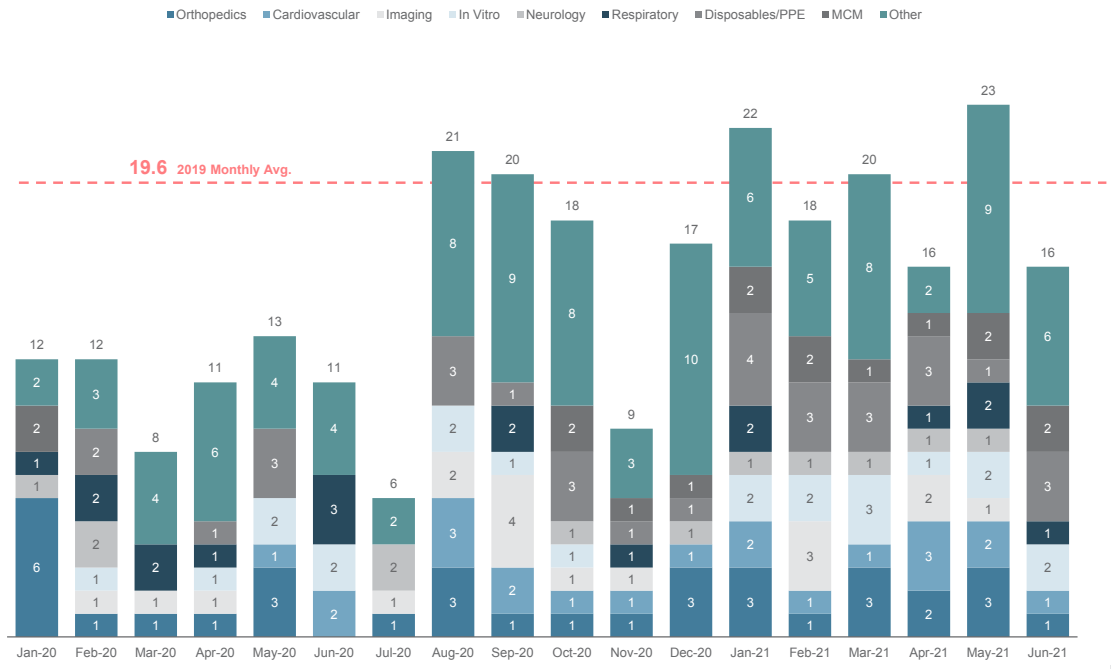
Multi-Site M&A Volume by Size and Sub-Sector



Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date.

U.S. MedTech M&A Activity

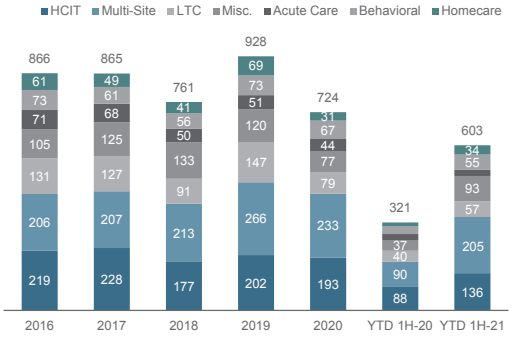
Monthly M&A Volume by Category



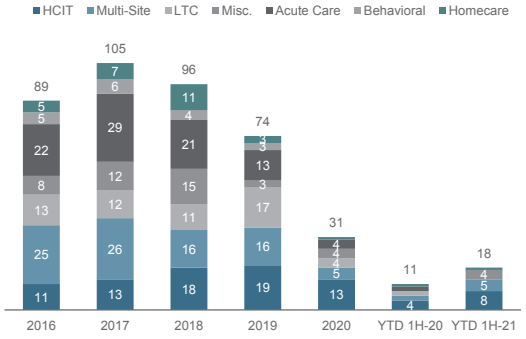
Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date.

U.S. Healthcare Services M&A Activity (cont.)

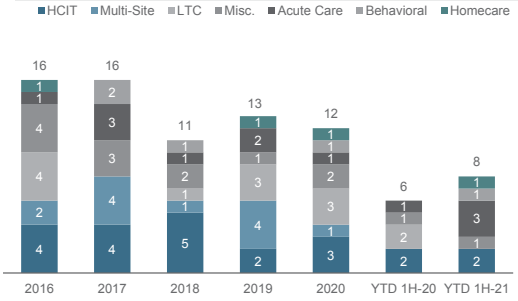
U.S. HC Services M&A Volume (<$100 million)



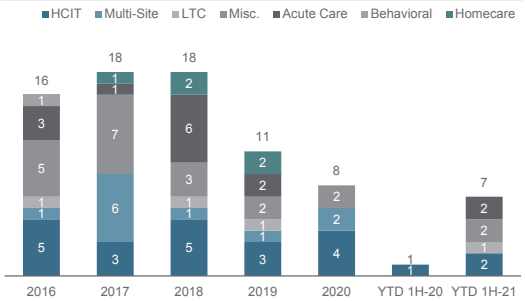
U.S. HC Services M&A Volume ($100 million – 500 million)



U.S. HC Services M&A Volume ($500 million – $1 billion)



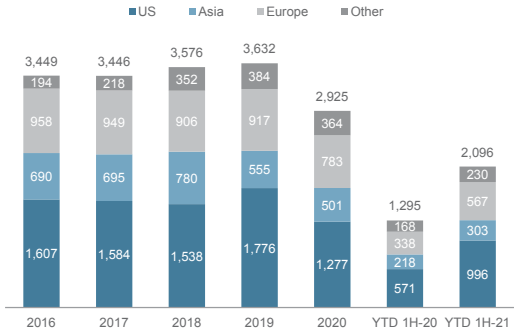
U.S. HC Services M&A Volume ($1+ billion)



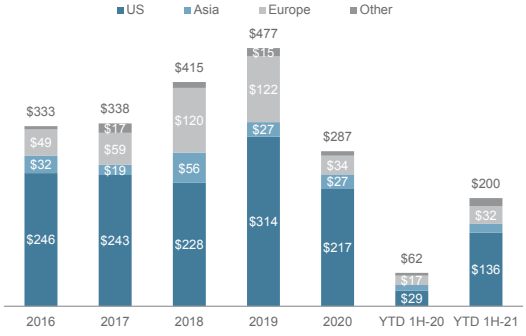
Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date. Deals with undisclosed transaction values assumed to be <$100 million

Global Healthcare M&A Activity

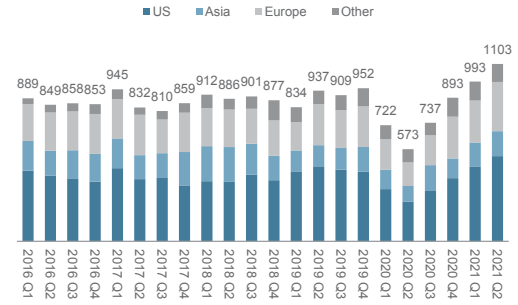
Annual Global HC M&A Volume



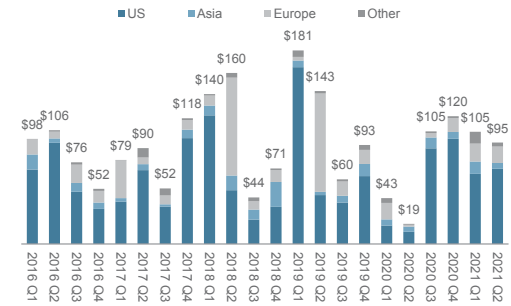
Annual Global HC M&A Transaction Value ($bn)



Quarterly Global HC M&A Volume



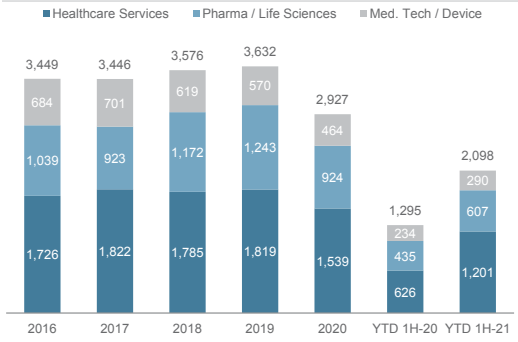
Quarterly Global HC M&A Volume by Region



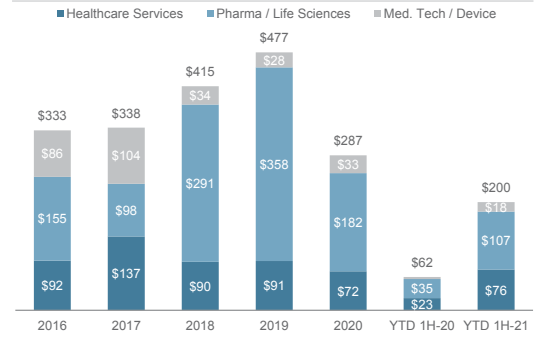
Source: S&P Capital IQ. Data as of 06/30/21.
Note: Transaction count is based on announcement date. Total transaction value is based on deals with announced transaction values.

Global Healthcare M&A Activity

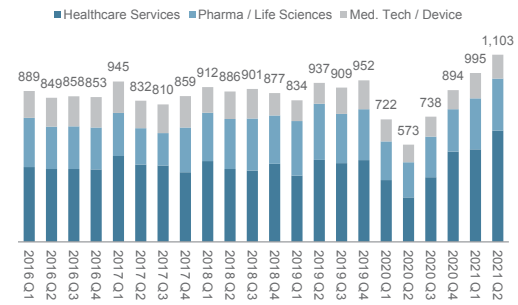
Annual Global HC M&A Volume



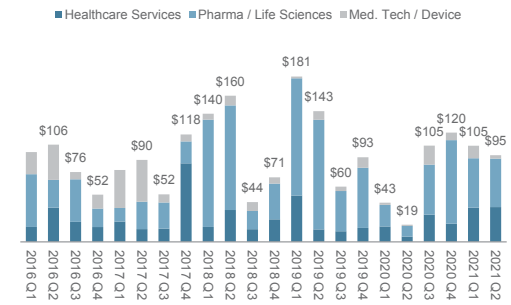
Annual Global HC M&A Transaction Value ($bn)



Quarterly Global HC M&A Volume



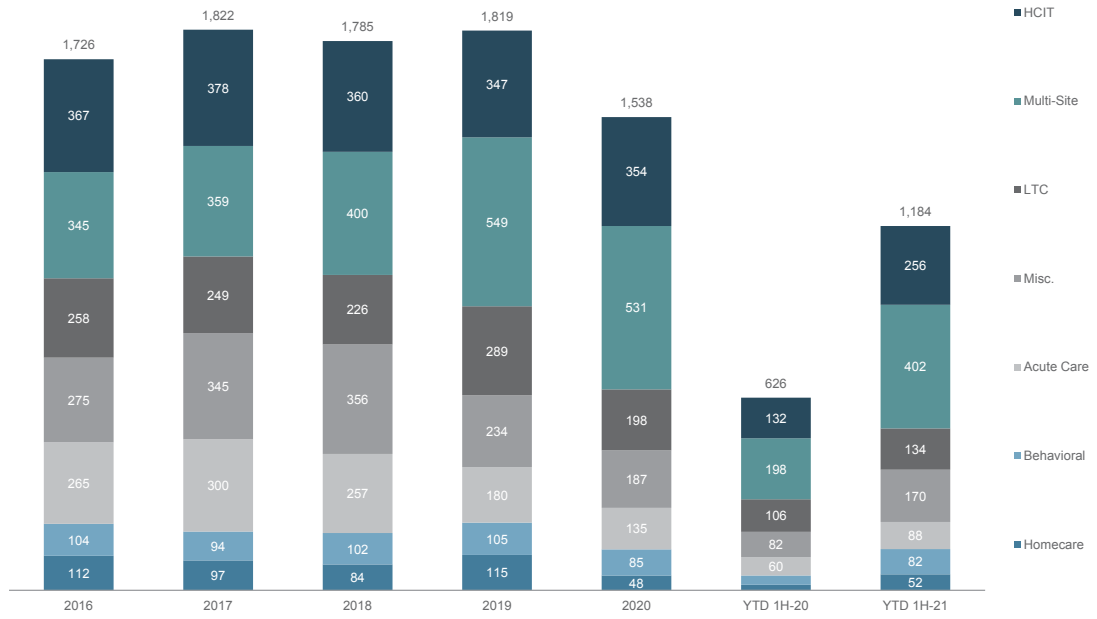
Quarterly Global HC M&A Volume by Region



Source: S&P Capital IQ. Data as of 06/30/21.
Note: Transaction count is based on announcement date. Total transaction value is based on deals with announced transaction values.

Global Healthcare Services M&A Activity

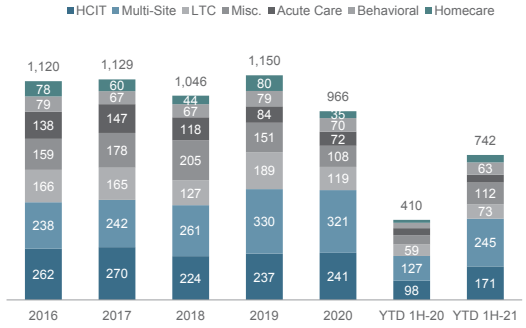
Annual M&A Volume by Sub-Sector



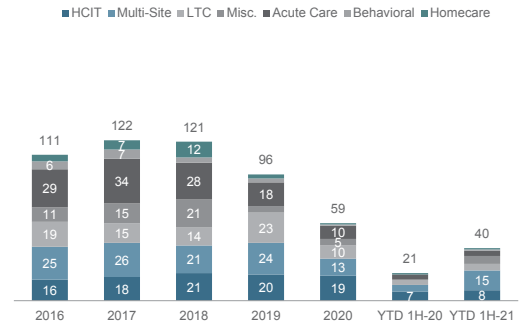
Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date.

Global Healthcare Services M&A Activity (cont.)

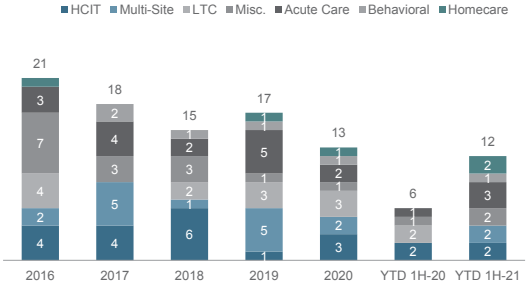
Global HC Services M&A Volume (<$100 million)



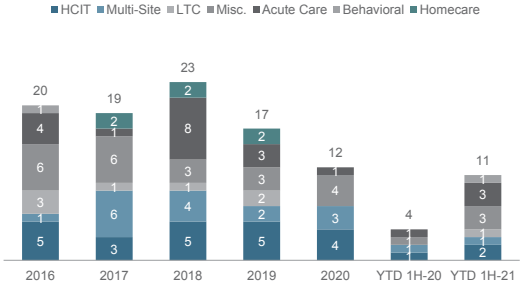
Global HC Services M&A Volume ($100 million – 500 million)



Global HC Services M&A Volume ($500 million – $1 billion)



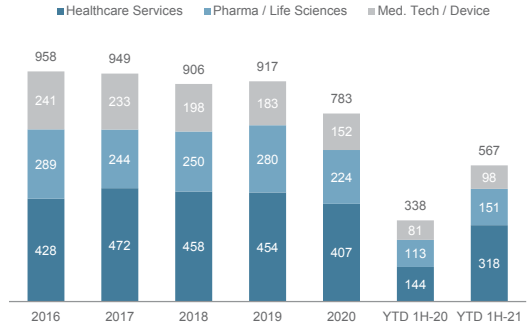
Global HC Services M&A Volume ($1+ billion)



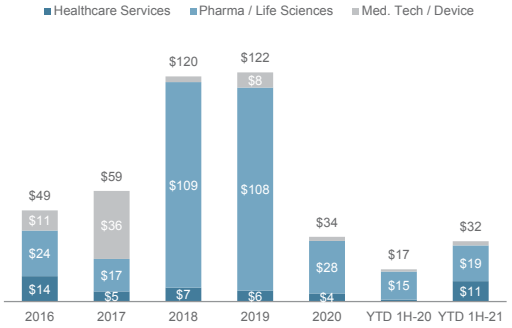
Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date. Excludes select deals with undisclosed transaction values.

Europe Healthcare M&A Activity

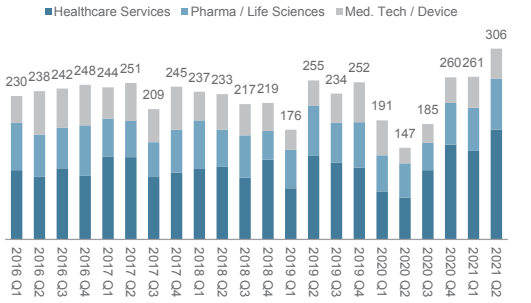
Annual Europe HC M&A Transaction Volume



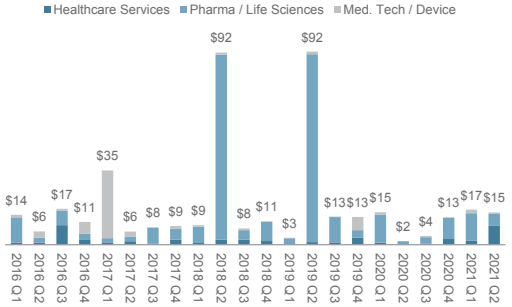
Annual Europe HC M&A Transaction Value ($bn)



Quarterly Europe HC M&A Transaction Volume

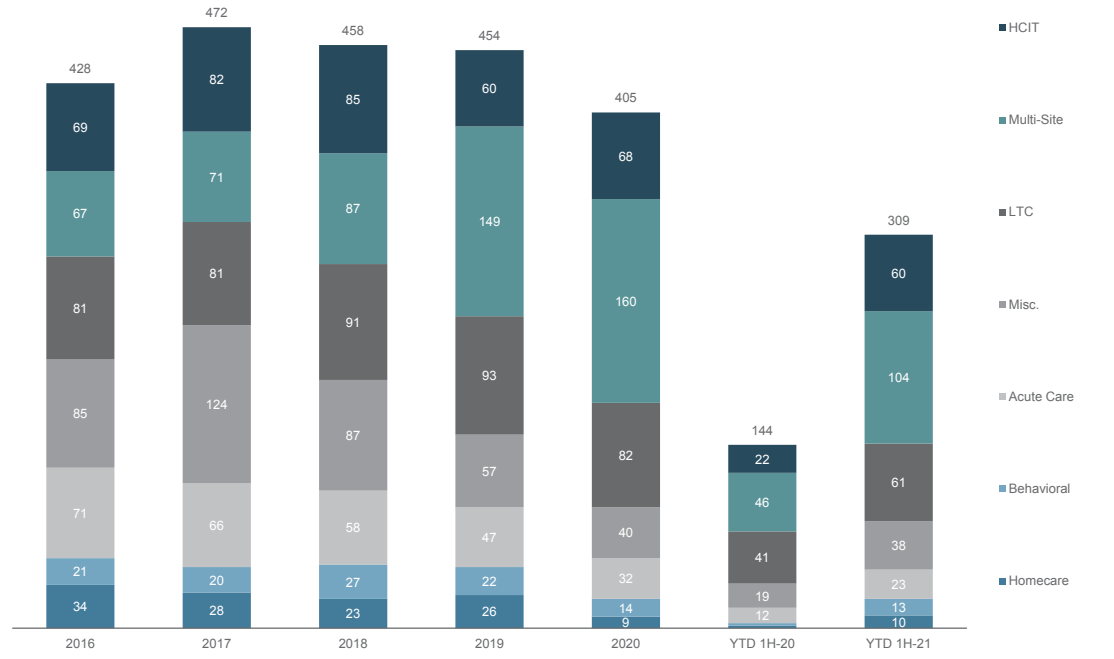


Quarterly Europe HC M&A Transaction Value ($bn)



Source: S&P Capital IQ. Data as of 06/30/21.
Note: Transaction count is based on announcement date. Total transaction value is based on deals with announced transaction values.

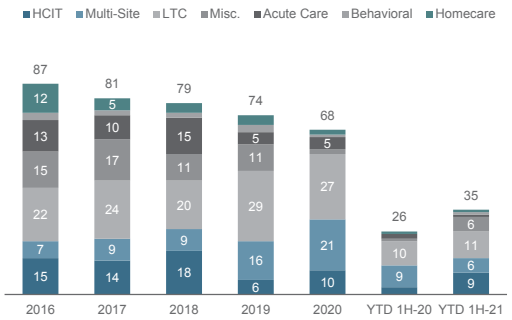
Europe Healthcare Services M&A Activity (cont.)



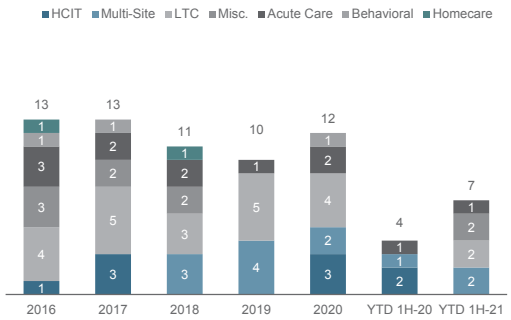
Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date.

Europe Healthcare Services M&A Activity (cont.)

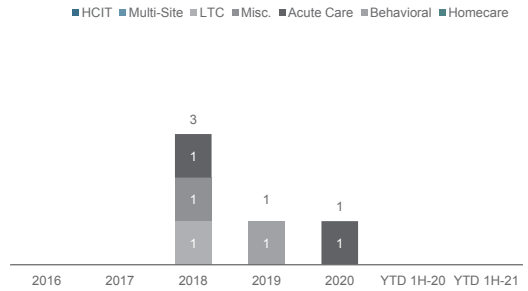
Europe HC Services M&A Volume (<$100 million)



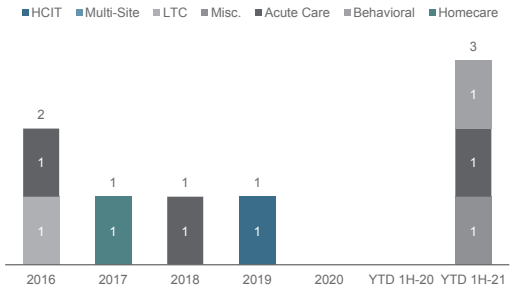
Europe HC Services M&A Volume ($100 million – $500 million)



Europe HC Services M&A Volume ($500 million – $1 billion)



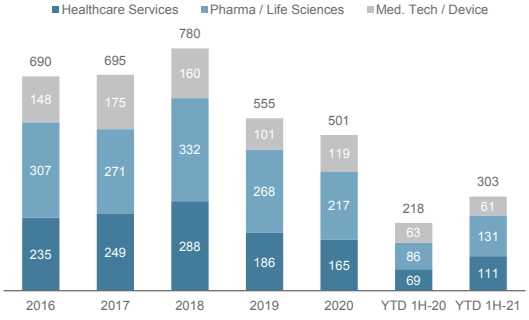
Europe HC Services M&A Volume ($1+ billion)



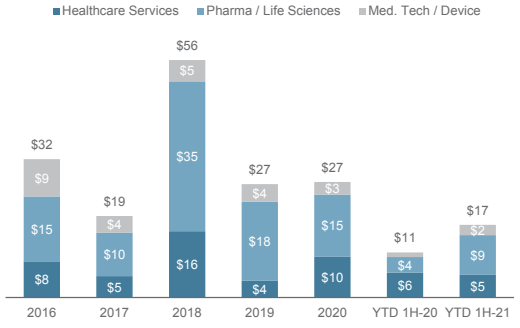
Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date. Excludes select deals with undisclosed transaction values.

Asia Healthcare M&A Activity

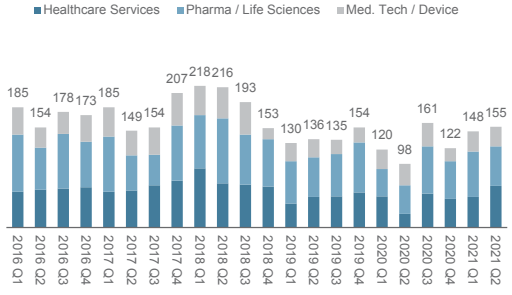
Annual Asia HC M&A Transaction Volume



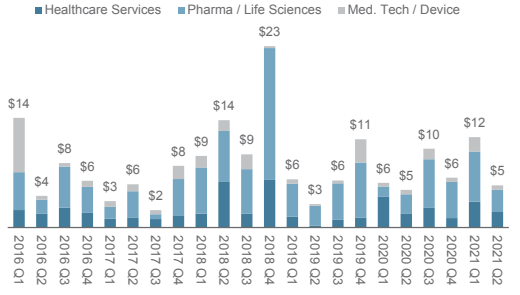
Annual Asia HC M&A Transaction Value ($bn)



Quarterly Asia HC M&A Transaction Volume



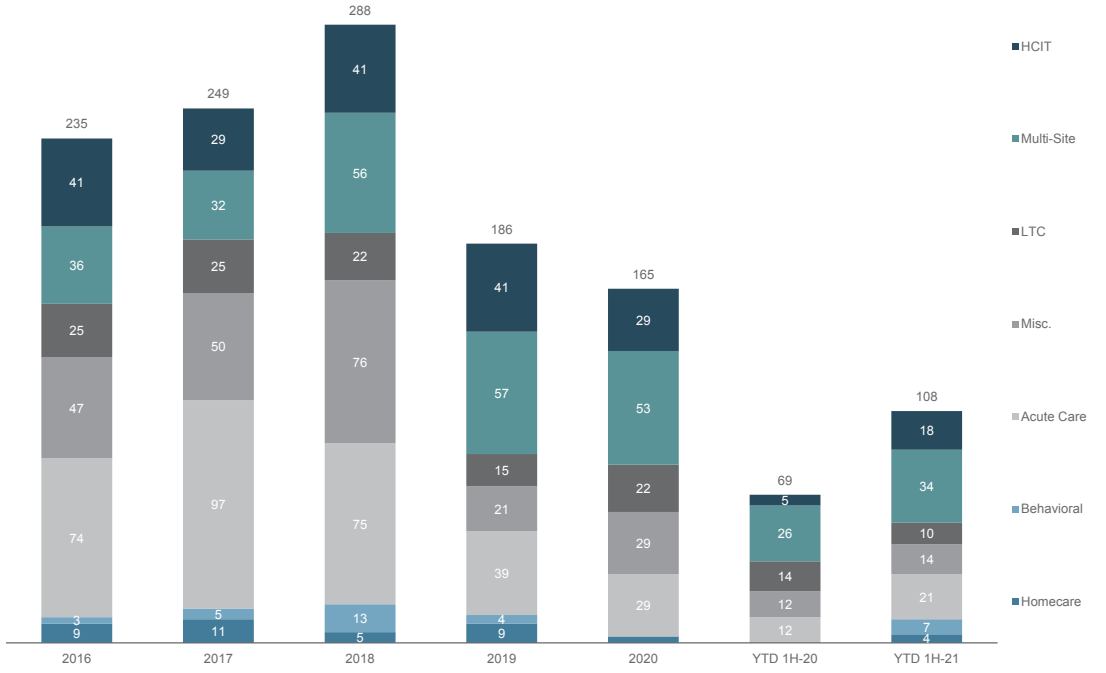
Quarterly Asia HC M&A Transaction Value ($bn)



Source: S&P Capital IQ. Data as of 06/30/21.
Note: Transaction count is based on announcement date. Total transaction value is based on deals with announced transaction values.

Asia Healthcare Services M&A Activity (cont.)

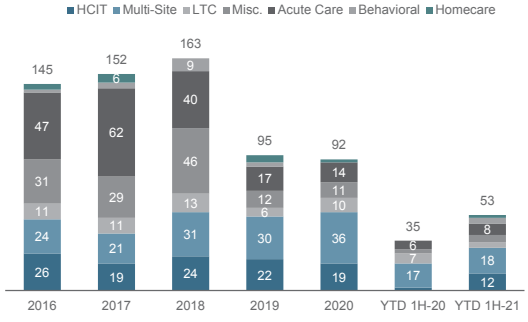
Annual M&A Volume by Sub-Sector



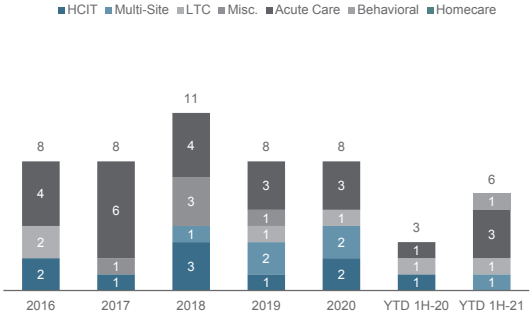
Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date.

Asia Healthcare Services M&A Activity (cont.)

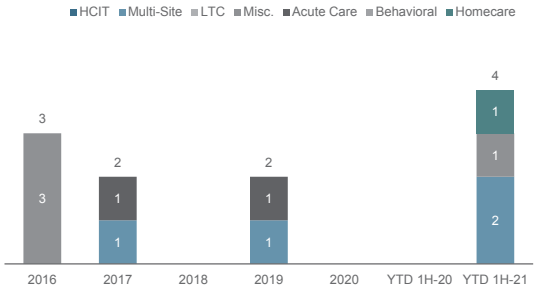
Asia HC Services M&A Volume (<$100 million)



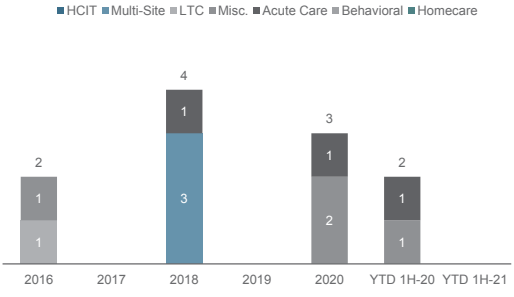
Asia HC Services M&A Volume ($100 million – 500 million)



Asia HC Services M&A Volume ($500 million – $1 billion)



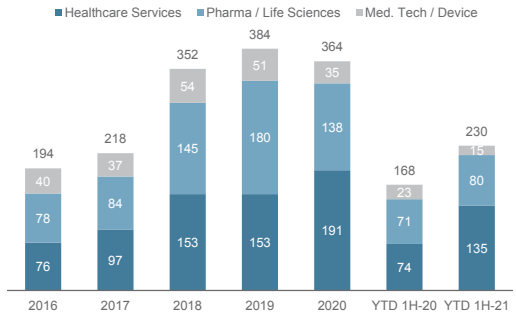
Asia HC Services M&A Volume ($1+ billion)



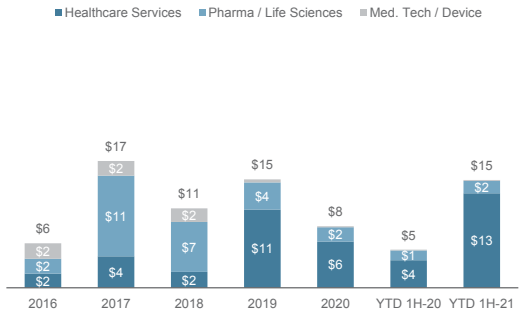
Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date. Excludes select deals with undisclosed transaction values.

Rest of World Healthcare M&A Activity

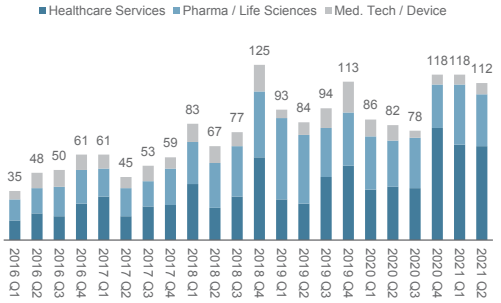
Annual RoW HC M&A Transaction Volume



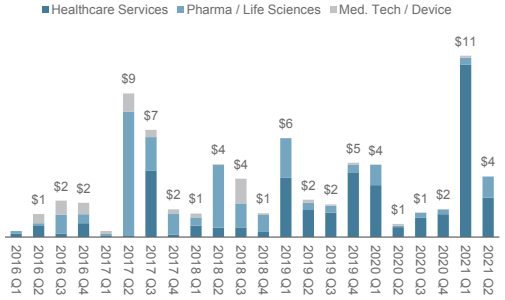
Annual RoW HC M&A Transaction Value ($bn)



Quarterly RoW HC M&A Transaction Volume



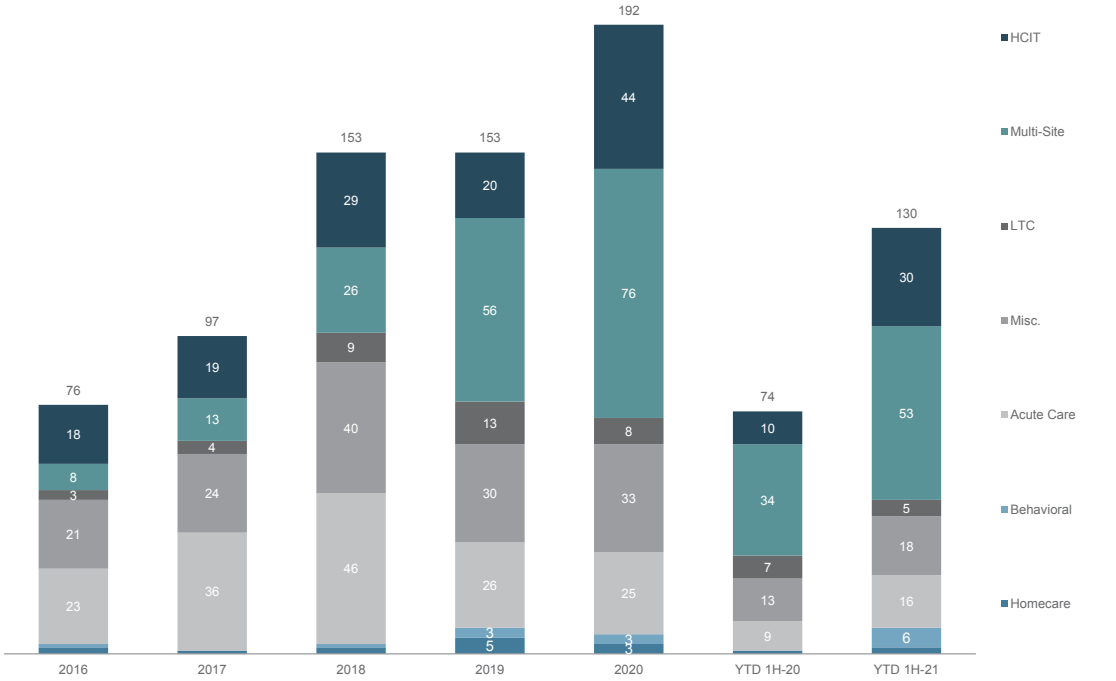
Quarterly RoW HC M&A Transaction Value ($bn)



Source: S&P Capital IQ. Data as of 06/30/21.
Note: Transcation count is based on announcement date. Total transaction value is based on deals with announced transaction values.

Rest of World Healthcare Services M&A Activity (cont.)

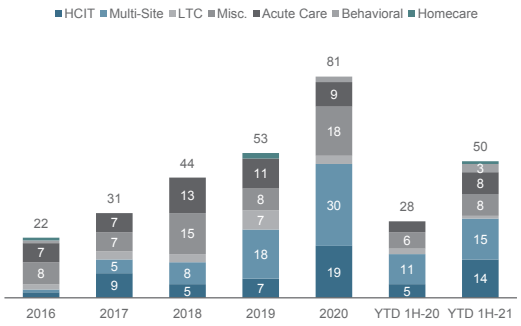
Annual M&A Volume by Sub-Sector



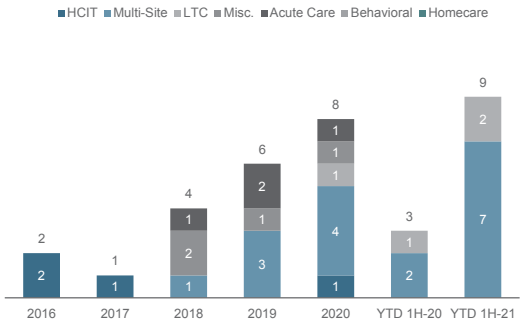
Source: S&P Capital IQ. Data as of 06/30/21. Note: Transcation count is based on announcement date.

Rest of World Healthcare Services M&A Activity (cont.)

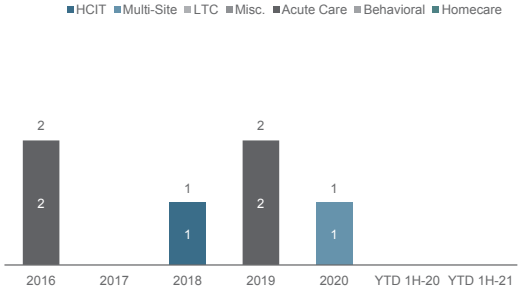
RoW HC Services M&A Volume (<$100 million)



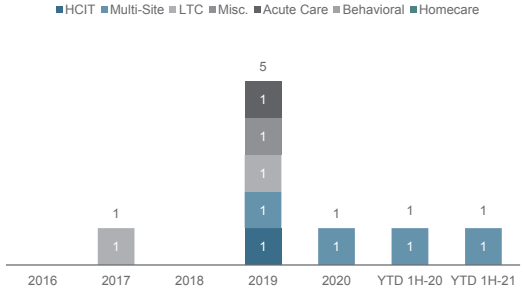
RoW HC Services M&A Volume ($100 million – $500 million)



RoW HC Services M&A Volume ($500 million – $1 billion)



RoW HC Services M&A Volume ($1+ billion)



Source: S&P Capital IQ. Data as of 06/30/21. Note: Transaction count is based on announcement date. Excludes select deals with undisclosed transaction values.

Faculty

Christie L. Corbett, CPA is a senior managing director in FTI Consulting Inc.'s Transactions practice in Atlanta, where she specializes in buy- and sell-side services. She has provided a broad range of services, including financial due diligence, forecast and valuation analysis, merger integration and carve-out support, business process improvement, interim management and lender services advisory. Specific to the health care sector, Ms. Corbett has advised on transactions across all sectors, including acute and post-acute, home and behavioral health, PPM, pharma and life sciences, and HCIT. She also served as the financial advisor to a group of senior lenders invested in a specialty pharmacy business operating in 22 states. This included business plan reviews, market studies, cash-flow management and strategic option analysis. Ms. Corbett has led post-merger integration efforts and process-improvement initiatives for corporate clients. She also served as a team leader in a transaction involving a divestiture of 350 retail stores from a publicly traded national chain, which involved financial due diligence, modeling, supply-chain analysis and merger integration support. Prior to joining FTI, Ms. Corbett served as the AVP of M&A for ChoicePoint, Inc., a $1 billion public company, prior to its subsequent acquisition. Earlier in her career, she worked in transactions and audit with PwC and KPMG. She currently serves on the board of directors for the Clemson University Research Foundation and is a Certified Public Accountant in Georgia and South Carolina. Ms. Corbett received her B.S. in accounting from Clemson University.

Matt Robbins, CFA is a senior vice president with Kaufman Hall in Boston and is a leader in the firm's Mergers and Acquisitions and Treasury and Capital Markets practices. He provides partnership and financial advisory services for health care clients engaged in various types of transactions, such as borrowings, debt-restructurings, derivatives, mergers, acquisitions and joint ventures. Mr. Robbins has extensive experience advising organizations on capital markets activities. His specific areas of expertise also include acquisition financings, master indenture consolidations, bondholder and creditor negotiations, bondholder tenders and debt redemptions. Mr. Robbins works with a variety of health care organizations, including national health systems, academic medical centers, district hospitals, medical groups, hospice providers and health plans. Prior to joining Kaufman Hall, he worked in the Non-Profit Healthcare Finance Group at Citigroup Global Markets Inc. Mr. Robbins received his B.S. in electrical and computer engineering from Cornell University.

Katie G. Stenberg is a partner with Waller Lansden Dortch & Davis, LLP in Nashville, Tenn., where she focuses on representing banks, specialty lenders, health care companies and indenture trustees in financial transactions, corporate reorganizations, bankruptcy proceedings, and state and federal court litigation. She is the former leader of the firm's Finance and Restructuring practice and has served on the firm's board of directors. Ms. Stenberg provides counsel to clients in a variety of industries, including health care, senior living, technology, manufacturing and logistics on a wide range of matters, such as acquisition financing, asset-based lending, debtor-in-possession financing, real estate lending, corporate restructurings and workouts, bankruptcy and commercial transactions, defaulted bond issues, corporate trust administration, acquisitions of distressed health care assets, buy- and sell-side transactions in and out of bankruptcy, commercial litigation and federal court receiverships. During her tenure as Waller's Finance and Restructuring practice leader, the firm served as counsel to indenture trustees in the two largest municipal bankruptcies in U.S. history: the City of

Detroit and Jefferson County, Ala. Ms. Stenberg received her B.A. with distinction in 1998 from the University of Nevada and her J.D. in 2002 from the University of Cincinnati College of Law, where she was a member of the Order of Barristers.

Andrew Turnbull is a managing director with Houlihan Lokey in Chicago, where he heads the firm's Midwest Financial Restructuring Group. For 26 years, he has specialized in assisting companies, lenders, creditors and investors in financially distressed situations. His experience includes conducting acquisitions and divestitures of financially troubled businesses, raising various forms of capital, and negotiations relating to the restructuring of private and public securities, both in chapter 11 and in out-of-court situations. Mr. Turnbull has worked in a variety of industries during his career, although for last 10 years or so he has been focused primarily on the health care sector. His notable recent health care engagement and transactions include Promise Healthcare, Verity Health, Neighbors Health, Thomas Health, QCP/ManorCare, Adeptus and Daughters of Charity Health System. Before joining Houlihan Lokey in 2004, Mr. Turnbull was a director at PricewaterhouseCoopers Corporate Finance LLC, where he led its Chicago restructuring practice. He is a member of ABI and the Turnaround Management Association. Mr. Turnbull received his B.S. in biology from the University of Western Ontario and an Honors Business Administration degree from the Ivey Business School at the University of Western Ontario.

AMERICAN BANKRUPTCY INSTITUTE

2021 Health Care Program

Faculty Biographies

2021

Kimberly Brandt is a partner in the Washington, D.C.-based policy firm Tarplin, Downs & Young, LLC, where she advises the firm's clients on a wide range of health care regulatory, enforcement and policy issues. She also serves as an advisor to Enhanced Healthcare Partners, a health care-focused private-equity firm committed to partnership with family- and founder-run businesses, and sits on the board of two of its portfolio companies. Prior to her current private-sector roles, Ms. Brandt served as principal deputy administrator for Operations and Policy of the Centers for Medicare & Medicaid Services (CMS), where she supported the administrator in overseeing all activities necessary for the operation and management of CMS's $1.4 trillion-dollar budget, 140 million beneficiaries, and its programs, including Medicare, Medicaid and the Children's Health Insurance Program. She also served as chief oversight counsel and general counsel on the staff of the U.S. Senate Finance Committee from January 2011-August 2017. Before joining the Finance Committee staff, Ms. Brandt was a senior counsel at Alston & Bird in Washington, D.C. Her previous government service includes serving for seven years as the CMS director of the Medicare Program Integrity Group. Prior to her first tenure at CMS, she worked for five years at the HHS Office of Inspector General as a senior counsel and director of External Affairs. Ms. Brandt received her B.A. in political science and history from Valparaiso University, her M.A. in legislative affairs and health policy in 1995 from George Washington University College of Professional Studies, and her J.D. in 1998 with a concentration in health law from DePaul University College of Law.

Grant Chamberlain is a managing director with Ziegler & Company in Chicago in its Corporate Finance Healthcare Practice. He has more than 20 years of investment banking experience and has advised some of the leading health care systems, including Sharp Healthcare, Cedars-Sinai and Baylor Health, along with several of the most innovative virtual-care companies, including AirStrip, MDLive, Voalte, IRIS, Forefront Telecare and Regroup. Prior to joining Ziegler, Mr. Chamberlain led the mHealth sector coverage at Raymond James, which included telehealth, remote monitoring and wireless health care solutions, after spending 15 years advising HCIT and tech-enabled outsourced services companies on a broad variety of M&A, joint ventures/partnerships and private financings. Additionally, he has completed dozens of transactions in the physician practice management space with a specific concentration in oncology, having closed more than 15 deals in that sector in his career. Prior to Raymond James, Mr. Chamberlain was a principal at Shattuck Hammond Partners, which was acquired by Morgan Keegan. He was also a part of the corporate finance group of General Electric Capital Corp. and the financial services division of GE Medical Systems. Mr. Chamberlain is an elected director of the American Telemedicine Association (ATA), the leading international advocate for the use of advanced remote medical technologies. He is also on the Board of Directors for the MAVEN Project, which uses virtual care and a network of volunteer physicians affiliated with the nation's foremost medical school alumni associations to improve health care access for underserved populations. Mr. Chamberlain received his B.A. in finance and investment banking from the University of Wisconsin-Madison.

Christie L. Corbett, CPA is a senior managing director in FTI Consulting Inc.'s Transactions practice in Atlanta, where she specializes in buy- and sell-side services. She has provided a broad range of services, including financial due diligence, forecast and valuation analysis, merger integration and carve-out support, business process improvement, interim management and lender services advisory. Specific to the health care sector, Ms. Corbett has advised on transactions across all sectors, including acute and post-acute, home and behavioral health, PPM, pharma and life sciences, and HCIT. She also served as the financial advisor to a group of senior lenders invested in a specialty

pharmacy business operating in 22 states. This included business plan reviews, market studies, cash-flow management and strategic option analysis. Ms. Corbett has led post-merger integration efforts and process-improvement initiatives for corporate clients. She also served as a team leader in a transaction involving a divestiture of 350 retail stores from a publicly traded national chain, which involved financial due diligence, modeling, supply-chain analysis and merger integration support. Prior to joining FTI, Ms. Corbett served as the AVP of M&A for ChoicePoint, Inc., a $1 billion public company, prior to its subsequent acquisition. Earlier in her career, she worked in transactions and audit with PwC and KPMG. She currently serves on the board of directors for the Clemson University Research Foundation and is a Certified Public Accountant in Georgia and South Carolina. Ms. Corbett received her B.S. in accounting from Clemson University.

Matthew Evans is a managing director and head of Healthcare Finance at Monroe Capital LLC in Highland Park, Ill., where he is responsible for relationship-sourcing and the origination of new business opportunities within the health care industry. He has more than 20 years of experience in health care finance. Prior to Monroe, Mr. Evans was a principal at Beverly Capital, a health care-focused private-equity firm, and he was formerly a vice president in the Healthcare Leveraged Finance group at Madison Capital, where he originated, structured and underwrote debt financing for private-equity-sponsored transactions. Prior to Madison Capital, Mr. Evans worked in Merrill Lynch Capital Healthcare Finance's leveraged lending group. He received his B.A. in economics from the University of Michigan and his M.B.A. from Northwestern University's Kellogg School of Management.

Bradley T. Giordano is a partner in the Chicago office of McDermott Will & Emery, where he represents debtors, equity sponsors, lender groups, creditors and strategic investors in all aspects of in-court and out-of-court restructurings. He advises senior managers and boards of directors on operating in chapter 11, fiduciary duty considerations and strategic restructuring alternatives. In addition, he advises credit and private-equity-fund clients in connection with strategic acquisitions or dispositions of distressed assets. Mr. Giordano's restructuring experience includes complex multi-jurisdictional and cross-border matters spanning multiple industries, including health care, retail, energy, technology, hospitality, media, airlines, aircraft manufacturing, telecom and heavy machinery. He received his B.A. magna cum laude from DePauw University in 2006 and his J.D. in 2009 from the University of Virginia School of Law.

Kim Gordon is a managing director with MONTICELLOAM, LLC in Deerfield, Ill., where she works in its asset-based-lending line of business, bringing more than 30 years of experience in this space, with a focus on health care lending. She works to streamline the firm's working-capital lending processes, team-engagement enhancement, client relationship development, and collaborative client-based solutions development and execution. Ms. Gordon has enhanced the firm's asset-based lending platform, adopting industry-leading technology and improving efficiencies, to expedite borrowing base and collateral reviews and accessibility to the clients. Prior to joining MONTICELLOAM, she was a senior vice president and senior credit administrator at Opus Bank, where she was responsible for all facets of credit oversight for its health care lending, structured asset-based lending, and lender finance within its commercial banking group. She also worked as a senior vice president and director of Credit at Monroe Capital, LLC, where she helped develop a middle-market health care lending company specializing in revolving lines of credit and term loans. Before joining Monroe Capital, LLC, Ms. Gordon acted as deputy chief credit officer for Ridgestone Bank, chief

credit officer for Bridge Finance Group Inc. and vice president of Credit/Portfolio at FINOVA Capital Corp. She is a member of the Commercial Finance Association and the Turnaround Management Association. Ms. Gordon received her B.S. in finance from the University of Illinois College of Commerce and Business Administration.

Eric D. Hargan is the founder and CEO of The Hargan Group in Washington, D.C., a full-service consulting firm with unparalleled experience offering regulatory guidance, public health innovation and strategic public policy solutions. He has 30 years of experience working for public and private sectors and unique insight and experience working for the U.S. government. Mr. Hargan served as the deputy secretary of the Department of Health and Human Services (HHS) from 2017-21, as well as acting secretary from 2017-18. From 2003-07, he also served at HHS in a variety of capacities, including as acting deputy secretary. Beginning in spring 2020, Mr. Hargan served on the board of Operation Warp Speed, coordinating HHS agencies and working with multiple public- and private-sector entities to facilitate efforts across the entire endeavor in developing vaccines and therapeutics. With more than 80,000 employees across 26 divisions, HHS is the largest department in the federal government and has an annual budget in excess of $1.3 trillion. As deputy secretary, Mr. Hargan oversaw the development and approval of all HHS, CMS and FDA regulations and significant guidances, as well as the day-to-day operations and management of the department, while leading policy and strategy development. In March 2020, he launched the $175 billion Provider Relief Fund. Mr. Hargan convened the HHS-White House team, coordinating with HRSA to administer, and United Health Group to service, the fund's operations, resulting in $26 billion in relief sent to providers in under two weeks from passage of the CARES Act. In between his times at HHS, Mr. Hargan was a practicing attorney specializing in health care regulation, mergers and acquisitions, corporate finance and government relations. He currently serves on the boards of University Hospitals, based in Cleveland; Alio Medical, based in San Francisco; and Tomorrow Health, based in New York. In addition, he is a Distinguished Senior Fellow at the Texas Public Policy Foundation and a Fellow of the Health Evolution Forum. Mr. Hargan received his B.A. *cum laude* from Harvard University and his J.D. from Columbia University Law School, where he was senior editor of the *Columbia Law Review*.

Andrew C. Helman is a partner in the Restructuring, Insolvency and Bankruptcy practice group at Dentons in Boston, where he focuses his practice on bankruptcy and insolvency matters and works to restructure all types of businesses, including those in the health care sector. He has served as lead counsel to debtors, trustees, secured parties and others in chapter 11 cases, including having served as independent counsel to a state attorney general in several chapter 11 cases in New England and Delaware. Mr. Helman has particular experience as lead counsel representing rural hospitals in chapter 11 cases, and has successfully confirmed chapter 11 plans that have allowed rural hospitals to continue operating with restructured balance sheets. His practice also includes commercial and insolvency-related litigation. He successfully obtained three temporary restraining orders and a permanent injunction against the U.S. Small Business Administration due to the agency's decision to exclude debtors from participating in the federal Paycheck Protection Program. Mr. Helman frequently writes articles for national insolvency publications and teaches seminars on bankruptcy and fraudulent transfer law. In addition, he co-chairs ABI's Health Care Committee and was honored in ABI's 2019 class of "40 Under 40." Mr. Helman was selected as one of 40 attorneys nationally to participate in the National Conference of Bankruptcy Judges' 2016 NextGen Program. He is ranked in *Chambers* for bankruptcy and restructuring and has been listed in the 2015-20 issues of *Super*

Lawyers as a "Rising Star." Mr. Helman received his B.A. *cum laude* from the University of Massachusetts and his J.D. *summa cum laude* from the University of Maine.

Adam S. Hoffinger is a sharegolder with Greenberg Traurig, LLP in Washington, D.C., and focuses his practice on complex civil and white collar criminal matters, including health care, securities, the Foreign Corrupt Practices Act (FCPA) and False Claims Act ("*qui tam*"), export sanctions, criminal tax, money laundering, antitrust and bankruptcy. He counsels corporations and individuals in compliance matters, government investigations, and congressional and regulatory matters. He also represents corporations and individuals in high-stakes civil litigation. Mr. Hoffinger conducts internal investigations on behalf of corporate boards of directors, bankruptcy trustees and public authorities. He has defended numerous high-ranking executives and general counsel from some of the world's largest companies, as well as high-profile staff and members of the Senate, Congress, White House and various government agencies faced with federal and state criminal investigations and indictments. Mr. Hoffinger is a Fellow of the American College of Trial Lawyers and has tried cases throughout the country. He has been recognized in *Chambers USA*, *The Legal 500 US* and in *Benchmark Litigation: The Definitive Guide to America's Leading Litigation Firms and Attorneys*. From 1985-90, Mr. Hoffinger served as an Assistant U.S. Attorney for the Southern District of New York. He received the Director's Award for Superior Performance from the U.S. Department of Justice (DOJ) in 1990. Mr. Hoffinger is an adjunct professor of law at George Washington University Law School and an instructor at Georgetown University Law Center's National Institute of Trial Advocacy. He received his B.A. from Trinity College and his J.D. from Fordham University School of Law.

M. Benjamin Jones is a senior managing director at Ankura Consulting Group, LLC in New York and has more than 20 years' experience advising and participating in complex corporate reorganizations. He has been involved in all aspects of financial restructuring, serving as a CRO or as an advisor to financially underperforming/distressed companies, lenders, creditors, corporate boards and equity owners. Mr. Jones has advised clients in diverse businesses, including health care, education, professional services, manufacturing, apparel, food processing, retail and entertainment. In addition to serving as an advisor, he has also served in turnaround management positions, including as president, CRO and CFO on numerous occasions for both private and public companies. Mr. Jones has played a key role in dozens of successful restructuring and M&A engagements, including Mariner Post-Acute Networks, Centennial Healthcare, World Health Alternatives, The Penn Traffic Co., Milacron, Lionel, Caraustar Industries, Golden Books Family Entertainment and Rand McNally. Prior to joining Ankura, he was a senior managing director at CDG Group and started his career at Ernst & Young, where he worked in the national research group and financial advisory services group, focusing on valuations and middle-market corporate finance transactions. Mr. Jones received his B.S. in accounting with distinction from Wake Forest University.

Suzanne A. Koenig is president and founder of SAK Management Services, LLC in Northfield, Ill., a long-term care management and health care consulting services company. With more than 30 years of experience as an owner and operator, she provides specialized skills in operations improvement, staff development and quality assurance, with expertise in marketing and census development as well as operations enhancement for the whole spectrum of senior housing, long-term care and other health care entities requiring turnaround services. Ms. Koenig's professional experience has includ-

ed executive positions in marketing, development and operations management for both regional and national health care providers representing property portfolios throughout the U.S. Recently, she has been appointed as the patient care ombudsman, receiver, examiner and chapter 11 trustee in several health care bankruptcy filings (chapters 11 and 7) under BAPCPA, including physician practices and hospitals. In addition, she has served in an advisory and consulting capacity for numerous client engagements involving bankruptcy proceedings, as well as in turnaround-management situations. An owner and operator, licensed nursing home administrator and licensed social worker, Ms. Koenig has experience as a long-term care provider and also serves as an officer and director for several of the states' long-term-care-provider associations. She serves on the board of directors of the Summit Healthcare REIT Inc. Ms. Koenig was elected to the Global Turnaround Management Association's board of trustees and co-chairs the Steering Committee of the Turnaround Management Association's Midwest Chapter. She also serves on ABI's Board of Directors and is a member of its Health Care Insolvency Committee. In addition, she serves as an officer and director for several of the state's long-term-care-provider associations, and she serves on the board of directors for the School of Social Work at the University of Illinois, Champaign-Urbana. Ms. Koenig is a frequent speaker for various health care industry associations and business affiliates, where she conducts continuing education and training programs. She received her undergraduate degree in social work from the University of Illinois, Urbana-Champaign and her M.S. from Spertus College.

Patricia A. Markus is a partner with Nelson Mullins Riley & Scarborough LLP in Raleigh, N.C., where she represents health care providers and related organizations across the country on an array of regulatory compliance, reimbursement, licensure and operational matters, with a special focus on issues surrounding health information privacy, security and technology. She provides strategic and practical advice regarding HIPAA and other data privacy and security laws, information-blocking and interoperability requirements, telehealth and health information exchange initiatives, technology licensing and services arrangements, cybersecurity risks and data breach prevention and response, clinical research and patient care issues, and compliance and fraud and abuse matters. Ms. Markus works with physicians, hospitals, accountable care organizations, post-acute care facilities, behavioral health and substance use disorder facilities, and pharmacies on licensure and reimbursement matters, acquisitions and divestitures. She writes frequently and speaks nationally on health care topics. Ms. Markus is the current president-elect designate of the American Health Law Association and is a past chair of AHLA's Health Information and Technology Practice Group. A Fellow of the American Bar Foundation, she is listed in *North Carolina Super Lawyers* in Health Care and as one of the "Top 50 Women" attorneys in North Carolina (2015). In addition, she has been listed in *Chambers USA: America's Leading Lawyers for Business - Healthcare* since 2016 and in *The Best Lawyers in America* for Health Care Law annually since 2009, and in 2020 she was voted Lawyer of the Year for Healthcare Law in Raleigh. Ms. Markus received her undergraduate degree with honors in English from Haverford College and her J.D. from Boston College Law School.

Deirdre A. O'Connor is a senior managing director for corporate restructuring at Epiq in New York. With more than 30 years of restructuring experience in law, government, corporate finance and technology-enabled legal solutions, she is responsible for business development and strategic initiatives in all types of restructuring matters. Ms. O'Connor supports corporate sales initiatives by analyzing new market growth areas that align with existing product offerings. She has several years of experience in the leveraged finance industry, having most recently served as managing director at Wells Fargo Capital Finance, where she provided finance solutions to distressed companies. Ms.

O'Connor has also served as the U.S. Trustee for the Southern District of New York and oversaw the administration of some of the largest bankruptcies in history. In addition, she served as an Assistant U.S. Attorney for the District of Connecticut in both the civil and criminal divisions. Ms. O'Connor was the inaugural recipient of IWIRC's Women of the Year in Restructuring and has received the St. Francis Service Award by Catholic Renewal of Catholic Charities of Greater New York. She also is an ABI member and serves as on the advisory board for its Health Care Program and New York City Bankruptcy Conference. Ms. O'Connor is an adjunct professor at St. John's University School of Law's L.L.M. Program. She received her B.A. from New York University and her J.D. from Quinnipiac University School of Law.

Naomi O'Dell is a director with RBC Capital Markets, LLC in Chicago, which specializes in health care and nonprofit lending. Her industry background includes senior living, charter schools, universities, student housing, hospitals, museums, theaters and other charitable organizations. Ms. O'Dell has sourced and negotiated approximately $400 million in property and note sales within the health care and nonprofit sectors. Prior to joining RBCCM in July 2018, Ms. O'Dell managed multiple asset-recovery divisions at Santander Bank, N.A., supervising more than $4.0 billion in assets. She has been involved in nearly 200 financings across the country, encompassing the full credit life cycle from seed capital/new construction through debt restructure/property disposition. She also has sourced and negotiated approximately $400MM in property and note sales. Ms. O'Dell has experience with depositions and trial testimony in both bankruptcy and civil courts. She is currently registered with FINRA with Series 52, 63, and 79 securities licenses. Ms. O'Dell received her B.A. in marketing from Bradley University in 2002.

Ellen H. Persons is a shareholder with Polsinelli in Atlanta, where she represents corporate and individual clients in civil and criminal investigations by the Department of Justice, regulatory investigations and enforcement actions by the SEC and other federal and state agencies, and complex litigation matters. She focuses her practice on defending clients against allegations of fraud, including matters involving the False Claims Act, the Anti-Kickback Statute, health care fraud, antitrus violations and securities fraud. Ms. Persons has represented clients in the health care, automotive, government contracting, education, banking and manufacturing industries. She also conducts internal investigations on behalf of companies and counsels them on remedial actions and disclosure decisions. Ms. Persons previously served as an Assistant U.S. Attorney in the Civil Division of the U.S. Attorney's Office for the Northern District of Georgia, where she investigated and prosecuted financial fraud against the federal government in the areas of health care, government contracting, education and the mortgage industry. She also defended the U.S. against civil claims in numerous contexts. Ms. Persons was named a "Local Litigation Star" by *Benchmark Litigation* in 2021 and is a member of the Georgia Bar Association, Women's White Collar Defense Association, American Bar Association's White Collar Crime Committee, The Atlanta Lawyers Club, American Health Lawyers Association and the Lumpkin Inn of Court Barrister. She received her B.A. in AMerican government in 2005 from the University of Virginia and her J.D. *cum laude* in 2008 from the University of Georgia School of Law, where she participated on its Moot Court.

James R. Porter, ACA, JIEB, CIRA, CPE is a managing director with ToneyKorf Partners, LLC in Charlotte, N.C., and has more than 25 years of experience as a restructuring professional. He moved to the U.S. in 2003 from the U.K. after working for the Joint Provisional Liquidator in a major-cross

border bankruptcy. Mr. Porter's ongoing work is in the successful financial restructuring of a critical access hospital in New York, where he was responsible for the identification and rapid implementation of Finance and Business Operations initiatives. This allowed the organization to avoid bankruptcy and further develop integrating with a broader system. This work continued into and through the COVID-19 pandemic. Mr. Porter was named president of the Turnaround Management Association (Carolinas Chapter) for 2020. He served as the CFO in the restructuring of Brookdale University Hospital & Medical Center, a $500M revenue distressed hospital located in Brooklyn, N.Y. He also served as the SVP Restructuring, where he managed various restructuring initiatives in conjunction with the New York Department of Health to stabilize and improve health care delivery in East New York. This ultimately resulted in the formation of the One Brooklyn Health system, for which he oversaw its finance integration. Prior to ToneyKorf, Mr. Porter was a partner at Grant Thornton in its Charlotte, N.C., office, where he led the successful financial restructuring of the US National Whitewater Center. He currently serves as vice-chair of this organization. Mr. Porter received his B.S. in mechanical engineering from Nottingham University, U.K.

Matt Robbins, CFA is a senior vice president with Kaufman Hall in Boston and is a leader in the firm's Mergers and Acquisitions and Treasury and Capital Markets practices. He provides partnership and financial advisory services for health care clients engaged in various types of transactions, such as borrowings, debt-restructurings, derivatives, mergers, acquisitions and joint ventures. Mr. Robbins has extensive experience advising organizations on capital markets activities. His specific areas of expertise also include acquisition financings, master indenture consolidations, bondholder and creditor negotiations, bondholder tenders and debt redemptions. Mr. Robbins works with a variety of health care organizations, including national health systems, academic medical centers, district hospitals, medical groups, hospice providers and health plans. Prior to joining Kaufman Hall, he worked in the Non-Profit Healthcare Finance Group at Citigroup Global Markets Inc. Mr. Robbins received his B.S. in electrical and computer engineering from Cornell University.

Steven Shill is a partner and national leader of the BDO Center for Healthcare Excellence & Innovation at BDO USA, LLP in Costa Mesa, Calif., and a chartered accountant. He has spent more than two decades in public accounting, as well as five years in a senior management role with a publicly traded corporation overseas. Mr. Shill serves both public and privately held and nonprofit companies in the health care provider, payer and insurance sectors, including hospitals, health plans, specialty and primary care physician groups, surgery centers, urgent care centers, and various managed-care organizations. In addition to providing assurance services, he has examined feasibility studies for bond offerings used to finance new or replacement hospital developments of in excess of $750 million, including the examination of the feasibility study for the "The Bond Buyer Deal of the Year in 2005." Mr. Shill has experience performing merger due diligence and assurance procedures, including for one of the largest hospital acquisitions in the U.S. in 2003. He is Yellow Book–certified to provide audit opinions on Single Audit and OMB A-133 engagements, and his article "Re-engineering the Turnaround Process for Healthcare Organizations" was featured as the lead article in the *Journal for Corporate Renewal*, the flagship publication of the Turnaround Management Association. Mr. Shill is a steering committee member of BDO International's Public Sector practice, which is made up of the health care, education, social welfare, and local and central government practices for BDO offices across the globe. He is a member of the American Institute of Certified Public Accountants, California Society of Certified Public Accountants and the Healthcare Financial Management Association's Southern California Chapter. Mr. Shill received his B.S. in commerce from the University

of Witwatersrand in South Africa and a post-graduate Honors Degree in accounting science from the University of South Africa.

Martin D. Smith is a retired president and COO of Quorum Health in Franklin, Tenn., and has nearly 30 years of hospital and health system senior leadership experience. He is a health care industry veteran, operations consultant and advisor. As president and COO, Mr. Smith was responsible for approximately $2 billion in revenue and operations of Quorum's hospital and related outpatient facilities across 13 states. He was central in the 2015 formation of Quorum Health, a publicly traded spin-off from Community Health Systems, and he helped Quorum navigate several operational startup challenges, including portfolio-rationalization, separation from transitional support service agreements related to the spin-off, and a 2019 restructuring of the company's inherited balance sheet, which enabled the company to go private. Throughout the restructuring, Mr. Smith oversaw the company's multi-channel communication strategy, which proved extremely effective in maintaining key relationships with physicians, payers and tertiary care partners. Although the restructuring took place as COVID-19 was emerging as a global health crisis, the plan's transparency was instrumental in keeping Quorum's corporate support and hospital operations teams moving forward without interruption. In addition to leading Quorum's day-to-day operations, Mr. Smith also oversaw the company's support services for managed care, engineering, medical staff recruitment, physician practice management and strategic development projects. He retired from Quorum Health in September of 2021. Prior to his time with Quorum, Mr. Smith spent 18 years with CHS, joining the company in 1998 as a hospital CEO, becoming a corporate vice president of Operations in 2005 and moving to a division president position in 2008. He received his undergraduate degree in communications from Lee University and his M.B.A. from the University of Tennessee.

Katie G. Stenberg is a partner with Waller Lansden Dortch & Davis, LLP in Nashville, Tenn., where she focuses on representing banks, specialty lenders, health care companies and indenture trustees in financial transactions, corporate reorganizations, bankruptcy proceedings, and state and federal court litigation. She is the former leader of the firm's Finance and Restructuring practice and has served on the firm's board of directors. Ms. Stenberg provides counsel to clients in a variety of industries, including health care, senior living, technology, manufacturing and logistics on a wide range of matters, such as acquisition financing, asset-based lending, debtor-in-possession financing, real estate lending, corporate restructurings and workouts, bankruptcy and commercial transactions, defaulted bond issues, corporate trust administration, acquisitions of distressed health care assets, buy- and sell-side transactions in and out of bankruptcy, commercial litigation and federal court receiverships. During her tenure as Waller's Finance and Restructuring practice leader, the firm served as counsel to indenture trustees in the two largest municipal bankruptcies in U.S. history: the City of Detroit and Jefferson County, Ala. Ms. Stenberg received her B.A. with distinction in 1998 from the University of Nevada and her J.D. in 2002 from the University of Cincinnati College of Law, where she was a member of the Order of Barristers.

Andrew Turnbull is a managing director with Houlihan Lokey in Chicago, where he heads the firm's Midwest Financial Restructuring Group. For 26 years, he has specialized in assisting companies, lenders, creditors and investors in financially distressed situations. His experience includes conducting acquisitions and divestitures of financially troubled businesses, raising various forms of capital, and negotiations relating to the restructuring of private and public securities, both in chapter

11 and in out-of-court situations. Mr. Turnbull has worked in a variety of industries during his career, although for last 10 years or so he has been focused primarily on the health care sector. His notable recent health care engagement and transactions include Promise Healthcare, Verity Health, Neighbors Health, Thomas Health, QCP/ManorCare, Adeptus and Daughters of Charity Health System. Before joining Houlihan Lokey in 2004, Mr. Turnbull was a director at PricewaterhouseCoopers Corporate Finance LLC, where he led its Chicago restructuring practice. He is a member of ABI and the Turnaround Management Association. Mr. Turnbull received his B.S. in biology from the University of Western Ontario and an Honors Business Administration degree from the Ivey Business School at the University of Western Ontario.

Dr. Larry Van Horn, Ph.D., M.P.H., M.B.A. is an associate professor of economics & management at Vanderbilt University, executive director for Health Affairs at the Owen Graduate School of Management, associate professor of law at Vanderbilt Law School and associate professor of Health Policy at Vanderbilt School of Medicine in Nashville, Tenn. and is a leading expert and researcher on health care management and economics. His current research focus centers around the shift to consumer purchasing of health care and the impact it will have on new delivery models. Dr. Van Horn's research has appeared in such leading journals as the *Journal of Health Economics*, the *New England Journal of Medicine* and the *Harvard Business Review*. His commentary regarding health care economics appears frequently in mainstream media, including *USA Today* to *Fox Business*. Dr. Van Horn is responsible for the graduate health care programs at the Owen Graduate School of Management at Vanderbilt University, and he founded and directs its Center for Healthcare Market Innovation. He also holds courtesy appointments in both the medical and law schools. Dr. Van Horn has consulted with most of the largest hospital systems and insurers in the U.S. on data analysis and antitrust concerns, among other topics, and he co-created and has co-directed the Nashville Healthcare Council Fellows Program. Dr. Van Horn is the founder and CEO of Preverity Inc., founder and partner of LVH Economics LLC, and a senior professional with Berkeley Research Group. He also is on the board of directors for Community Health Care Realty Trust, Savida, Harrow and Preverity. He previously served on the boards of Quorum Health Corp. and Pierian BioSciences. Dr. Van Horn is a member of the CEO Council for Council Capital, and serves on the advisory boards for Harpeth Capital and the Mainsail Group. He received his B.A. in philosophy from the University of Rochester, his M.B.A. from the University of Rochester's William E. Simon Graduate School of Business, his M.P.H. from the University of Rochester's School of Medicine and his Ph.D. in Managerial Economics and Decision Sciences The Wharton School at the University of Pennsylvania.

Dr. Marc R. Watkins, M.D., M.S.P.H., F.A.C.O.E.M. is the chief medical officer for Kroger Health in Brentwood, Tenn., the health care arm of The Kroger Co., which comprises more than 2,200 pharmacies in 37 states and Washington D.C., more than 220 locations of The Little Clinic in nine states, and 11 specialty pharmacies across the country. Working with a cross-functional team of pharmacists, nurse practitioners, physician assistants, dietitians and technical care providers, he helps to develop the strategic direction and overall clinical program initiatives for Kroger's providers and delivers clinical guidance for associate benefit design. Dr. Watkins is also responsible for regulatory and accreditation requirements, maintaining a comprehensive suite of high-quality care for patients. Since the outbreak of COVID-19, he has also advised the company on its response, including testing and vaccination efforts. Dr. Watkins joined Kroger in 2015 as vice president and medical director of The Little Clinic. In August 2018, he was promoted to Chief Medical Officer of Kroger Health. Prior to joining Kroger, he spent six years with Concentra Health Services in various physician leadership

roles, providing strategic, operational and clinical program development to major employers across the country. Dr. Watkins is a Fellow of the American College of Occupational & Environmental Medicine. He served five years active duty in the Navy as Senior Medical Officer and twice received the Navy Commendation Medal. Dr. Watkins received his B.A. in philosophy from the College of the Holy Cross in 1991, and his M.D. in medicine in 2002 and his M.S.P.H. in public health from Meharry Medical College, a historically Black medical school.

Sharon F. Whittle is a practice leader of Human Capital Services in the Charlotte, N.C., office of Grant Thornton, LLP and has more than 20 years of experience providing human capital services as a consultant and benefits director for several Fortune 500 companies. Her diversified experience includes working closely with organizations that are conducting significant merger, acquisition, restructuring or realignment activity, experiencing changes in top management and business strategy, being spun-off from a larger company, or are financially distressed. Ms. Whittle frequently discusses the impact of the Affordable Care Act on employer-sponsored medical benefit plans and initiatives, and recently spoke at the Construction Financial Management Association conference on attracting, retaining and motivating talent during an economic recession. She has worked in a number of sectors, including real estate and construction; transportation, logistics, wholesale and distribution; health care; hospitality and restaurants; manufacturing; nonprofit and higher education. Ms. Whittle received her B.S. in business management from North Carolina State University and her M.B.A. from the University of North Carolina – Charlotte.