



erlanger
Health System

**PROPOSAL FOR LEASE OF
THE HEALTHCARE FACILITIES
FROM HOSPITAL AUTHORITY OF
WALKER, DADE AND CATOOSA COUNTIES**

OCTOBER 2013



October 22, 2013

Mr. H. Kennedy Conner
Decosmio CPAs
Tallan Financial Center, Suite 900
Two Union Square
Chattanooga, TN 37402

Re: The RFP Regarding the Lease of the Hospital Authority
of Walker, Dade and Catoosa Counties
d/b/a Hutcheson Medical Center

Dear Ken:

Erlanger Health System is pleased to submit our response to the RFP and our proposal to lease assets of Hutcheson Medical Center in Ft. Olgethorpe, Georgia. Enclosed please find seven (7) hard copies with an electronic version to be sent via e-mail. Thank you for considering Erlanger for the lease of this very important community asset.

As indicated in the RFP, we are submitting our vision for Hutcheson and its ambulatory services as an integral part of Erlanger Health System. Erlanger has demonstrated its commitment to the north Georgia communities served by its financial investments, unreimbursed hours of managers and consultants, and indigent care of residents of Walker, Dade and Catoosa Counties.

Regardless of the decisions related to the RFP, Erlanger will remain actively involved in the region as a leader in the delivery of tertiary care services.

We remain ready to move forward with finalizing definitive agreements and seeking approval from our Board of Trustees as soon as possible.

Sincerely,

Kevin M. Spiegel, FACHE
President/CEO

FINANCIAL PROPOSAL

Erlanger Health System (EHS) is pleased to submit its proposal to lease the assets and enterprise opportunities associated with Hutcheson Medical Center. The premise of the EHS proposal assumes that the Hospital Authority of Walker, Dade and Catoosa Counties will function as the landlord of the physical asset and EHS as the healthcare system leader/operator. EHS believes that all parties (EHS, the Authority and taxpayers) “have skin in the game” for the long-term success of the community hospital. Hutcheson Medical Center and the north Georgia communities of Walker, Dade and Catoosa Counties are very meaningful to EHS, as demonstrated by EHS’ investment of time and money thru this date. Regardless of the outcome of the RFP process, the tri-county region of north Georgia will continue to have access to EHS tertiary care services. The proposed lease agreement will allow further integration into EHS products and services, cost savings, payor contracts and benefits of an existing well-known regional healthcare system – Erlanger.

A. FINANCIAL TERMS

1. Erlanger Responsibility

- a. EHS will lease all assets of Hutcheson Medical Center (except Parkside Nursing Home, the land/buildings of Hutcheson House, and Hutcheson Hospice/Home Health). Involved in the lease rate will be all existing equipment and supply inventory.
- b. Lease Rate.
EHS will pay an annual lease payment rate of \$2,500,000 to be paid quarterly for the lease term.
- c. Term.
Ten (10) years with a renewal option for EHS for an additional ten (10) years exercised during year eight (8) of the lease.
- d. Investment.
EHS will lease or purchase up to \$5.0 million in equipment and renovation to patient care areas of Hutcheson Medical Center over the term of the lease.

2. Walker, Dade and Catoosa Counties Responsibility

- a. Full payment or payment agreement satisfactory to EHS of \$20.5 million plus accrued interest and all other amounts due to EHS.
- b. Provide facilities in excellent working condition including mechanical systems, windows/doors, water/sewer systems, roof systems as landlord.
- c. Commit significant funds from the sell of Parkside Nursing Home for facility improvements with a minimum of \$2.5 million when the lease begins.



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TABLE OF CONTENTS

A.	Operating Plans	1
B.	Other Services Provided	2
C.	Operational Experience	3
D.	Operational Planning	11
E.	Medical Staff Interaction	18
F.	Indigent Care	19
G.	Community	20
H.	Corporate Information	22
I.	Financial Information	27
J.	References	40
	APPENDIX	42



INTRODUCTION

Erlanger is a non-profit, academic teaching center affiliated with The University of Tennessee College of Medicine. Erlanger's mission is to deliver excellence in medical care to improve the health status of our region while providing vital services to those in need and training health professionals through affiliation with academic partners. Erlanger will lead as a comprehensive provider of acute care and ambulatory health services, offering a system of care that delivers value in terms of quality, cost effectiveness, customer service, teaching and research directed at improving the health of a community and region.

Erlanger entered into a formal agreement to manage Hutcheson Medical Center with the Hospital Authority of Walker, Dade and Catoosa Counties on April 25, 2011. Erlanger inherited a hospital operation that had lost most of its primary care physicians to Chattanooga based hospitals, particularly Memorial Health Systems. In fact, Erlanger Management inherited a healthcare operation with operating losses of \$1.5 million per month. Under Erlanger Management, the operating losses have been significantly improved upon and reduced to under \$750,000 year-to-date through August 2013. Additionally, Erlanger committed a fully-secured loan by Walker and Catoosa Counties of \$20.5 million funded from the Erlanger investment portfolio. To date, Erlanger has deferred its management fees to assist in the stabilization of significant cash flow matters. In summation, Erlanger's financial support, its management expertise and the thousands of hours of non-compensated time from Erlanger Health System demonstrates that Erlanger has skin in the game and has gone beyond its mission to protect and improve Hutcheson Medical Center for the residents of Walker, Dade and Catoosa Counties.

During June 2013 and August 2013 Erlanger completed significant financial and commercial real estate due diligence and determined that the assumption of 100% of all debts and deferred financial obligations was outside of fair market value parameters and prudent investment goals. The major issues facing Hutcheson today include: \$24.0 million of senior debt to Regions Bank; a \$20.5 million line-of-credit debt plus accrued interest to Erlanger; repayment of Medicare overpayments which occurred prior to Erlanger management; and future funding requirements on equipment and infrastructure improvements.

- A. *Describe plans for operating an acute care hospital in Walker, Dade and Catoosa Counties, including any formal commitments and any proposed conditions or limitations pertaining to the operation of acute care services.***

Erlanger will continue to provide essential acute care services for the North Georgia area that will include: Primary Care, General Surgical, Emergency Services, Women's and Children's Service, Cardiovascular, Orthopedics, Geriatrics, Oncology, and Neurosciences. The community hospital based services will be provided on an inpatient or outpatient basis with emphasis on "state of the art" ancillary support services and specialty consultative services. Hutcheson cannot be all things to all people; however, it can improve on the enhancement of service lines partnered with access to Erlanger – a major tertiary care facility and its teaching affiliations.

Within each service line, an annual baseline assessment will be performed of the service capabilities and needs of the communities. A plan will be updated and executed to achieve the optimum service capability for the service line.

B. Describe your position on other services now provided by the Authority.

1. Community hospitals similar to Hutcheson which serve a local community while competing against outmigration to nearby urban hospitals.

Nearly 75% of patients living in the Ft. Oglethorpe area leave the community for inpatient and ambulatory care in Chattanooga. This includes basic primary and secondary services that Hutcheson currently offers on a high quality basis. Contrary to popular belief, Erlanger does not endorse the concept of a “feeder hospital.” Instead Erlanger intends to provide a level of services appropriate for communities like Ft. Oglethorpe that neighbor urban areas like Chattanooga. Erlanger is committed to provide essential services in the community where it is convenient and safe for its patients. Continued emphasis on rebuilding the primary care base with sub-specialty consultations will dramatically effect the future success of Hutcheson Medical Center.

Each service line will be reviewed annually to determine where the capabilities and service gaps are locally. Erlanger will invest in making sure that technology capability is local along with physician capacity and clinical linkages to the tertiary care partner. Services beyond the scope of Hutcheson’s capability will be linked to Erlanger tertiary care to ensure a continuum of care and services necessary for rehabilitation and ambulatory care when patients return home. Erlanger will support the similar linkage with Memorial and Parkridge as well.

Approximately 40% of employed residents of Walker, Dade and Catoosa commute into Chattanooga for work, offset somewhat by 12% of the Catoosa workforce and 9% of Walker coming from Hamilton County, Tennessee. The challenge is to clearly re-brand community based centers of excellence of a primary care nature partnered with Erlanger. Erlanger is committed to build back and increase services based on demand, patient need and within the communities served.

2. Physician services.

Our priorities are developed in collaboration with the medical staff and board leadership and will be data driven to ensure we properly capture information that will help decrease outmigration and enhance service availability in a high quality manner. The immediate goal will be to maximize the primary care delivery system for the area. Erlanger must ensure that there are adequate numbers of Family Practice, Internal Medicine, Pediatricians, OB/GYN’s, and Urgent Care specialists in the immediate market. Secondarily, the subspecialty consultative service whereby quality subspecialists will maintain monthly or even weekly

office consultations along with blocked surgical time on regular days in the Ft. Oglethorpe market. Erlanger has significant experience in the recruitment and relocation of physicians within Erlanger Health System, UT Medical and its physician recruitment team. The average capital outlay for a salaried recruited physician is \$1,000,000 over 3-4 years, including sign-on bonuses, educational loan forgiveness and start-up costs. For this reason, Erlanger must recruit smart or in partnership with existing private groups and deploy multiple strategies like consultative services to meet the need and expectations of the patient.

Erlanger is committed to recruiting top graduates that will be a part of the Ft. Oglethorpe/North Georgia community.

C. Operational Experience

- 1. Provide a complete list of hospitals that you currently own or operate. Highlight any facilities operating in markets similar to HMC. You may supplement the list with hospitals previously owned or operated within the past five years.***

Erlanger Medical Center (EMC) is a non-profit, academic teaching hospital affiliated with UT-College of Medicine (UT-COM). EMC is also a Level I Trauma Center for adults and the only provider of tertiary care services for the citizens of an entire four-state regions encompassing southeast Tennessee, north Georgia, north Alabama and western North Carolina.

With a history that dates back more than a century, EMC is one of the nation's leading public hospitals and is also a leader in medical education through its affiliation with UT-COM. Each year, EMC has more than half a million¹ visits for people who are treated by the team of healthcare professionals at Erlanger. EMC is rated number one in the region by *U.S. News and World Report*, and recognized nationally for high-performance in seven (7) specialties, including neurology, neurosurgery and orthopedics.

Co-located on EMC's main campus is the Children's Hospital at Erlanger (Children's). Children are not miniature adults and their physical and emotional needs are unique. When ill or injured, they require specialized care and equipment. Children's is a place where caregivers know hugs play an important role in healing, where laughter is prescribed in large doses, and where the whole family can find comfort in times of worry and stress.

Children's is the sort of full service facility usually found only in very large cities. The Neonatal Intensive Care Unit (NICU) is designated Level III by the State of Tennessee, providing the very highest level of care for premature or sick newborns. The Pediatric Trauma Team, Emergency Department and Pediatric

¹ This figure includes the Erlanger Physician Network of employed practitioners.

Intensive Care Unit provide immediate, 24-hour-a-day care for critically ill or injured children. Erlanger's LifeForce Air Ambulance and Neonatal/Pediatric Ground Transport unit make the services of Children's quickly accessible to pediatric patients. No other facility in our region offers these services.

To provide the best in children's healthcare requires not just special equipment or training, it takes viewing the world from the unique perspective of children and understanding what they need. Providing this special environment of healing for all children, regardless of their ability to pay, is the daily and ultimate goal of everyone at Children's. No other facility in the region can say they do the same.

Erlanger East, which provides women's services among other programs, is a community hospital and a vital part of the system of care that comprises Erlanger Health System. This multi-faceted hospital campus is also meeting the needs of a growing community with a surgical center, 24/7 full service emergency department, outpatient imaging center, physician offices, outpatient pharmacy and more.

Erlanger North (EN) is a specialty hospital with a full service emergency department and other ambulatory programs. The hospital has an inpatient behavioral health service which focuses on the diagnosis and treatment of mental health issues associated with aging. Patients may be experiencing depression, severe anxiety, psychosis or behavioral changes related to Alzheimer's, or other types of dementia. EN also offers outpatient neuropsychiatry, memory services and behavioral healthcare for adults over age 18. EN also has an accredited sleep disorders center, offering a home-like environment for adult and child sleep studies and treatment.

Erlanger Bledsoe is located in Pikeville, Tennessee and serves residents of the Cumberland Plateau area, which also includes the Dunlap and Crossville communities. Services of the hospital include: Bledsoe County Nursing Home facility adjacent to the hospital; emergency room, open 24/7, with private trauma room; radiology, mammography, CT scan; full-service laboratory; inpatient and outpatient physical, occupational and respiratory therapy/hospital-based whirlpool for hydrotherapy; teleradiology and telemedicine link-up to Erlanger Trauma Center to assist with Erlanger Bledsoe ER patient assessments; on-site helipad to facilitate LifeForce transport service to Erlanger Campus; and a cardiac rehabilitation program.

Erlanger has centered its culture and entire patient care effort around its *Mission, Vision & Values*, as follows:

Mission

To deliver excellence in medical care to improve the health status of our region, while providing vital services to those in need, and training to health professionals through affiliation with academic partners.

Vision

Erlanger will lead as a comprehensive provider of acute care and ambulatory health services, offering a “system of care” that delivers value in terms of quality, cost effectiveness, customer service, teaching and research – directed at improving the health of our community and region.

Values

Our values define who we are and how we act as stakeholders, individually and collectively. We list these values in all that we do. Values are inconsequential unless they drive our behavior, decisions and priorities. Values in action create a culture, and an organization’s culture determines its success.

• • •

Honesty

We believe in honesty and are fully transparent in all we do.

Excellence

We distinguish ourselves by our commitment to deliver exceptional care, every time demonstrating results in measurable ways.

Appreciation

We recognize and value the significance of the individual, contributing to the outcomes achieved by the team.

Respect

We recognize and advocate for the Erlanger team and for those served, embracing the power of appreciation, communicating and listening, treating each other with dignity, compassion and understanding.

Trust

We earn the trust of others because we hold ourselves accountable and conform to professional standards of conduct.

It is not by accident that our values form the ***H.E.A.R.T.*** of who we are and what we do.

Erlanger is governed by a Board of Trustees consisting of 12 members who serve without compensation. The City Mayor appoints four Trustees with the approval of a majority of the City Council members. The County Mayor appoints four Trustees with the approval of a majority of the County Commissioners. The City Mayor and the County Mayor jointly appoint one Trustee with the approval of the

President of the Chattanooga-Hamilton County Medical Society. The Chancellors of the Chancery Court jointly appoint one Trustee. The Legislative Delegation for Hamilton County, Tennessee appoints one Trustee by a majority vote. One member is the current Chief of Staff. Trustees are appointed for an initial term of four years and may serve for no more than eight consecutive years.

Following are the current Trustees, as of June 2013.

<i>Trustee</i>	<i>Appointing Body</i>
Ronald A. Loving, Chair	City
James D. Hutcheson, Vice Chair	City
Michael J. Griffin, Secretary	County
Daniel F. Fisher, M.D.	Chief of Staff
Russell T. King, Jr., Esq.	Chancery Court
Phyllis E. Miller, M.D.	Legislative Delegation
Nita W. Shumaker, M.D.	Medical Society
Jennifer E. Stanley	County
Kim H. White	City
James A. Worthington, Jr.	City
Thomas Wilson	County
Jack Studer	County

Erlanger Medical Center has a licensed bed complement of 788 beds and currently allocates them as follows:

	<u>Main Campus</u>	<u>Erlanger East</u>	<u>Erlanger North</u>
A. Medical	251	12	21
B. Surgical	200	6	20
C. Obstetrical	40	25	
D. ICU/CCU – Adult	76		4
E. Pediatric Medical/Surgical	49		
F. ICU/CCU – Pediatric	14		
G. ICU Neonatal (<i>Level III</i>)	58		
H. Psychiatric			12
TOTAL	688	43	57

Erlanger Medical Center
975 East Third Street
Chattanooga, TN 37403

Children’s Hospital at Erlanger
(T.C. Thompson Campus)
910 Blackford Street
Chattanooga, TN 37403

Erlanger East Campus
1755 Gunbarrell Rd.
Chattanooga, TN 37421

Erlanger North Campus
632 Morrison Springs Rd.
Chattanooga, TN 37415

Erlanger Bledsoe Campus
71 Wheelertown Ave.
Pikeville, TN 37367

Dodson Avenue Community Health Center
1200 Dodson Ave.
Chattanooga, TN 37406

Southside Community Health Center
100 East 37th St.
Chattanooga, TN 37410

2. *Provide information concerning construction of new or replacement facilities in the past five years which would be comparable to the Authority, along with name, contract, phone number and a description of the project.*

- Erlanger East; 24,000 sq. ft. full service emergency department including radiology and lab services.
- Main Campus Surgical Admonitions Unit and waiting area; 10,550 sq. ft.
- Children's Pre-op Services; 15,000 sq. ft.
- Children's PACU and OR expansion; 8,605 sq. ft.
- Children's 4th floor patient room renovations, 17 patient rooms and support space.
- Central Wing and West Wing, 7th floor patient room renovations.
- Pediatric Intensive Care Unit
- OR 19 Vascular Suite
- Volkswagon Primary Care, Urgent Care and Wellness Facility; approximately 35,000 sq. ft.
- Dodson Avenue Health Center renovations of Primary Care Services and Support Space.
- Medical library; 4,500 sq. ft.
- Numerous medical office renovations consisting of 50,000+ sq. ft.

Michael R. Baker, Sr. Director Facilities
Erlanger Health System
(423) 778-7677

3. *Provide background of professionals on your staff who will be directly involved at the hospital during both transition and daily operations. Include a brief résumé of their qualifications and experience.*

Kevin M. Spiegel

Mr. Spiegel joins Erlanger after serving five years as CEO at Methodist University Hospital (MUH) in Memphis, Tenn. MUH is the major academic campus for the University of Tennessee Health Sciences Center College of Medicine, where he was also an assistant professor. In previous years he has been President and CEO for Trumbull Memorial Hospital in Warren, Ohio, and COO at Southampton Hospital in Southampton, NY.

Currently, Mr. Spiegel is a board member with Mid-South Healthcare Executives and is Acting Regent for Tennessee with the American College of Healthcare Executives. He holds an MBA in Health Care Administration from Adelphi University in Garden City, New York. He received a B.A. in Psychology from the State University of New York at New Paltz, New York.

J. Britton Tabor

J. Britton Tabor is the Senior Vice President and Chief Financial Officer for Erlanger Health System. He has been with Erlanger for twenty-six years.

Mr. Tabor is a Certified Public Accountant and a member of the Tennessee Society of Certified Public Accountants, American Institute of Certified Public Accountants, Alpha Kappa Psi Business Fraternity, American College of Healthcare Executives and the Healthcare Financial Management Association. Prior to Erlanger, Mr. Tabor was an auditor for Hazlett, Lewis, and Bieter.

He has served on the TSCPA's Healthcare and Scholarship Committees, as well as other community volunteer boards. He has also taught at the University of Tennessee, Chattanooga State Community College, and the College of Saint Francis as an adjunct instructor at the undergraduate and master levels.

Mr. Tabor holds a Master's Degree in Business Administration from the University of Tennessee and a Bachelor of Science Degree in Accounting from Tennessee Technological University, where he graduated Magna Cum Laude.

Gregg Gentry

Gregg Gentry serves as Chief Administrator Officer for Erlanger Health System. In this capacity, he is responsible for support areas of the health system's five hospitals, including Human Resources, Marketing and Public Relations, Dietary, Facilities Management, and Safety and Security. Mr. Gentry has been with

Erlanger since 1989 and previously served as Director of Human Resources at Erlanger and its 4,500 employees.

Mr. Gentry also serves on the Pension Committee and Grievance Committee of the Board of Trustees of Erlanger Health System and on Erlanger's Executive Compliance Committee.

Mr. Gentry received his undergraduate and Master of Business Administration degrees at The University of Alabama. He is a member of several professional organizations including the Society for Human Resource Management, American Society for Healthcare Human Resources Administration, Chattanooga Area Society for Healthcare Human Resources Administration, Tennessee Society for Healthcare Human Resources Administration and the American College of Healthcare Executives.

Mr. Gentry is also active in the community, currently serving on the Board of Contin-U-Care Health Services and Chairperson of the Finance Committee at his church. He has also served on the Board of Goodwill and Plaza Surgery.

Jan Keys

Jan Keys is the Chief Nursing Executive (CNE) at the Erlanger Health System. She previously served as Administrative Director of Operations for the health system.

Before her arrival at Erlanger in 2011, Dr. Keys served as Vice President and Chief Nursing Officer at Hamilton Medical Center in Dalton, Georgia. During her tenure at the Georgia hospital, she received the Robert Woods Johnson Award, earning her national recognition for her research and implementation of transforming care at the bedside for nurses.

Dr. Keys received her B.S. and Master of Science Degrees in Nursing from State University of West Georgia. In 2007, she was named a Wharton Fellow from the University of Pennsylvania Wharton School for Nurse Executives. She received her doctorate degree in nursing practice from the University of Tennessee at Chattanooga in 2012.

Roger Forgey

Roger Forgey began his Erlanger career in 1988 as director of the hospital's adult and pediatric trauma services. At that time, his responsibilities included the development and management of both the adult and pediatric level 1 trauma programs, as well as launching Erlanger's LifeForce air ambulance service.

Within a few short years, Forgey was named the administrator of Erlanger's trauma, emergency and surgical support services. Among his most significant

accomplishments was enabling LifeForce to become the first hospital air ambulance program in the world to have a GPS approach directly onto its helipad, which has since become an industry standard.

A registered nurse, Mr. Forgey began his career as an orderly at a Chattanooga nursing home. He later served at a U.S. Army combat hospital and worked with Tennessee Donor Services. He also served as an emergency response team director in the U.S. Army during Desert Shield/Storm and retired as Lt. Colonel in the Army National Guard. Currently the Erlanger senior executive serves as an adjunct professor on the faculty of the Chattanooga affiliate of St. Francis University.

Mr. Forgey received his associate's degree in nursing at Dalton State College, Dalton, Georgia; a bachelor's degree in allied health management at the University of Tennessee Chattanooga; a master's degree in health service administration at St. Francis University, Joliet, Illinois; and graduated from the adult nurse practitioner program at Brooke Army Medical Center.

Through Erlanger Health System's team of experts, EHS provides corporate support in the following specialized areas of healthcare management.

- Budgeting
- Business Office Services
- Capital Financing
- Cash Flow Management
- Clinical Outcomes
- Compliance
- Construction Planning
- Employee Benefits
- Executive Management
- Health Information Services
- HIPAA
- Human Resources
- Legal
- Lobbying
- Malpractice and Medical Liability Insurance
- Managed Care Contracts
- Media Relations
- Operational Finance
- Performance Improvement
- Physician Recruitment
- Reimbursement
- Risk Management
- Strategic Planning
- Supply Purchasing
- Benefits Management

4. Describe your firm's experience with governmental agencies while effecting a change of ownership (e.g., State Attorney General, Medicare, Medicaid, Intermediaries, OSHA, CMS, Joint Commission, CON, State Specified Regulations, etc.).

Erlanger Health System adheres to various laws, rules and regulations established by various Federal and State agencies. Examples of agencies that Erlanger has experience in working with include:

- Centers for Medicare and Medicaid Services
- Departments of Health and Human Services at the Federal and State levels
- Federal Aviation Administration

- Department of Transportation
- Joint Commission on Accreditation of Healthcare Organizations
- Food and Drug Administration
- Drug Enforcement Agency
- Office of Civil Rights
- Tennessee and Georgia Pharmacy Boards
- Tennessee and Georgia Boards of Nursing
- American Medical Association
- Nuclear Regulatory Commission
- Environmental Protection Agency
- Internal Revenue Service
- EEOC
- Immigration and Naturalization Service
- Centers for Disease Control
- Tennessee Department of Health
- Georgia Department of Health

D. *Operational Planning*

Describe your approach to the following issues:

1. *Planning in a growing community.*

Erlanger Health System embraces annual strategic planning initiatives that have short range and long-range components. Our priorities for Hutcheson and the communities of Walker, Dade and Catoosa Counties must be in collaboration with the medical staff, board leadership, business community, payers and a community-based advisory board. Erlanger is committed to data driven information to ensure an understanding of outmigration of community-based services and plan aggressively to prevent or curtail outmigration. Step one is a physician and service needs assessment. From this assessment Erlanger will determine gaps in existing programs that can be improved or the need for investing in capital for services in place. Second, the business community must become more involved in the definition of expectations of community-based services. And finally, in collaboration with insurance products, establish new rates and performance incentives to lower the cost of healthcare as a part of the Erlanger Health System. This will be accomplished by maximizing the primary care opportunities in North Georgia instead of attempting to be all things to all people. The tertiary care affiliation can fill the gap of sub-specialty healthcare needs. Erlanger will also assess quality by looking at a wide range of quality metrics to determine if there are opportunities to improve. These metrics are evidence based. As demonstrated, Erlanger has a very high standard (noted as Chattanooga's Number 1 Hospital by U.S. News) for achieving success on objective quality of care measures. Erlanger believes it is inappropriate to market or promote services in a community if the quality of care is not superior to that of a competitor. It is time for Erlanger to lead and assume significant financial risks for its investment in Hutcheson Medical Center.

2. *Clinical performance improvement.*

Improvement is a process not an event within the Erlanger culture. Erlanger continually develops their associates via our clinical affiliation with The University of Tennessee. Erlanger will provide ongoing CME in areas ranging from improving clinical quality to new innovation. We provide significant education and re-education in areas of clinical care, utilization management and competencies. We will use technology to provide webinars and other educational programs designed to improve access to educational resources. The Erlanger Chief Nursing Officer will ensure that the Hutcheson CNO and key managers are involved in a Nursing Leadership Council where nursing leaders provide input and direction in the development of new and improved ways of nursing care delivery. Today, Erlanger Health System is a learning organization constantly trying to improve.

3. *Financial performance improvement.*

Regardless of the not-for-profit or for-profit nature of the operator, Erlanger believes that the more financially secure a hospital is, the better it is able to invest in services that help the poor. The Indigent Care Policy of Erlanger Health System will be adopted at Hutcheson consistent with all Erlanger facilities.

When a hospital is secure, it can make appropriate investment, provide services to the poor and not place itself in financial jeopardy due to the disproportionate impact the cost of caring for the poor can place on a hospital. Through shared services of Erlanger Health System, we intend to consolidate administrative support services in finance, accounting, business office services and marketing. We intend to operate the hospital within a focused 60,000-80,000 square foot footprint with 80 licensed beds plus surgery and emergency services. Erlanger will extend all purchasing and managed care contracting available to improve net revenues and manage costly expenses such as benefits, drugs and medical supplies. Finally, Erlanger expects to invest in local clinical talent (local jobs) and on-going renovations to protect and improve the investment. By investing human and financial capital into service development locally, Hutcheson's care mix index should increase, which will improve the hospital revenue stream while at the same time lower the cost structure due to economies of scale savings the Erlanger Health System will bring to the transaction.

4. *Clinical Staff Recruitment and Retention.*

Erlanger Health System actively recruits more than 10-15 new physicians and nurse practitioners into the system annually. Step one will be to develop a physician needs assessment with Hutcheson medical staff, develop a plan and execute the plan in collaboration with the existing medical staff. The Erlanger pipeline is significant with the UT affiliation, but extends to other leading Schools of Medicine, such as UAB, Vanderbilt, and the Medical College of Georgia.

Erlanger’s primary goal will be to completely fill the primary service gaps not available due to inadequate physician availability.

Erlanger values and understands the importance of the recruitment and retention of the clinical support team of nurses and technicians. The Erlanger benefit package, along with the desire to staff Hutcheson with local professionals from Walker, Dade and Catoosa Counties will be a priority. Recruit the best to deliver the best. We expect to look within the Erlanger Health System for residents of Walker, Dade and Catoosa Counties and provide opportunities to practice in the areas in which they live.

Finally, as a part of the benefits package, we offer:

- Health and dental insurance and prescription drug plan
- Life insurance and optional life insurance for dependents
- Disability insurance
- Vision insurance
- Retirement plan
- Flexible spending accounts
- Sick, vacation and holiday benefits
- Tuition reimbursement

Physician Recruitment Needs

	Walker	Dade	Catoosa	Total
Family/General Practice	.9	0.2	1.0	2.1
Internal Medicine	13.2	1.4	3.4	1.8
Obstetrics/Gynecology	8.3	2.0	2.4	12.7
Pediatrics	8.5	2.2	4.0	14.7
General Surgery	4.5	1.2	1.3	7
Gastroenterology	3.1	.7	2.9	6.7
Orthopedic	4.1	1.0	2.9	8

Erlanger will provide background checks, drug screens, and will interview all current employees of Hutcheson Medical Center 60 days prior to the start date of the lease. Erlanger will provide notice of employees that will not continue to the Authority. Following the interview and screening process, Erlanger will offer employment in accordance with the personnel policies of the EHS which include a 90-day probationary period with the company.

5. Ambulatory services.

The structure of U.S. healthcare delivery will change drastically this decade and so will the facilities in which care is delivered. The investment of a full replacement hospital in Ft. Oglethorpe may not be the best use of \$60-\$80 million. Instead, Erlanger believes that investments in the outpatient arena and “point of service” areas with advanced technology will prepare the system for

managing patients throughout a dynamic continuum of healthcare services. As a health system, we must be positioned to assume risk, to case manage patients, and achieve the best outcomes and patient satisfaction levels in the region. Erlanger and its affiliates will be prepared to assume financial risks while lowering overall cost of healthcare.

Erlanger is making preparation for the radical changes in the structure of healthcare delivery. The emerging trend of bundled payment methodologies to incentivize outcome and quality – regardless of inpatient or outpatient setting – over the continuum of a patient’s experience. Management of care across a spectrum of programs, facilities and providers allows the delivery of health services to be performed effectively under one umbrella payment for service.

The transition of the Hutcheson MOB into a more flexible use on a daily basis will create sub-specialty consult space that can be flexed in four market price offering and in maximizing the use of space.

Alternative ambulatory products in place today via Urgent Care, Cancer Center, Diagnoses and Outpatient Surgery will continue to provide lower cost alternatives with exceptional outcomes that will be key in growing enterprise value of Hutcheson.

Erlanger is fully committed to continued growth of the imaging center and evaluating urgent care centers in outlying locations linked to Hutcheson Urgent Care.

6. *Compliance of all types.*

Compliance for Erlanger Health System means adhering to the laws, rules and regulations that govern the operations of the healthcare system. Erlanger adheres to various laws, rules and regulations established by various Federal and State agencies. Each Erlanger employee is required to attend annual and specific compliance training relevant to the job they perform according to the laws, rules and regulations that govern the hospital system. As a part of Erlanger Health System, the Office of Compliance and the Integrity Hotline are available to all associates should a suspected compliance violation occur for reporting purposes.

OVERVIEW OF THE ERLANGER COMPLIANCE PLAN

I. *Purpose.* The Program provides a solid framework for structuring a comprehensive range of compliance activities that are designed to avoid legal and compliance problems in the first instance, address compliance allegations as they arise, and to remedy the effects of noncompliance. This Program is periodically assessed and revised to address industry developments and enhanced EHS practices.

- II. *Compliance Governance.*** Erlanger recognizes that the importance of the Compliance Program is established by the senior leaders of the organization. Accordingly, the Compliance Program is designed to provide the Board, Audit Committee and senior management with information about the content and operation of the Compliance Program so that the Board can ultimately exercise reasonable oversight with respect to the implementation and effectiveness of the Compliance Program. The Board plays a meaningful role in overseeing the Compliance Program. This oversight role includes ensuring that Erlanger has mechanisms in place that will bring to the Board’s attention a compliance matter of which the Board should be aware and allow the Board to monitor the status of that matter until the matter is effectively resolved. Erlanger training sessions and other Compliance Program initiatives are further designed to equip Board members with the information they need to stay informed and understand the compliance challenges faced by Erlanger and other similarly situated health care delivery systems.
- III. *Foundation.*** Erlanger’s Compliance Program has been developed in accordance with applicable law², with guidance from federal and state authorities, including the *United States Federal Sentencing Guidelines*³, adapted to providers of health care services by the Department of Health and Human Services’ (“HHS”) Office of Inspector General (“OIG”) in its various *Compliance Program Guidance* documents⁴. The Compliance Program, however, is not intended to summarize all laws and regulations applicable to Erlanger, and it is not intended to set forth all the substantive programs and practices of Erlanger that are designed to achieve compliance. Rather, this Compliance Program is a living document that will be updated periodically to assure that Erlanger’s compliance program reflects the most current authority and recommended best practices for the structure and content of healthcare industry corporate compliance programs.
- IV. *Key Elements of Erlanger’s Compliance Plan.*** The Compliance Program reflects Erlanger’s good faith commitment to identify and reduce risk, improve internal controls, and establish standards to which the entire organization shall adhere.

² Patient Protection and Affordable Care Act (“PPACA”), Pub. L. 111-148 § 6401(a)(7), 124 Stat 751 (2010).

³ The Federal Sentencing Guidelines, including the amendments to the Guidelines which became effective on November 1, 2010, are available at http://www.ussc.gov/Guidelines/2010_guidelines/index.cfm.

⁴ See 63 FR 8987 (Feb. 23, 1998) for the compliance program guidance for hospitals; and 70 FR 4858 for the supplemental compliance program guidance for hospitals (Jan. 31, 2005). These documents, along with the other OIG compliance program guidance documents, are available at <http://www.hhs.gov/oig/>.

Erlanger's Compliance Program consists of the following key elements:

- A. Compliance Program Oversight. Engaging a Chief Compliance Officer ("CCO"), Compliance Department and Executive Compliance Committee ("ECC") charged with the responsibility of operating and monitoring the Compliance Program. The CCO provides management and oversight for the ongoing development and operation of the Compliance Program. To maintain the CCO's independent authority, the CCO reports functionally through the Audit Committee of the Board and administratively, through EHS' Chief Executive Officer ("CEO").
- B. Written Standards. Developing and distributing Erlanger's written standards, including EHS policies and procedures, promote Erlanger's commitment to compliance, provide general and specific operational guidance, and identify specific areas of risk.
- C. Education & Training. Communicating compliance standards by developing and implementing regular, effective education and training programs for all Erlanger Colleagues.
- D. Employment Practices. Developing effective hiring practices to ensure that EHS employees have not engaged in illegal activities and are eligible to participate in Federal and State Health Care Programs (as defined in the attached glossary); developing appropriate disciplinary standards to respond to allegations of improper or illegal activities; and carrying out the equitable enforcement of these standards for individuals who have violated laws, regulations, other Federal and State Health Care Program requirements or the Compliance Program standards, policies and procedures.
- E. Auditing & Monitoring. Maintaining an effective system-wide auditing and monitoring program that includes systems and protocols to test and confirm Erlanger's compliance with laws, regulations, other Federal and State Health Care Program requirements and the Compliance Program standards; to assist in the prevention of Compliance Program violations; and to maintain the efficacy of the Compliance Program.
- F. Disclosure. Maintaining an effective and well-publicized disclosure program to provide guidance and receive complaints about potential Compliance Program violations without fear of retaliation.
- G. Investigation & Remediation. Investigating, responding to and preventing identified compliance problems, including establishing appropriate and coordinated corrective action measures. When appropriate, such corrective action may involve restitution, self-reporting and cooperation with relevant authorities.

- H. Effectiveness. Assessing the Compliance Program periodically to review progress and achievements and pursuing modifications as necessary to promote the effectiveness of the program.
- I. Confidentiality. Promoting confidential and professional practices so that EHS Colleagues are motivated to participate in the Compliance Program.
- J. Quality and Medical Review. Recognizing that the Compliance Program frequently addresses issues that warrant the candid evaluation of the quality of healthcare services provided by EHS and EHS Colleagues and promoting best practices to confront such issues.

STANDARDS OF CONDUCT AND ETHICS

- I. ***Patient Relationships:*** We are committed to providing a high quality of healthcare and services to our patients, their families, visitors and the community. We treat all patients with respect and dignity and provide care that is necessary and appropriate.
- II. ***General Legal and Regulatory Compliance:*** Erlanger will continuously and vigorously promote full compliance with applicable law.
- III. ***Avoidance of Conflicts of Interest:*** Employees, Officers, Trustees, Medical Staff and Agents maintain a duty of loyalty to Erlanger and, as a result, must avoid any activities which may involve (or may appear to involve) a conflict of interest or that may influence or appear to influence the employee, officer, trustee, medical staff member or agent's ability to render objective decisions in the course of his or her job responsibilities, or other services he or she furnishes to Erlanger.
- IV. ***Relationship with Payers:*** Erlanger will consistently strive to satisfy the conditions of payment required by the payers with which Erlanger transacts business.
- V. ***Relationship with Physicians and Other Providers:*** Erlanger will monitor its business dealings to structure relationships in ways that satisfy the needs of the community.
- VI. ***Respect for Our Culture:*** We recognize that a diverse workforce enriches the life experience of all employees and our community, and will promote diversity consistent with the Erlanger Diversity Plan.
- VII. ***Information and Information Systems:*** We recognize that the provision of healthcare services generates business, financial, and patient-related information that requires special protection. We will establish systems that ensure such information is used appropriately and safeguarded zealously.

E. Medical Staff Interaction

- 1. Describe how you work with medical staff at your existing facilities to evaluate services, equipment and staffing.**

The first priority will be to conduct a physician and service needs assessment which will include capital/equipment needs and the evaluation and understanding of staffing and acuity. Erlanger will invest \$5.0 million in lease and/or capital spending in new technology, aesthetics, and infrastructure over the term of the lease. The capital priorities will be driven by the assessment of need with the Board of Trustees and medical staff.

- 2. Describe your approach to physician recruitment, including barriers to the recruitment of physicians and how you have addressed these at other facilities.**

Erlanger Health System has over 950 members of the medical staffs of its hospitals. Due to Erlanger's size and reputation medical schools seek to partner with us which keeps the recruiting pipeline open. For the physician who desires to remain independent, Erlanger has developed a portfolio of various services to improve the business office and IT challenges of private practice – include EMR, Quality/Patient satisfaction and cash collection management.

- 3. Provide information as to how you provide or coordinate management of physician practices.**

Phase One. Erlanger contracted with Meridian via a strategic alliance agreement that will allow physicians to access the practice management system and EMR at a greatly reduced price while being afforded the same customer service support enjoyed by Erlanger.

Phase Two. Offering a portfolio of vendors that will provide support to groups or independent physicians.

Phase Three. Enhance the ability to be included in all payer contracts along with support for ensuring “in network status” of its physicians.

Erlanger will provide “clinics without walls” to accommodate the subspecialty consultation thus making the entry into the market convenient and affordable and tied to used days and even hours for four market value compliance.

Over one-quarter of Erlanger's physicians enjoy the benefits of employment by the hospital. These options are available to Hutcheson medical staff members.

F. Indigent Care

The Authority expects the new operator to continue the Authority's tradition of treating the indigent patients of Walker, Dade and Catoosa Counties.

- 1. Describe how you have addressed the delivery of indigent care in other communities in which you operate hospitals, including a copy of your charity policy in a similar hospital.***

It is the policy of Erlanger Health System to grant our patients access to essential or non-elective care, regardless of their ability to pay and their ethnic origin.

Financial/charity assistance is available to all patients who qualify after completing the application process. Financial Counselors are available to assist our patients in making applications for charity. In addition to assisting with charity, staff is available to patients in determining eligibility for programs such as TennCare or Medicaid. One of the functions of the Financial Counselors is to assist uninsured patients in determining a source of payment. For those patients not eligible for financial assistance, it is the policy of the Health System to permit patients where eligible to make regular payments on a monthly basis. Erlanger does utilize external collection firms on debt collection as needed. When appropriate, legal assistance is utilized for the purpose of collecting from those who have the ability to pay.

It is the policy of Erlanger to:

- Treat all patients equally, with dignity, respect, and compassion.
- Serve the emergency health needs of everyone, regardless of ability to pay.
- Assist patients who cannot pay for part or all of the care they receive at Erlanger.
- Balance the needed financial assistance for some patients with broader fiscal responsibilities in order to keep the Health System viable financially.
- Respond promptly to patient's questions regarding their bills and request for financial assistance.
- Make available information regarding our charity care policy.
- Have clear understanding of written policies to help patients determine if they are eligible for public or hospital-sponsored financial assistance programs.
- Have written policies for discounts for patients who do not qualify under our charity policy.
- Ensure outside collection agencies follow hospital billing and collection guidelines.

The intent of Erlanger Health System Charity Policy is to establish a fair and equitable system for determining hospital charity. General guidelines are established, allowing for evaluation of unique financial circumstances.

A patient is determined eligible by income standards when the annual individual or family income does not exceed 250% of the Federal Poverty Guidelines as published annually in the Federal Register. Present income will be a measure in assessing hospital charity, but will not be the sole determining factor. Among other elements to be considered are temporary facts such as short-term layoff, unemployment, disability or other demonstrated hardship. An evaluation of available assets will be necessary to determine eligibility for charity. If assets exist to pay the debt, charity may be denied. Medical indigency can be a qualifying factor in determining charity care or uncompensated care.

Applications for assistance are available at Erlanger Health System between 8:00 a.m. and 4:00 p.m. (Monday through Friday). Services eligible for Charity Care are medically necessary inpatient and outpatient services.

2. Provide information on the volume of care provided to indigent, uninsured and Medicaid patients at facilities that you own.

Erlanger Health System provided over \$92 million in indigent care in 2012-2013.

The hospital discharges are as follows:

Medicaid/TennCare	7,563
Indigent/Self Pay	2,614

G. Community

1. Describe how your company participates in and provides support to the communities in which you currently own or operate hospitals.

The value of assessing and improving community health is evident when looking at life expectancy.

Erlanger Health System (EHS) participates annually in a community health needs assessment. The assessment is prepared in compliance with the Patient Protection and Affordable Care Act. Community health need indicators derived from the Centers for Disease Control, the Tennessee Department of Health, the Georgia Department of Health, and a medical practitioner needs analysis prepared by Erlanger Planning are compiled to formulate the report that is published on the Erlanger Health System and presented to Chattanooga-Hamilton County Hospital Authority.

	Provider Indicator	CDC Peer Group	CDC Premature Death Indicator	Cause of Death Indicator	Total Indicators
Walker	1	5	1	3	10
Dade	1	0	5	2	8
Catoosa	1	1	3	2	7

The health needs indicators reflect issues common to all are the overall route of mortality, high coronary heart disease, high levels of kidney disease, obesity and high blood pressure. Within this framework the net provider needs for Walker, Dade and Catoosa Counties indicate need for primary care, general surgery, gastroenterology and orthopedics.

Directly from information derived from annual community health needs assessment, EHS assigns resources such as obstetrical outreach services with UT-COM, and pediatric services in partnership with Ronald McDonald House in operating mobile care units. Immediately, these services will be made available to residents of Walker, Dade and Catoosa Counties.

EHS participates in a community action team with various community partners targeting teen pregnancy and seeking to reduce the rate of infant mortality.

In 2013-2014, EHS will launch tele-health services as a strategy to provide additional primary care and specialty care services to rural counties, particularly north Georgia.

Erlanger believes in partnerships of all types, both formal and informal, with public agencies and private companies.

Erlanger at Hutcheson will have allocated resources to fulfill community outreach opportunities.

2. *Does your company have in place community advisory boards or similar structures? If so, describe their role in the hospitals that you operate.*

Post closing, the governance role of Hutcheson Medical Center will be structured similar to the existing relation in mission and objectives. Erlanger at Hutcheson would report under the Erlanger Health System governance and ultimately to the Chattanooga-Hamilton County Hospital Authority.

Erlanger Health System will initiate a Community Advisory Board for north Georgia comprised of local community leaders, physician representatives and the hospital CEO. The advisory board would be comprised of 9-13 members: 60% lay members and 40% physicians. The goal of the Advisory Board will be to have input on strategic direction, oversight for regulatory compliance, collaborate on operational objectives, serve in a community liaison capacity and communications champion, and advise Erlanger Health System and the Board of Trustees of the Chattanooga-Hamilton County Hospital Authority.

H. Corporate Information

1. What is the name, title and contact information for the primary contact and any secondary contacts for this RFP?

Primary Contact: Kevin M. Spiegel, President and CEO
Kevin.Spiegel@erlanger.org
(423) 778-7000

Secondary Contact: J. Britton Tabor, Chief Financial Officer
Britt.Tabor@erlanger.org
(423) 778-7000

Erlanger Health System
975 East 3rd Street
Chattanooga, TN 37403
www.Erlanger.org

2. Please give us a brief history of your company, including acquisitions, divestitures, and restructures of rural hospitals.

Erlanger Medical Center (EMC) is a non-profit, academic teaching hospital affiliated with UT-College of Medicine (UT-COM). EMC is also a Level I Trauma Center for adults and the only provider of tertiary care services for the citizens of an entire four-state regions encompassing southeast Tennessee, north Georgia, north Alabama and western North Carolina.

With a history that dates back more than a century, EMC is one of the nation's leading public hospitals and is also a leader in medical education through its affiliation with UT-COM. Each year, EMC has more than half a million⁵ visits for people who are treated by the team of healthcare professionals at Erlanger. EMC is rated number one in the region by *U.S. News and World Report*, and recognized nationally for high-performance in seven (7) specialties, including neurology, neurosurgery and orthopedics.

Co-located on EMC's main campus is the Children's Hospital at Erlanger (Children's). Children are not miniature adults and their physical and emotional needs are unique. When ill or injured, they require specialized care and equipment. Children's is a place where caregivers know hugs play an important role in healing, where laughter is prescribed in large doses, and where the whole family can find comfort in times of worry and stress.

Children's is the sort of full service facility usually found only in very large cities. The Neonatal Intensive Care Unit (NICU) is designated Level III by the State of Tennessee, providing the very highest level of care for premature or sick

⁵ This figure includes the Erlanger Physician Network of employed practitioners.

newborns. The Pediatric Trauma Team, Emergency Department and Pediatric Intensive Care Unit provide immediate, 24-hour-a-day care for critically ill or injured children. Erlanger's LifeForce Air Ambulance and Neonatal/Pediatric Ground Transport unit make the services of Children's quickly accessible to pediatric patients. No other facility in our region offers these services.

To provide the best in children's healthcare requires not just special equipment or training, it takes viewing the world from the unique perspective of children and understanding what they need. Providing this special environment of healing for all children, regardless of their ability to pay, is the daily and ultimate goal of everyone at Children's. No other facility in the region can say they do the same.

Erlanger East, which provides women's services among other programs, is a community hospital and a vital part of the system of care that comprises Erlanger Health System. This multi-faceted hospital campus is also meeting the needs of a growing community with a surgical center, 24/7 full service emergency department, outpatient imaging center, physician offices, outpatient pharmacy and more.

Erlanger North (EN) is a specialty hospital with a full service emergency department and other ambulatory programs. The hospital has an inpatient behavioral health service which focuses on the diagnosis and treatment of mental health issues associated with aging. Patients may be experiencing depression, severe anxiety, psychosis or behavioral changes related to Alzheimer's, or other types of dementia. EN also offers outpatient neuropsychiatry, memory services and behavioral healthcare for adults over age 18. EN also has an accredited sleep disorders center, offering a home-like environment for adult and child sleep studies and treatment.

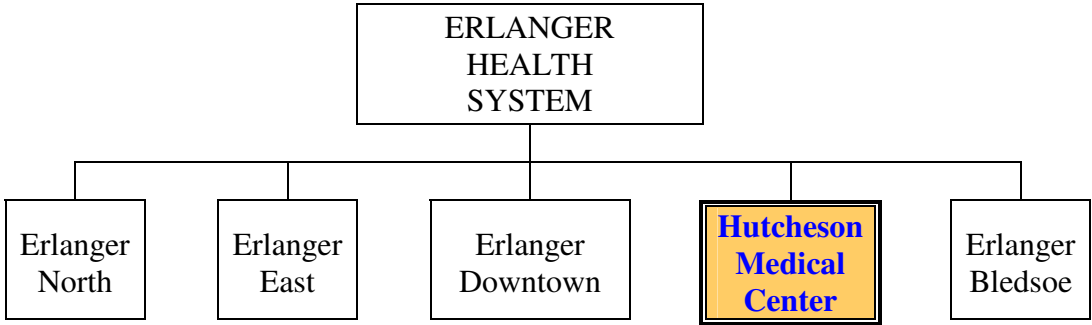
Erlanger Bledsoe is located in Pikeville, Tennessee and serves residents of the Cumberland Plateau area, which also includes the Dunlap and Crossville communities. Services of the hospital include: Bledsoe County Nursing Home facility adjacent to the hospital; emergency room, open 24/7, with private trauma room; radiology, mammography, CT scan; full-service laboratory; inpatient and outpatient physical, occupational and respiratory therapy/hospital-based whirlpool for hydrotherapy; teleradiology and telemedicine link-up to Erlanger Trauma Center to assist with Erlanger Bledsoe ER patient assessments; on-site helipad to facilitate LifeForce transport service to Erlanger Campus; and a cardiac rehabilitation program.

- 3. Please provide a complete description of your organization type and ownership, including date incorporated, state of formation, and other information on ownership.***

The Chattanooga-Hamilton County Hospital Authority was created as a governmental entity and political subdivision of the State of Tennessee via private

act of the general assembly of the State of Tennessee by Section 19, Private Acts of the Tennessee General Assembly, 1976 Tenn. Priv. Acts Ch. 297, as amended by 1977 Tenn. Priv. Acts Ch. 125, and operates as an organization exempt from taxation under Sections 115 and 501(c)(3) of the Internal Revenue Code. The entity was further incorporated as a Public Benefit Corporation in the State of Tennessee on June 24, 1998.

4. *Please provide an organizational charge of your organization which illustrates the reporting structure as it would relate to operation of the Authority. In addition, a summary of experience and qualifications of key management must be provided.*



Kevin M. Spiegel



Mr. Spiegel joins Erlanger after serving five years as CEO at Methodist University Hospital (MUH) in Memphis, Tenn. MUH is the major academic campus for the University of Tennessee Health Sciences Center College of Medicine, where he was also an assistant professor. In previous years he has been President and CEO for Trumbull Memorial Hospital in Warren, Ohio, and COO at Southampton Hospital in Southampton, NY.

Currently, Mr. Spiegel is a board member with Mid-South Healthcare Executives and is Acting Regent for Tennessee with the American College of Healthcare Executives. He holds an MBA in

Health Care Administration from Adelphi University in Garden City, New York. He received a B.A. in Psychology from the State University of New York at New Paltz, New York.

J. Britton Tabor

J. Britton Tabor is the Senior Vice President and Chief Financial Officer for Erlanger Health System. He has been with Erlanger for twenty-six years.

Mr. Tabor is a Certified Public Accountant and a member of the Tennessee Society of Certified Public Accountants, American Institute of Certified Public Accountants, Alpha Kappa Psi Business Fraternity, American College of Healthcare Executives and the Healthcare Financial Management Association. Prior to Erlanger, Mr. Tabor was an auditor for Hazlett, Lewis, and Bieter.



He has served on the TSCPA's Healthcare and Scholarship Committees, as well as other community volunteer boards. He has also taught at the University of Tennessee, Chattanooga State Community College, and the College of Saint Francis as an adjunct instructor at the undergraduate and master levels.

Mr. Tabor holds a Master's Degree in Business Administration from the University of Tennessee and a Bachelor of Science Degree in Accounting from Tennessee Technological University, where he graduated Magna Cum Laude.

Gregg Gentry



Gregg Gentry serves as Chief Administrator Officer for Erlanger Health System. In this capacity, he is responsible for support areas of the health system's five hospitals, including Human Resources, Marketing and Public Relations, Dietary, Facilities Management, and Safety and Security. Mr. Gentry has been with Erlanger since 1989 and previously served as Director of Human Resources at Erlanger and its 4,500 employees.

Mr. Gentry also serves on the Pension Committee and Grievance Committee of the Board of Trustees of Erlanger Health System and on Erlanger's Executive Compliance Committee.

Mr. Gentry received his undergraduate and Master of Business Administration degrees at The University of Alabama. He is a member of several professional organizations including the Society for Human Resource Management, American Society for Healthcare Human Resources Administration, Chattanooga Area Society for Healthcare Human Resources Administration, Tennessee Society for

Healthcare Human Resources Administration and the American College of Healthcare Executives.

Mr. Gentry is also active in the community, currently serving on the Board of Contin-U-Care Health Services and Chairperson of the Finance Committee at his church. He has also served on the Board of Goodwill and Plaza Surgery.

Jan Keys

Jan Keys is the Chief Nursing Executive (CNE) at the Erlanger Health System. She previously served as Administrative Director of Operations for the health system.

Before her arrival at Erlanger in 2011, Dr. Keys served as Vice President and Chief Nursing Officer at Hamilton Medical Center in Dalton, Georgia. During her tenure at the Georgia hospital, she received the Robert Woods Johnson Award, earning her national recognition for her research and implementation of transforming care at the bedside for nurses.



Dr. Keys received her B.S. and Master of Science Degrees in Nursing from State University of West Georgia. In 2007, she was named a Wharton Fellow from the University of Pennsylvania Wharton School for Nurse Executives. She received her doctorate degree in nursing practice from the University of Tennessee at Chattanooga in 2012.

Roger Forgey



Roger Forgey began his Erlanger career in 1988 as director of the hospital's adult and pediatric trauma services. At that time, his responsibilities included the development and management of both the adult and pediatric level 1 trauma programs, as well as launching Erlanger's LifeForce air ambulance service.

Within a few short years, Forgey was named the administrator of Erlanger's trauma, emergency and surgical support services. Among his most significant accomplishments was enabling LifeForce to become the first hospital air ambulance program in the world to have a GPS approach directly onto its helipad, which has since become an industry standard.

A registered nurse, Mr. Forgey began his career as an orderly at a Chattanooga nursing home. He later served at a U.S. Army combat hospital and worked with Tennessee Donor Services. He also served as an emergency response team director in the U.S. Army during Desert Shield/Storm and retired as Lt. Colonel in the Army National Guard. Currently the Erlanger senior executive serves as an adjunct professor on the faculty of the Chattanooga affiliate of St. Francis University.

Mr. Forgey received his associate's degree in nursing at Dalton State College, Dalton, Georgia; a bachelor's degree in allied health management at the University of Tennessee Chattanooga; a master's degree in health service administration at St. Francis University, Joliet, Illinois; and graduated from the adult nurse practitioner program at Brooke Army Medical Center.

5. *Is your company or any of its facilities currently operating under a Corporate Integrity Agreement? If so, please explain.*

No.

I. Financial Information

1. *Latest audited financial statements and other information which will substantiate your company's ability to fulfill the terms and conditions of your proposal.*

A summary of the most recent audited financial statements is provided on pages 28-39. A complete report is provided electronically.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Chattanooga-Hamilton County Hospital Authority
(d/b/a Erlanger Health System):

Report on the Financial Statements

We have audited the accompanying combined financial statements of the business-type activities of Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Health System (the Primary Health System) and its aggregate discretely presented component units, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Primary Health System's basic combined financial statements as listed in the table of contents.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Primary Health System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness



of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the Primary Health System as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note A to the combined financial statements, during 2013 the Primary Health System adopted the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information: Accounting principals generally accepted in the United States of America require that the management's discussion and analysis (shown on pages 3 through 11) be presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Pauline Yorkley: Associates PC

Knoxville, Tennessee
September 17, 2013

Management's Discussion and Analysis

CHATTANOOGA-HAMILTON COUNTY HOSPITAL AUTHORITY
(d/b/a Erlanger Health System)

Management's Discussion and Analysis

Years Ended June 30, 2013 and 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Health System's financial performance provides an overview of the Primary Health System's financial activities for the fiscal years ended June 30, 2013, 2012 and 2011.

Erlanger Health System (The Primary Health System) is the largest healthcare provider in Southeast Tennessee. The Primary Health System maintains a number of very specialized clinical services such as Level I trauma, Level III neonatal, kidney transplantation, a Regional Cancer Unit, a full service children's hospital, and open heart surgery, all of which are primarily serviced by four "Life Force" helicopters and supported by subspecialty physicians (residents, faculty and private attending physicians) located on its campuses.

OVERVIEW OF THE COMBINED FINANCIAL STATEMENTS

The combined financial statements consist of two parts: Management's Discussion and Analysis and the combined financial statements. The combined financial statements also include notes that explain in more detail some of the information in the combined financial statements.

The combined financial statements of the Primary Health System offer short-term and long-term financial information about its activities. The combined statements of net position include all of the Primary Health System's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Primary Health System's creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. It also provides the basis for computing rate of return, evaluating the capital structure of the Primary Health System and assessing the liquidity and financial flexibility of the Primary Health System.

All of the fiscal year's revenues and expenses are accounted for in the combined statements of revenue, expenses, and changes in net position. These statements measure the success of the Primary Health System's operations and can be used to determine whether the Primary Health System has successfully recovered all of its costs through the services provided, as well as its profitability and credit worthiness.

The final required financial statements is the combined statements of cash flows. The primary purpose of these statements is to provide information about the Primary Health System's cash receipts, cash payments and net changes in cash resulting from operating, investing, non-capital financing and financing activities. The statements also provide answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

**CHATTANOOGA-HAMILTON COUNTY HOSPITAL AUTHORITY
(d/b/a Erlanger Health System)**

Management's Discussion and Analysis

Years Ended June 30, 2013 and 2012

OVERVIEW OF THE COMBINED FINANCIAL STATEMENTS - Continued

The analyses of the combined financial statements of the Primary Health System begins on the next page. One of the most important questions asked about the Primary Health System's finances is "Is the financial condition of the Primary Health System as a whole better or worse as a result of the fiscal year's activities?" The combined statements of net position and the combined statements of revenue, expenses and changes in net position report information about the Primary Health System's activities in a way that will help answer this question. These two statements report the net position of the Primary Health System and changes in in the net position. One can think of the Primary Health System's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Primary Health System's net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, regulations and new or changed government legislation.

REPORTING ENTITY

The Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Health System (the Primary Health System) was created by a private act passed by the General Assembly of the State of Tennessee on March 11, 1976, and adopted by a majority of the qualified voters of Hamilton County, Tennessee on August 5, 1976. The Primary Health System is considered the primarily governmental unit for financial reporting purposes. As required by generally accepted accounting principles, these financial statements present the Primary Health System and its component units. The component units discussed below are included in the Primary Health System's reporting entity because of the significance of their operational or financial relationships with the Primary Health System.

ContinuCare HealthServices, Inc., Plaza Surgery, G.P., Cyberknife of Chattanooga, LLC (Cyberknife), UT-Erlanger Medical Group, Inc. (the Medical Group) and Erlanger Health Plan Trust are legally separate organizations for which the Primary Health System is either financially accountable or owns a majority interest. Accordingly, these organizations represent component units of the Primary Health System. The financial statements of Erlanger Health Plan Trust are blended with the financial statements of the Primary Health System, as the Board of Erlanger Health Plan Trust is substantially the same as that of the Primary Health System and the Primary Health System has operational responsibility.

During 2012, the Primary Health System acquired 100% ownership in Plaza Surgery, G.P. As a result, Plaza Surgery, G.P.'s operations are no longer distinct from the Primary Health System.

CHATTANOOGA-HAMILTON COUNTY HOSPITAL AUTHORITY
(d/b/a Erlanger Health System)

Management's Discussion and Analysis

Years Ended June 30, 2013 and 2012

REPORTING ENTITY- Continued

During fiscal year 2011, Cyberknife was capitalized by contributions from the Primary Health System and certain other minority partners. Cyberknife provides radiation therapy services, specifically robotic stereotactic radiosurgical services through the use of a Cyberknife stereotactic radiosurgery system on the Primary Health System campus. At June 30, 2013, 2012 and 2011, the Primary Health System owned 51% of Cyberknife's outstanding membership units. The Medical Group was formed on June 30, 2011 and will provide professional healthcare and related services to the public through its employed and contracted licensed physicians and other supporting healthcare providers. The Medical Group has no members; however, the Primary Health System may access the Medical Group's services. The Primary Health System is not entitled to any potential earnings of the Medical Group except for compensation for services rendered to the Medical Group on its behalf. The Medical Group is currently not active.

KEY FINANCIAL INDICATORS

The following key financial indicators are for Erlanger Health System as a whole. They are inclusive of the Primary Health System, ContinuCare Health Services, Inc., and the 51% controlling share of Cyberknife of Chattanooga, LLC.

- Excess expenses over revenues from operations for Erlanger Health System for the fiscal year 2013 is \$7.9 million compared to excess revenues over expenses of \$9.5 million for the fiscal year 2012 and excess revenues over expenses of \$5.4 million for the fiscal year 2011.
- Total cash and investment reserves at June 30, 2013 are \$38 million (excluding \$99 million of Board restricted and \$31 million of funds held by Trustees or restricted by donors or others).
- Net days in accounts receivable for Erlanger Health System (utilizing a three month rolling average of net revenue) is 50 days at June 30, 2013 compared to 53 days at June 30, 2012 and 57 days at June 30, 2011.
- For fiscal year 2013, Erlanger Health System recognized \$10.6 million in essential access payments from the State of Tennessee compare to \$11.4 million in fiscal year 2012 and \$7.4 million in fiscal year 2011.
- For fiscal year 2013, Erlanger Health System recognized \$8.5 million in disproportionate share payments from the State of Tennessee compared to \$9.2 million in fiscal year 2012 and \$2.9 million in fiscal year 2011.
- For fiscal year 2012, Erlanger Health System recognized \$1.1 million in trauma fund payments from the State of Tennessee compared to \$1.0 million in fiscal year 2012 and \$1.1 million in fiscal year 2011.
- For fiscal year 2012, Erlanger Health System recognized \$3.2 million in Medicare rural floor budget neutrality settlement payment.

CHATTANOOGA-HAMILTON COUNTY HOSPITAL AUTHORITY
(d/b/a Erlanger Health System)

Management's Discussion and Analysis

Years Ended June 30, 2013 and 2012

KEY FINANCIAL INDICATORS- Continued

- For fiscal year 2011, Erlanger Health System recognized \$2.9 million in a one-time supplemental distribution from the Tennessee Hospital Assessment Fund.

The required bond covenants ratios for fiscal year 2013 compared to bond requirements are as follows:

	June 30, 2013	Master Trust Indenture	Bond Insurer Requirements		
			98 Series	00 Series	04 Series
Debt service coverage ratio	1.11	1.10	1.10	1.35	1.35
Cushion ratio	6.71	N/A	1.50	N/A	N/A
Current ratio	2.12	N/A	1.50	1.50	1.50
Days cash on hand	70 days			65 days	65 days
Indebtedness ratio	51.31%				65%

The trust indentures and related documents underlying the bonds contain certain covenants and restrictions. For fiscal years 2013 and 2012, the Primary Health System failed to satisfy the debt service coverage ratio required by one of the bond insurers. As a result of the non-compliance, the Primary Health System will be required to engage a management consultant or obtain a waiver from the bond insurer.

NET POSITION

Erlanger Health System's net position for the combined Primary Health System and Aggregate Discretely Presented Component Units decreased by approximately \$14 million in the fiscal year 2013. Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the Primary Health System's operating activities. Discussion focuses on the Primary Health System and its blended component units.

Net position for the Primary Health System decreased from \$200 million as of June 30, 2012 to \$186 million as of June 30, 2013. The current ratio (current assets divided by current liabilities) decreased from 2.33 in 2012 to 2.12 in 2013 for the Primary Health System.

CHATTANOOGA-HAMILTON COUNTY HOSPITAL AUTHORITY
(d/b/a Erlanger Health System)

Management's Discussion and Analysis

Years Ended June 30, 2013 and 2012

NET POSITION - Continued

Table 1-Net Position (in Millions)

	<i>June 30, 2013</i>		<i>June 30, 2012</i>		<i>6/30/2011 (before GASB 61 adoption)</i>	
	<i>Primary Health System</i>	<i>Aggregate Discreetly Presented Component Units</i>	<i>Primary Health System</i>	<i>Aggregate Discreetly Presented Component Units</i>	<i>Primary Health System</i>	<i>Aggregate Discreetly Presented Component Units</i>
Current and other assets	\$ 313	\$ 12	\$ 328	\$ 12	\$ 335	\$ 14
Capital assets	161	10	158	10	163	7
Total assets	\$ 474	\$ 22	\$ 486	\$ 22	\$ 498	\$ 21
Long-term debt outstanding	\$ 169	\$ 4	\$ 177	\$ 4	\$ 179	\$ 4
Other liabilities	119	4	109	4	115	3
Total liabilities	\$ 288	\$ 8	\$ 286	\$ 8	\$ 294	\$ 7
Net position						
Capital assets, net of debt	\$ 10	\$ 6-	\$ -	\$ 5	\$ 5	\$ 2
Restricted, expendable	2	-	2	-	3	-
Unrestricted	174	8	198	9	193	12
Total net position	\$ 186	\$ 14	\$ 200	\$ 14	\$ 204	\$ 14

Days in cash decreased from 81 days as of June 30, 2012 to 73 days as of June 30, 2013 for the Primary Health System resulting from decreased operating margins combined with an \$8 million increase in receivable for funds drawn on a line of credit extended to Hutcheson Medical Center, Inc. in fiscal year 2013. Days in cash decreased from 105 days as of June 30, 2011 to 81 days as of June 30, 2012 for the Primary Health System due to decreased operating margins combined with a \$12.5 million receivable for funds drawn on a line of credit extended to Hutcheson Medical Center, Inc. in fiscal year 2012.

Days in net accounts receivable decreased from 55 days as of June 30, 2012 to 51 days as of June 30, 2013. Days in net accounts receivable decreased from 57 days as of June 30, 2011 to 55 days as of June 30, 2012.

Capital assets for the Primary Health System were \$161 million. Additions for fiscal year 2013 totaled \$30 million while \$4 million of assets were retired. Depreciation expense was \$27 million for the Primary Health System. Retirement of assets reduced accumulated depreciation by \$4 million in fiscal year 2013. Construction in progress was \$9 million as of June 30, 2013.

CHATTANOOGA-HAMILTON COUNTY HOSPITAL AUTHORITY
(d/b/a Erlanger Health System)

Management's Discussion and Analysis

Years Ended June 30, 2013 and 2012

NET POSITION- Continued

Included in construction in progress at June 30, 2013 are surgical suite expansion projects totaling \$3.2 million. Additions for the fiscal year 2012 amounted to \$31 million while \$59 million of assets were retired. The retirements included the sale and minority tenant leaseback of certain professional office buildings. A gain on the sale of approximately \$6.6 million was realized of which \$4.9 million was deferred. Depreciation expense was \$26 million for the Primary Health System in fiscal year 2012. Retirement of assets reduced accumulated depreciation by \$52 million in fiscal year 2012. Construction in progress was \$11 million as of June 30, 2011 and \$7 million as of June 30, 2012. Included in construction in progress at June 30, 2012 is the Erlanger East expansion of \$3.5 million.

	<i>Primary Health System</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
Land Improvements	\$ 26	\$ 25	\$ 27
Buildings	231	224	243
Equipment	367	351	357
Total	624	600	627
Less accumulated depreciation	(472)	(449)	(475)
Construction in progress	9	7	11
Net property, plant and equipment	\$ 161	\$ 158	\$ 163

Long-term debt outstanding amounted to \$169 million as of June 30, 2013 compared to \$177 million as of June 30, 2012. The decrease in long-term debt reflects normal scheduled principal payments. Long-term debt outstanding amounted to \$177 million as of June 30, 2012 compared to \$179 million as of June 30, 2011. The decrease in long-term debt reflects normal scheduled principal payments net of an increase in debt associated with the sale and minority tenant leaseback of the Erlanger East POB.

Other liabilities for the Primary Health System were \$119 million as of June 30, 2013, \$108 million at June 30, 2012, compared to \$115 million as of June 30, 2011.

CHANGES IN NET POSITION

The focus for Erlanger Health System's management team during fiscal year 2013 and 2012 was to increase the Primary Health System's volumes in a number of key product lines in a downturned economy, improve relationships with stakeholders, and improve operating efficiencies.

**CHATTANOOGA-HAMILTON COUNTY HOSPITAL AUTHORITY
(d/b/a Erlanger Health System)**

Management's Discussion and Analysis

Years Ended June 30, 2013 and 2012

CHANGES IN NET POSITION- Continued

Table 2 – Changes in Net Position (in Millions)

	<i>June 30, 2013</i>		<i>June 30, 2012</i>		<i>June 30, 2011</i>	
	<i>Primary Health System</i>	<i>Aggregate Discreetly Presented Component Units</i>	<i>Primary Health System</i>	<i>Aggregate Discreetly Presented Component Units</i>	<i>Primary Health System</i>	<i>Aggregate Discreetly Presented Component Units</i>
Net patient revenue	\$ 526	\$ 12	\$ 514	\$ 12	\$ 513	\$ 11
Other revenue	19	16	22	16	20	15
Total revenue	545	28	536	28	533	26
Expenses:						
Salaries	298	13	300	13	292	12
Supplies and expenses	111	10	111	10	112	13
Purchased services	114	3	104	3	94	1
Insurances and taxes	2	1	5	1	4	-
Depreciation and amortization	27	1	26	1	26	-
Total expenses	552	28	546	28	528	26
Operating income revenues in						
Excess of (less than) expenses	(7)	-	(10)	-	5	-
Nonoperating gains	-	-	4	-	2	-
Interest expense and other	(7)	-	(11)	-	(8)	-
Operating/capital contributions	-	-	-	-	1	-
Change in net position	\$ (14)	\$ -	\$ (17)	\$ -	\$ -	\$ -

Net patient service revenue for the Primary Health System increased from \$514 million in fiscal year 2012 to \$526 million in fiscal year 2013. Admissions for fiscal year 2013 were comparable to fiscal year 2012, however, case mix increased over the prior year by 1.6%. The Erlanger East emergency room opened in March 2013 generating 6,100 additional emergency room visits. Net patient service revenue for the Primary Health System increased from \$513 million in fiscal year 2011 to \$514 million in fiscal year 2012. Although total admissions were up 3.9% over fiscal year 2011, inpatient surgical patients decreased 4.9% over prior year which resulted in a higher medicine mix of patients. Neonatal intensive care unit patient days decreased by 8.7% compared to prior year.

Salaries for the Primary Health System decreased from \$300 million in fiscal year 2012 to \$298 million in fiscal year 2013. Paid FTE's per adjusted occupied bed decreased from 5.60 in fiscal year 2012 to 5.40 in fiscal year 2013. Salaries for the Primary Health System increased from \$292 million in fiscal year 2011 to \$300 million in fiscal year 2012 due to continued growth in strategically critical new physician practices, increase in employee benefits, and approximately \$2.6 million in severance payments resulting from a reduction in workforce.

**CHATTANOOGA-HAMILTON COUNTY HOSPITAL AUTHORITY
(d/b/a Erlanger Health System)**

Management's Discussion and Analysis

Years Ended June 30, 2013 and 2012

CHANGES IN NET POSITION- Continued

Supplies and other expenses were \$111 million for fiscal years 2013 and 2012. Supplies and drugs per adjusted admission for the Primary Health System decreased from \$1,675 in fiscal year 2012 to \$1,587 in fiscal year 2013. Supplies and expenses decreased from \$112 million in fiscal year 2011 to \$111 million in fiscal year 2012.

Purchased Services increased from \$104 million in fiscal year 2012 to \$114 million in fiscal year 2013 due to contracted service expenditures assumed with the purchase of Plaza Surgery's minority interest, fees associated with the CEO search, fees associated with the third party operational assessment and implementation, and an increase in rent expense resulting from the sale of the Erlanger East POB. Purchased services increased from \$94 million in fiscal year 2011 to \$104 million in fiscal year 2012 due to the implementation of Cyberknife services, service excellence initiatives, outsourced security services and billing service fees associated with increased employed physicians' revenue.

Insurance and taxes decreased by \$2.5 million from fiscal year 2012 to fiscal year 2013 due to insurance payment received for prior year liability, decreased malpractice liability, and decreased expenses associated with the purchase of Plaza Surgery, G.P. Insurance and taxes increased from \$4 million in fiscal year 2011 to \$5 million in fiscal year 2012 due to increased malpractice liability.

Depreciation and amortization expense increased from \$26 million in fiscal year 2012 to \$27 million in fiscal year 2013 due, in part, to the addition of the Erlanger East emergency room. Depreciation and amortization expense was \$26 million in fiscal years 2011 and 2012.

Interest expense, including gain (or loss) on mark-to-market of interest rate swaps, decreased from \$11 million in fiscal year 2012 to \$7 million in fiscal year 2013. The market value of the liability for the mark-to-market of interest rate swaps decreased by \$2.3 million in fiscal year 2013 compared to an increase of \$1.1 million in fiscal year 2012. Interest expense, including gain (or loss) on mark-to-market of interest rate swaps, increased from \$8 million in fiscal year 2011 to \$11 million in fiscal year 2012. The market value of the liability for the mark-to-market of interest rate swaps increased by \$1.1 million in fiscal year 2012 compared to a decrease of \$1.6 million in fiscal year 2011.

OUTLOOK

The State of Tennessee continues to review the TennCare program (the State's Medicaid program). For fiscal years 2011 and 2012, the State passed a Hospital Coverage Fee to offset shortfalls in the State's budget for TennCare. The fee is remained intact for the third consecutive year and TennCare rates were stable in fiscal year 2013. There could be possible TennCare rate

CHATTANOOGA-HAMILTON COUNTY HOSPITAL AUTHORITY
(d/b/a Erlanger Health System)

Management's Discussion and Analysis

Years Ended June 30, 2013 and 2012

OUTLOOK - Continued

changes in fiscal year 2014 as a result of rate variation initiatives. Out-of-state Medicaid and TennCare changes would affect the Primary Health System's bottom line with TennCare and Medicaid patients representing approximately 24% of the payer mix. Self Pay patients represent approximately 10% of the charge utilization Healthcare reform and future changes in Medicare regulations could also have an adverse effect on the Primary Health System's future operations since Medicare represents approximately 30% of the payer mix.

The Primary Health System is currently pursuing participation in the Public Hospital Supplemental Payment Pool which could result in additional funding.

The Primary Health System recognized Essential Access and Disproportionate Share payments totaling \$19.1 million from the State of Tennessee for fiscal year 2013, a decrease of \$1.5 million from fiscal year 2012. The Primary Health System recognized Essential Access and Disproportionate Share payments from the State of Tennessee fiscal year 2012 which increased by \$10 million over fiscal year 2011. Additionally, the Primary Health System recognized trauma funding of \$1.1 million in fiscal year 2013 compared to \$1 million in fiscal year 2012 and \$1.1 million in fiscal year 2011. Payments from the State of Tennessee for the fiscal year 2014 are expected to be consistent with the fiscal year 2013 except for disproportionate share. The funding of disproportionate share for fiscal year 2014 has not been approved by the Federal government. However, it is likely that the Federal government will approve this extension. Due to the 1966 Hamilton County Sales Tax Agreement expiring in May 2011, the Hamilton County appropriations to the Primary Health System have been reduced from \$3 million to \$1.5 million for fiscal years 2013 and 2012. An increase for the fiscal year 2014 is unlikely.

Several initiatives are under way to bring the Primary Health System to a profitable position for the upcoming fiscal year. Operating improvements are being implemented to reduce expenses and grow surgical volumes. Increased surgery volumes are essential to the financial health of the Primary Health System.

2. ***Disclose any material event subsequent to the issuance of audited financial statements.***

None

3. ***Provide financial references which will support your ability to complete a transaction including:***

- a. ***Access to debt markets including providers of lines of credit.***

John Cheney, Managing Director
Ponder & Company
105 St. Dunstons Road
Baltimore, MD 21212

Phone: (410) 435-6745
E-mail: jcheney@ponderco.com

- b. ***Equity partners who will be called upon to provide funding.***

Not applicable

- c. ***Information confirming the availability of internally-held funds.***

Per FYE 2013, audited financial statements - \$99,572,403

J. References

Provide contacts at other owned facilities for:

1. ***Medical staff members not employed or contracted by the facility.***

Daniel F. Fisher, M.D., Chief of Staff
UT Erlanger Kidney Transplant Center
(423) 778-8067

Lee Kern, M.D., Vice Chief of Staff
Neurosurgical Group
(423) 265-2233

Jay Sizemore, M.D., Secretary
Chattanooga Primary Care Center
(423) 648-9939

J. Woody Kennedy, M.D., Past Chief of Staff
Hayes Hand Center
(423) 756-1300

Phyllis E. Miller, M.D.
Northgate Professional Center
(423) 870-3700

Nita W. Shumaker, M.D.
Erlanger North Hospital
(423) 778-3300

2. ***Community leaders' references for those working with the facilities as advisory board members and those who would have been involved in the transition of a facility sold or leased to you.***

Ronald A. Loving, Chair, Board of Trustees
(423) 425-3770

James "Donnie" Hutcheson, Vice Chair, Board of Trustees
(423) 702-7264

Michael J. Griffin, Secretary, Board of Trustees
(423) 802-2202

Russell T. King, Jr., Esq., Board of Trustees
(423) 490-0911

Jennifer E. Stanley, Board of Trustees
(423) 255-8483

Kim H. White, Board of Trustees
(423) 265-3700

Jack Studer, Board of Trustees
(423) 521-1400

APPENDIX

Leadership Team Resumes

Kevin M. Spiegel, FACHE

PROFESSIONAL EXPERIENCE:

METHODIST – Le BONHEUR HEALTHCARE
Methodist University Hospital
Memphis, Tennessee

MARCH 08 – PRESENT

Chief Executive Officer

CEO for a 650 bed Academic Regional Tertiary/Quaternary facility for Methodist University Hospital, the flagship academic medical center of the Methodist-Le Bonheur Health System, a faith based healthcare organization. The major product lines are enhanced by six regional centers of excellences; the Regional Transplant Institute, the Neuroscience Center, the Cardiac Institute, the Center for Emergency Medicine, the Regional Cancer Center and the Center for Faith and Health. MUH is the major academic campus for the University of Tennessee Health Sciences Center.

- Enhanced overall volumes by greater than 15% in the first four years and became a profitable enterprise for the first time in 20 years
- #1 Hospital Regional Hospital System in the U.S. News & World Report three consecutive years
- Significantly enhanced relationships with the Physician and EMS community which directly ties to overall volume growth and profitability
- Implemented a here way affiliation agreement with Columbia University Medical Center's Heart Source, The University of Tennessee Health Science Center and MUH, to enhance the quality enterprise
- Implemented a City-wide Joint Venture for Bone Marrow Transplant between Baptist Healthcare System, University of Tennessee and Methodist University Hospital
- Enhanced the Solid Organ Transplant Program and became the 4th largest liver transplant program in the U.S. for 2011
- Received accreditation from the Society of Chest Pain Centers for Cycle IV Chest Pain Center
- Received Certification of Distinction from the Joint Commission for AMI & Primary Stroke Center. The first in the Mid-South for AMI and the first in western Tennessee for Acute Stroke
- Developed and implemented a management/affiliation agreement for Crittenden Regional Hospital in Arkansas
- Developed a minimally invasive surgery program that is training physicians in unique areas such as Robotic Head & Neck/Skull Based Surgery, Robotic Thoracic Surgery, Robotic Colon & Rectal Surgery
- Developed a Regional Stroke program with Vascular Neurosurgery, Neuroradiology and Vascular Neurology for the Regional Community Hospitals including the provision of a Telestroke system 24x7, which enhanced our overall Neuroscience program
- Developed a Regional STMI E-to-B program for 12 Regional community hospitals and implemented a Point of Contact to Reperfusion in less than 90 minutes
- Purchased community practices with the University of Tennessee as a model collaborative in an academic enterprise and created a joint practice plan

FORUM HEALTH
Trumbull Memorial Hospital
Warren, Ohio

NOVEMBER 03 – MARCH 08

President & Chief Operating Officer

March 2007 – March 2008

Executive Vice President & Chief Operating Officer (*Title Change*)

November 2003 – March 2007

CEO for a 350 bed Community Tertiary Medical Services to the Mahoning Valley. The Centers of Excellence include the TMH Heart Hospital, TMH Trauma Center, the Regional Cancer Center, and the Elm Road Center for Surgery & the Center for Imaging and the Howland Diagnostic & Imaging Center. Forum Health is a not for profit healthcare corporation serving the Greater Mahoning Valley Region consisting for the Western Reserve Healthcare System, Trumbull Memorial Hospital and Forum Health Services.

- Developed a highly performing executive management team that grew its overall market share from 68% to 73% and overall profitability in excess of 30% EBITDA margin
- Received Solucient/Thompson's 100 Top Hospitals ranking in Modern Healthcare for 2004
- Received Solucient/Thompson's Insight Award for Clinical Excellence for 2005
- Received CMS's Top 17 Cardiac Program for Overall Thirty Day Mortality for AMI Nationwide
- Received Health Grades' Cardiac and Overall Quality Award of Distinction for 2008
- Received accreditation as a Certified Chest Pain Center which enhanced our overall cardiac volume by 30% the first year
- Implemented an Affiliation Agreement with the Case University Hospital's Ireland Cancer Center for the provision of regional cancer services, an ACS and a NCI designated service at TMH, which grew our market share 20% the first year of implementation
- Developed and implemented a freestanding comprehensive multi-modality imaging center that exceeded all volume and financial projections
- Enhanced overall relationships with the physician and EMS community which directly ties to overall volume growth
- Implemented a labor productivity system, which saved 165+ FTE's and enhanced the patient care delivery model and the overall profitability of the hospital
- Implemented a master facility plan that included a \$26 million construction project for the Center for Emergency Medicine, Critical Care Pavilion and the Regional Cancer Center
- Increased corporate responsibility
- Board authorized signature authority as a corporate officer for Forum Health and all subsidiary corporations

SOUTHAMPTON HOSPITAL

Southampton, New York

MARCH 2000 – NOVEMBER 2003

Senior Vice President & Chief Operating Officer

Community Hospital providing Regional Healthcare for the South Fork of Long Island. The major product lines are the Edmund R. Davis Emergency Heart Center, Peconic Regional Dialysis Center, Southampton Imaging Center, Sports Rehabilitation Network, and Shinnecock Nation Healthcare. Southampton Hospital is a member of Peconic Health Care Corporation, which consists of the three East End Hospitals.

- Responsible for day-to-day operations
- Operated profit/loss product lines
- Operated S.H.A. properties – a for profit corporation owned and operated by Southampton Hospital and its subsidiary corporations

- Developed and implemented a joint venture with the local radiology group for the provision of a freestanding multi-modality imaging center
- Administrative responsibilities for Peconic Regional Laboratory System, serving all three East End Hospitals and outreach work
- Managed a comprehensive self-funded medical malpractice and risk management insurance program, with measurable reduction in losses and overall expenses
- Operated a large freestanding article 28 primary care practice in West Hampton and East Hampton with 25% increase in volume and operations profitability
- Operated an article 28 PCAP OB/GYN practice on the North Fork of Long Island
- Awarded a \$566,000 Primary Care Incentive (PCI) grant by New York State to expand primary care on the east end of Long Island
- Reengineered imaging services to replace CT and MRI with first year savings of \$850K and 20% increase in overall volume
- Developed, secured funds and implemented the Edmund R. Davis Cardiac Chest Pain Center
- Board authorized signature authority as a corporate officer

WESTCHESTER COUNTY HEALTHCARE CORPORATION

FEB. 1994 – MARCH 2000

Westchester Medical Center

Valhalla, New York

Senior Vice President

JAN. 1998 – MARCH 2000

1,100 bed academic regional tertiary/quaternary facility encompassing the University Hospital at Westchester, the Taylor Care Center, the Westchester Institute for Human Development and the Behavioral Health Center. The major product lines are enhanced by the six regional Centers of Excellence: the Maria Ferrari Children's Hospital, George E. Reed Heart Center, Regional Transplant Center, Zalman A. Arlin Cancer Institute, Neuroscience Center and the Regional Trauma and Burn Center. All located on a 640 acre campus, including the site of New York Medical College.

- Responsible for Corporate Operational Departments
- Developed and implemented a joint venture for a freestanding multi-modality imaging center with the radiology group
- Developed and implemented a management service agreement for the provision of a freestanding clinical laboratory with the pathology group
- Developed a management services agreement for the provision of a regional cancer with the medical college's oncology group
- Developed strategic vision for the Center of Excellence implementation
- Implemented a corporate robotic system for unit dose dispensing, which saved 6.0 FTE's and improved reliability and accuracy
- Directed facilities operations during the master facilities plan for the construction of a 200 bed children's hospital, regional trauma center, and operations pavilion
- Represented medical center on strategic operational issues to Pinnacle regional healthcare network
- Board authorized signature authority as a corporate officer

WESTCHESTER COUNTY MEDICAL CENTER

Valhalla, New York

Deputy Commissioner – Department of Hospitals

FEB. 1994 – JAN. 1998

- Implemented a comprehensive plan to bring hospital operations in line with national benchmarks
- Sworn public official
- Represent administration on operational issues to the Board of Legislators

- Responsible for hospital operations, facilities management and construction, acquisitions and contracts, purchasing, pathology, radiology, pharmacy, material management, hospital administrative services, etc.
- Outsourced housekeeping services for savings in excess of \$3.5 million annually
- Outsourced food service for a \$4.3 million savings annually
- Developed and implemented a regional hyperbaric medicine program and comprehensive wound care center
- First hospital in New York State to receive an A.C.S. Regional Level I Trauma Verification

CATHOLIC MEDICAL CENTER OF BROOKLYN & QUEENS

St. Johns Queens Hospital

Elmhurst, New York

Assistant Executive Director

MARCH 1992 – FEB. 1994

- Operational responsibility for Ambulatory Care, Pathology, Radiology, Engineering, EEG/EKG/EMG, Dialysis, P.M. & R, Security, Pre-hospital Care-EMS, JCAHO Coordinator and GME programs
- Developed and implemented a “fast track” system for the Emergency Department which resulted in a 50% decrease in patient walkouts
- Developed and implemented a freestanding ambulatory care facility for 50,000 visits
- Developed an MRI project for C.M.C.’s system network
- Developed and implemented an integrated NYC/EMS ALS ambulance service, which generated an additional 600 admissions.
- Developed and implemented a system-wide neurosurgery program

NEW YORK CITY HEALTH & HOSPITAL CORPORATION

JAN. 1986 – MARCH 1992

Queens Hospital Center

Jamaica, New York

Senior Associate Director – Administration

OCT. 1990 – MARCH 1992

- Responsible for clinical and operational departments
- Directly responsible for an operating and capital budget of \$20 million and budgetary review authority for five associate level administrators
- System project director for a laboratory consolidation innovation for the Queens network to reduce staff, increase productivity and improve specimen turnaround time
- Directed a construction project for a 22 bed acute rehabilitation unit
- Represented H.H.C./Q.H.C. as affiliation liaison with Long Island Jewish Medical Center for contract negotiations regarding ancillary staff and the overall management of the integrated GME programs
- Enhanced research grant revenue three fold
- Developed a computerized materials management ordering system
- Developed a system MRI project

Associate Director – Administrator

JUNE 1988 – OCT. 1990

Senior Healthcare Planner Analyst – Administration

AUG. 1986 – JUNE 1988

Healthcare Planner Analyst – Administrator-on-Duty

JAN. 1986 – AUG. 1986

S.U.N.Y HEALTH SCIENCE CENTER at BROOKLYN

Downstate Medical Center

Brooklyn, New York

Weekend Administrator

AUG. 1985 – FEB. 1986

BETH ISRAEL MEDICAL CENTER

New York, New York

Rehabilitation Counselor

JUNE 1979 – JAN. 1986

EDUCATION:

ADELPHI UNIVERSITY

Garden City, New York

M.B.A. Health Care Administration

AUG. 1987

STATE UNIVERSITY OF NEW YORK AT NEW PALTZ

New Paltz, New York

B.A. Psychology

JUNE 1978

ACADEMIC APPOINTMENT (Adjunct)

UNIVERSITY OF TENNESSEE HEALTH SCIENCES CENTER

College of Medicine

Memphis, Tennessee

ASSISTANT PROFESSOR

2011 – Present

ROSS SCHOOL OF MEDICINE

Dominica

ASSISTANT PROFESSOR

2006 – 2008

HOFSTRA UNIVERISTY

Hempstead, New York

MBA Program in Healthcare Administration

ASSISTANT PROFESSOR

1991 – 2003

ADELPHI UNIVERSITY

Garden City, New York

MBA Program in Healthcare Administration

1993

PUBLICATIONS: (co-author)

“A New Paradigm: A Translational University Based Administrative Internship in Memphis, Tennessee,”
ACHE Mid-South Healthcare Executives Quarterly E-Newsletter, Winter 2010.

“The Organizational Structure and Function of the Hospital,” Chapter 2. Pharmacy Practice for
Technicians: Delmar Publishers, New York, 1994, 1999, 2005.

“Survey of non-Physician Tasks Performed by Medicine Residents at a Municipal Hospital.” The Journal of the National Medical Association, Vol. 82, Nov. 7, 1990.

“An Evening and Weekend Part-time Hospital Administrative Residency Program.” The Journal of Health Administration Education, Vol. 9, Nov. 1, 1991.

“Successful Introduction of an Intravenous Line Insertion Team at a Municipal Hospital.” The Journal of the National Medical Association, Vol. 83, Nov. 9, 1991.

“The Evolving Role of the Senior Healthcare Executive.” Administrative Radiology, Vol. XIV, Nov. 5, 1994.

LICENSING/CERTIFICATION:

N.Y.S. Nursing Home Administrator – NYS # 04357 (pending)
Tennessee Nursing Home Administrator – (pending)
N.Y.S. Emergency Medical Technician – EMT # 191873 (expired)
A.H.A. Basic Life Support – Instructor

AFFILIATIONS/ACTIVITIES:

American College of Healthcare Executives – Fellow
Mid-South Healthcare Executives – Board Member, 2008-Present
A.C.H.E. Acting Regent for Tennessee – 2012-Present
A.C.H.E. Regents Advisory Counsel – 1996-Present
A.C.H.E. Nominating Committee – 2009-Present
A.C.H.E. Chair, Healthcare Executive Editorial Board – 2003-2007
A.C.H.E. Public Policy Committee – 1999-2002
A.C.H.E. Communications Committee – 1992-1994
A.C.H.E. Healthcare Executive Group Award Recipient – 1992
Metropolitan Health Administrators Association – President, 1992-1993
Healthcare Executive Club – Executive Board Member, 1998-1990
Church Health Center – Board of Directors, 2009-Present
Church Health Center – Finance Committee Member, 2010-Present
Mid-South Blood Services – Board of Directors, 2009-2012
Memphis Robotic Society – Charter Member, 2008-Present
College of American Pathologists – Administrative Surveyor, 1989-1992
Adelphi University – M.B.A. Healthcare Advisory Board, 1993
University of Memphis – M.H.A. Healthcare Advisory Board, 2008-Present
New York City E.M.S. – Member of 911 committee, 1992-1993
New York City – Regional Emergency Medicine Advisory Board, 1992-1993
U.S.P.H.S. National Disaster Medical System/Disaster Medical Assistance Team, New York 2 –
Commander, 1998-2000
Suffolk County E.M.S. RMSCO – Member, 2000-2003
Suffolk County Bio-Terrorism Task Force – Member, 2002-2003
Trumbull County American Red Cross – Board of Directors, 2004-2007

J. BRITTON TABOR, CPA

Senior Vice President and Chief Financial Officer

Phone: 423.778.7729

Email: britt.tabor@erlanger.org

SENIOR FINANCE EXECUTIVE

- In-depth experience in the healthcare industry, including analytical review, financial statement analysis, program evaluation/recommendation, and problem solving.
- Excellent communicator of financial information to non-finance individuals.
- Proven management and leadership skills evidenced by seven significant promotions in 22 years.
- Excellent communication and motivation skills.
- Able to develop innovative approaches for complex problems and processes.
- Technically competent and results-driven.
- Record of enthusiastic achievement of corporate objectives.

PROFESSIONAL EXPERIENCE:

Erlanger Health System - Chattanooga, TN – 1986 to Current

The System is the largest and only full service health care provider (818 licensed acute-care beds) in Southeast Tennessee. Specialized services include Level I trauma, Level III neonatal, kidney transplant, a full service Children's Hospital, Emergency Heart and Stroke Center, and the University of Tennessee College of Medicine Academic program with 154 residents/fellows. The System has in excess of 28,000 inpatient admissions, 285,000 outpatient visits, 27,000 surgical patients, 100,000 emergency room visits, and approximately 4,000 employees. The System has net revenues in excess of \$500M and assets in excess of \$511M.

Senior Vice President and Chief Financial Officer - 4/06 to Current – Member of the Senior Executive Management Team of the Health System with overall responsibilities for finance, care management, medical records, patient access, patient financial services, information technology, clinical engineering, purchasing, materials distribution, post office, linen.

Accomplishments/Areas of Expertise

- Continues to provide financial competencies and accuracy through excellent audit results without Management Letter recommendations.
- Led the development of best practices policies and procedures in admitting and registration which resulted in reduced wait times, significant decrease in front-end errors, and a 50% reduction in denials.
- Instituted a complete overhaul of the care management function which significantly improved the moral of the team, reduced length of stay in exceeding the annual goal, and improved documentation in the medical record to accurately reflect the acuity level of the patient being treated.
- Championed the corporate goal of creating a service oriented information technology infrastructure by entering into a successful business partnership with PHNS
- On-going personal interaction with the Board of Trustees, Budget and Finance Committee, Financial Review Committee, Senior Management, Management Forum, and various ad hoc committees.
- Active member of the Executive Compliance Committee.
- Oversees the System's pension plan with \$90M in assets.
- Assures not-for-profit tax compliance and governmental reporting requirements.
- Maintains consistency and accuracy in statistical reporting, ratio analysis, bench marking, and hospital charging.

Vice President and Chief Accounting Officer – 12/00 to 4/06 - Member of the executive management team of the Health System with overall responsibilities for finance, purchasing, materials distribution, post office, and linen.

Accomplishments/Areas of Expertise

- Facilitated cost accounting integration and product line management.
- Outsourced the laundry facility with a new vendor resulting in annual savings of \$200,000 and increased quality.
- Worked with the CFO in successful bond deals (refinancing, issuance, and defeasance) and Interest Swap agreements.
- Negotiated vendor contracts at substantial savings as compared to previously negotiated contracts and GPO contracts.
- Eliminated processing redundancies by combining separate payroll runs to one payroll cycle.
- Downsized supply inventory by combining two warehouses into one physical area and eliminating inefficient picking processes.
- Implemented an automated supply distribution system with documented savings of \$800,000 over a three-year period.
- Reduced the budget preparation time in half by coordinating the implementation of a new operating and capital budget process.

Controller – 9/97 to 12/00 - Responsible for the entire accounting function of the Health System including financial statement preparation, budget, cost accounting, product line management, charge master, and payroll.

Accomplishments/Areas of Expertise

- Coordinated the financial operations of the System's owned HMO product.
- Developed in-house financial management training courses for hospital managers.
- Appointed to a ten-member hospital re-design committee that documented in excess of \$40 million in expense reductions.
- Installed PeopleSoft Financial Systems in record time with minimal downtime. Cut the financial statement preparation time from twenty-five days to five days.
- Re-engineered the hospital charging system from 35,000 charges to 12,000 charges in collaboration with the Shared Medical Systems implementation.
- Developed on-line reports for all departmental reporting. Eliminated the need for paper reports and increased the information response time dramatically.

Director of Financial Planning – 7/96 to 9/97 - Product line management, cost accounting, and all Assistant Controller duties for the Health System.

Accomplishments/Areas of Expertise

- Participated in the detailed selection process of PeopleSoft Financial Software Systems.
- Formulated the product line reporting allocations and charge-back systems.
- Streamlined a construction cost tracking system for all construction projects.

Assistant Controller – 7/89 to 7/96 - Operating and capital budget, construction and property accounting, managerial accounting, statistical analysis reporting, patient charging, and Foundation reporting (position upgraded twice).

Accomplishments/Areas of Expertise

- Achieved the Health System's first in-house flexible budgeting system.
- Initiated and installed an in-house microcomputer based property asset system.
- Designed and launched an in-house FTE productivity system.

Reimbursement Specialist – 5/88 to 7/89 - Third-party reimbursement.

Senior Budget Accountant – 10/86 to 5/88 - Operating and capital budget.

Hazlett, Lewis, & Bieter - Certified Public Accountants - Chattanooga, TN – 1984 to 1986
Auditor - Performed audits on governmental, municipal, healthcare, banking, and manufacturing entities.

College of Saint Francis – Instructor (part-time) – Healthcare Finance - Masters’ level
University of Tennessee at Chattanooga – Instructor (part-time) – Managerial Accounting
Chattanooga State Community College – Instructor (part-time) – Principles of Accounting

EDUCATION:

Masters in Business Administration	B.S. in Business Administration
University of Tennessee at Chattanooga Chattanooga, TN 1987-1989 GPA: 3.75/4.00 scale	Tennessee Technological University Cookeville, TN 1980-1984 GPA: 3.85/4.00 scale Major: Accounting Graduated Magna Cum Laude

CERTIFICATIONS/MEMBERSHIPS/HONORS:

- Certified Public Accountant, 1986
- Healthcare Financial Management Association
- Tennessee Society of CPAs
- Tennessee Society of CPAs Healthcare Committee
- American Institute of Certified Public Accountants
- Tennessee Hospital Association Investment Committee
- Tennessee Hospital Association Finance Committee
- ContinuCare Board Member
- Chattanooga Cares Board Member/Finance Committee Chair
- A Night to Remember Board Member
- MedAssets Professional Services Committee Member
- Alpha Kappa Psi Business Fraternity

GREGG T. GENTRY

7601 Old Tassel Trail
Chattanooga, TN 37421
(423) 855-9391 (Home)
(423) 778-7403 (Office)

CAREER SUMMARY

Twenty years of progressive human resources experience at a major consulting firm, large utility company, and major tertiary care medical center. Demonstrated strengths include business-oriented approach to Human Resources, ability to partner with Executive Management and Board of Trustees in the deployment of HR strategies, influencing outcomes, interpersonal and communications skills and understanding of corporate culture. Proficient at focusing on macro and micro issues, negotiating skills, team leadership and problem solving.

PROFESSIONAL EXPERIENCE

ERLANGER HEALTH SYSTEM

Chattanooga, TN

January 2012 – Present

Chief Administrative Officer

Responsible for the Executive oversight of each of the following departments:

- Human Resources
- Organizational Development
- Personnel
- Compensation and Benefits
- Payer/Government Relations
- Business Process Improvement
- Clinical Process Improvement
- Marketing and Public Relations
- Facilities Support
- Planning and Construction
- Engineering
- Environmental Services
- Food and Nutrition Services
- Telecommunications
- Pastoral Care
- Security Services

ERLANGER HEALTH SYSTEM

Chattanooga, TN

May 1989 – January 2012

Chief Human Resources Officer
Vice President of Compensation and Benefits
Director of Personnel Services
Director of Compensation and Benefits

Lead the Human Resources (HR) Division in all aspects of general HR business, HR strategies, and legal matters concerning employees. This includes compensation, benefits, labor relations, employee relations, training, professional development, employment, employee health, job injury, corporate safety, diversity management, culture development, and HR technology support and security operations.

GEORGIA POWER COMPANY

Atlanta, GA

Personnel Coordinator (3/87 - 4/89)

Administered \$2.5 million long-term disability program, \$.5 million educational assistance program, COBRA medical benefits, and unemployment compensation. Ensured compliance with ERISA and advised health committee on employee benefits.

Senior Personnel Representative (2/85 - 2/87)

- Coordinated early retirement programs in conjunction with staff reductions
- Coordinated the design, development, implementation, and maintenance of human resources computer applications
- Administered \$1.5 million life insurance program
- Turned around a failing life insurance project through a focused team effort
- Redesigned the employee savings plan distribution process
- Supervised six computer analysts

ARTHUR ANDERSEN & COMPANY

Atlanta, GA

Consultant (5/82 - 10/83)

Worked as a staff consultant in the Management Information Consulting Division (Andersen Consulting)

- Participated on a team implementing a computerized truck routing system
- Participated in the automation of HR practices
- Conducted an operational review of a Pension Department that resulted in a 10% increase in employee productivity

EDUCATION

Master of Business Administration, University of Alabama, May, 1982
Bachelor of Science (Psychology), University of Alabama, December, 1979

PROFESSIONAL AFFILIATIONS

President, Georgia Power Company Employee Forum
Funds Allocation Chairperson, Georgia Power Company Club of Hearts
Dale Carnegie Graduate & Assistant Instructor
Toastmasters International, Atlanta, GA
Chattanooga Area Society for Healthcare Human Resources Administration
Tennessee Society for Healthcare Human Resources Administration
Marquis Who's Who
BNA's Personnel Policies Forum
American College of Healthcare Executives
Goodwill Board of Trustees

JANICE KEYS, DNP, RN
192 Grandview Pointe
Ringgold, Georgia 30736
jkkeys92@gmail.com

423.667.5588 (cell)

CAREER SUMMARY

Senior level healthcare executive who champions the creation and implementation of an ideal organizational structure and culture resulting in performance excellence. Demonstrates exceptional leadership ability in assuring that patient and operational outcomes exceed national norms, designing patient care units for the most safe and effective care, and aligning performance management systems with organizational culture and strategy. Recognized strengths include developing a nursing function that is fully integrated with the organization's strategic vision, building and maintaining healthy relationships with medical staff and other stakeholders, and consistently achieving high staff and patient satisfaction.

PROFESSIONAL EXPERIENCE

ERLANGER HEALTH SYSTEM - Chattanooga, TN Erlanger Health System is a 800 + licensed, non-profit, academic teaching center affiliated with the University of Tennessee College of Medicine. Erlanger is also a Level-One Trauma Center for pediatrics and adults and the only provider of tertiary care services for the citizens of an entire four-state region, encompassing southeast Tennessee, north Georgia, north Alabama and western North Carolina. With a history that dates back more than a century, Erlanger is recognized as one of the nation's finest public hospitals and a leader in healthcare.

Sr Vice President & Chief Nurse Executive, Erlanger Health System (2013 – present)

Directs a workforce of 2000+ nursing staff with oversight of with 6 direct –report Chief Nursing Officers that have direct responsibility for daily operations, patient care, patient safety, medication administration and appropriate care measures. Accountable for strategic planning in support of the organizational mission and vision: developing long term and short term goals and objectives; facilities development; equipment evaluation and selection; personnel selection, assignment, development, and evaluation; other resource allocation; and customer relations. Also, accountable for practicing fiscal responsibility by developing realistic annual operating and capital budgets, conserving resources, and monitoring expenditures to ensure they remain within budgeted parameters throughout the system. Negotiates contracts with vendors for surgery, cardiac procedures, endoscopy procedures and all other outpatient services. Oversees patient charges, supply charges and revenue integrity for compliance with insurance, self-pay, and Medicare and Medicaid billing. Meet with physicians to monitor service agreements and contract compliance. Identifies and manages staffing levels to comply with established productivity standards.

Associate Administrator, Service Lines & Operations (2011 – 2012)

Leads daily operations and oversees Regional Business Development for Trauma, Orthopedics, Neurosciences, CardioVascular, Oncology, Telemedicine, Advanced Practice Nursing & High-risk Perinatal & Woman's Services, has 8 managerial reports and 700 FTEs. In addition, is accountable for strategic planning in support of the hospital's mission and vision: developing long term and short term goals and objectives; facilities development; equipment evaluation and selection; personnel selection, assignment, development, and evaluation; other resource allocation; and customer relations. Also, accountable for practicing fiscal responsibility by developing realistic annual operating and capital budgets, conserving resources, and monitoring expenditures to ensure they remain within budgeted parameters.

HAMILTON MEDICAL CENTER - Dalton, GA (1995 – 2010)

Hamilton Medical center is a non-profit system operating a 282-bed regional referral hospital, independent and assisted living facilities, four skilled nursing facilities, two low-income senior housing units, and a philanthropic foundation. Hamilton also operates Murray Medical Center, a 42-bed hospital and contracts to provide county emergency medical services.

Vice President, Chief Nursing Officer (2004 – 2010)

Leads daily operations and oversees monitoring of patient care, patient safety, medication administration and appropriate care measures. Areas of responsibility include 8 medical-surgical units, 3 critical care units (surgery, medical and neonatal), surgery department, women's services, respiratory care, endoscopy, home health & hospice, clinical informatics, nursing administration, clinical education, quality management and acute dialysis unit; leads 12 directors, 16 clinical managers, one administrative assistant and a total of 486 FTE's. In addition, is accountable for strategic planning in support of the hospital's mission and vision: developing long term and short term goals and objectives; facilities development; equipment evaluation and selection; personnel selection, assignment, development, and evaluation; other resource allocation; and customer relations. Also, accountable for practicing fiscal responsibility by developing realistic annual operating and capital budgets, conserving resources, and monitoring expenditures to ensure they remain within budgeted parameters. Negotiates contracts with vendors for surgery, cardiac procedures, endoscopy procedures and all other outpatient services. Oversees patient charges, supply charges and revenue integrity for compliance with insurance, self-pay, and Medicare and Medicaid billing. Meet with physicians to monitor service agreements and contract compliance. Identifies and manages staffing levels to comply with established productivity standards.

Accomplishments

- Developed and implemented a C-PORT Clinical Study (study of the outcomes of patients receiving angioplasty procedure at a hospital that does not have open heart back-up) with John Hopkins University; achieved 100% compliance and approval to apply for Certificate of Need (CON) for hospital to provide angioplasty services. Developed and submitted proposal to Georgia Department of Community Health for Certificate of Need; CON granted approval July, 2010.
- Selected to receive Robert Wood Johnson Award; recognized nationally for research completed and applications implemented in transforming care at the bedside for nurses.
- Identified and implemented service excellence processes to improve patient satisfaction specific to nursing from 75th to 98th percentile (as measured by Press Ganey for same size hospitals).
- Developed and successfully implemented and executed business plans for:
 - comprehensive bariatric center; received JCAHO accreditation
 - women's services including oversight of \$11 million renovation
 - cardiac services including \$1.4 million cath lab renovation and approval for additional cath lab (FY 2011)
 - oversight of surgical services and surgical intensive care unit renovation of 7.5 million
 - developed business plan and pro forma for a neonatal intensive care program with unit development and care protocols; the program exceeded projected average daily census and net revenues after the first 6 months of operation
 - achieved accredited chest pain center status with 12 bed ED expansion
 - achieved Stroke Center of Excellence
- Initiated clinical effectiveness team meeting monthly with physicians to review quality issues or concerns; identified and implemented strategies to resolve quality issues
- Organized and led Investigational Review Board that approved FDA clinical trials and other clinical studies for bariatric patients in U.S.; set up charge master for patients to receive the services through clinical trials
- Implemented processes to achieve CORE Measure compliance for patient care which resulted in 100% quality achievement and recognition from Medicare and Medicaid for full reimbursement.
- Set up telephonic reporting system to monitor quality and safety concerns of patients, staff and physicians; issues were tracked and reported to Medical Executive Committee
- Organized Ethics Committee that involved medical staff, nurses, patients and members of the community; committee received concerns and conducted mediation process; approved by JCAHO
- Awarded Wharton Fellow; earned post-graduate certification at Wharton Business School for Nurse Executives, University of Pennsylvania.
- Eliminated agency nursing throughout the organization saving \$500,000.00 annually.
- Developed a 16-week orientation and critical care course for advanced nursing; saved \$50,000.00 per year on nursing education and certifications by offering advance practice and critical care courses in-house.
- Developed and implemented requirements for Magnet Survey; achieved 98% on documentation and achieved readiness for survey scheduled for February 2011

Director, Medical-Surgical Services (2003 - 2004)

Responsible for the daily operations and management of 8 med-surg units; 2 critical care units and women's services, including labor & delivery, post partum and nursery

Director, Medical-Surgical Units & Critical Units (2002 - 2003)

Responsible for the daily operations and management of oncology, renal, pulmonary, pediatrics, orthopedic, neurology, cardiac, vascular and general surgery units.

Director, Medical-Surgical Units (2001 - 2002)

Responsible for the daily operations and management of 8 medical-surgical units and an acute care dialysis unit

Clinical Manager, Critical Care (1999 - 2001)

Responsible for the management of a cardiac-telemetry unit and medical intensive care unit

RN, Critical Care / Telemetry Staff Nurse (1995 - 1999)

Registered Nurse on a cardiac-telemetry unit

CATOOSA COUNTY BOARD OF EDUCATION – Ringgold, GA

(1985-1992)

ASSISTANT TEACHER, Special Education Department – Ringgold High School

JROTC Administrative Assistant

EDUCATION

- Doctorate in Nursing Practice, University of Tennessee at Chattanooga; currently pursuing; anticipated completion 2012
- Wharton Fellow, University of Pennsylvania Wharton Business School for Nurse Executives, 2007
- Master of Science in Nursing, State University of West Georgia, 2003
- Bachelor of Science in Nursing, State University of West Georgia, 2000
- Associate of Science in Nursing, Dalton College, 1996
- Associate degree in Music Education, Dalton College

RESEARCH AND PRESENTATIONS

- ***Return to Care***; (Robert Woods Johnson Award) -- presented at Georgia State Organization of Nurse Leaders Annual Fall Conference, November 2010
- ***Return to Care***; (Robert Woods Johnson Award) -- presented at Minnesota University Healthcare, May 2010
- ***Return to Care***; (Robert Woods Johnson Award) -- presented at National VHA Conference, Dallas, TX, April 2010
- ***Pain Treatment in the Emergency Department: Role of Age, Gender and Payer Status*** -- presented at Sigma Theta Tau International Convention, Australia, 2004
- ***Pain Treatment in the Emergency Department: Role of Age, Gender and Payer Status*** – presented to National Pain Management Society, South Carolina, 2003

PROFESSIONAL AFFILIATIONS

Tennessee Organization of Nurse Executives (TONE)
Georgia Organization Nursing Leaders (GONL), President, 2010
VHA of Georgia Chief Nursing Officer Council, President 2010
Georgia Hospital Association (GHA) Nurse Representative, Board of Trustees
Dalton State College School of Nursing Advisory Council
Southern Adventist School of Nursing Advisory Council
University of TN at Chattanooga School of Nursing Advisory Council
University of West GA School of Nursing Advisory Council
Georgia Association of Nursing Students (GANS)
American Organization Nursing Executives (AONE)
American College Healthcare Executives (ACHE) – Georgia Chapter (GAHE)
Georgia Nurses Association (GNA)
Sigma Theta Tau Nursing Honor Society

COMMUNITY INVOLVEMENT

Northwest Georgia Partnership (Promotora De Salud Program)
Leadership Dalton -- Whitfield, Chamber of Commerce
Ringgold First Baptist Choir & Outreach Program
March Of Dimes Board of Directors
Tennessee Donor Association

Executive Summary

Chief Executive Officer, program growth and business turnaround specialist experienced in cultivating and advancing business development projects and medical facility operations. Commendable reputation established through record of accomplishments in creating innovative programs and improvements on existing business ventures. Manages responsibilities in direct/no-nonsense manner; strongly believes in the value of integrity, getting the job done right the first time, and holding staff accountable. Dedicated to providing the highest-level of patient care services to the community, in conjunction with, advancing the competitive positioning of the organization. Possesses sharp intellect with expertise in federal laws, compliance regulations, and lean six sigma principles, along with in-depth knowledge of health care; maintains Registered Nurse License and Nurse Practitioner Certification.

Qualifying Expertise

CEO/Senior Operations	Business Development	Physician Practice Mgt	Mergers & Acquisitions
Program Development	Strategic Planning	Profit Enhancement	Regulatory Compliance
Performance Improvement	Physician Recruitment	Staff Training/Building	Ambulatory Care

HIGHLIGHTED ACCOMPLISHMENTS

- ▶ *In February 2012 names Chief Executive Officer for Erlanger at Hutcheson Medical Center.*
- ▶ *In April 2010 named Chief Administrative Officer and Senior VP of Adult acute care services and Network Development for Erlanger Health System.*
- ▶ *In October 2009 awarded the Meritorious Service Award by the Tennessee Hospital Association as Senior Executive of the Year.*
- ▶ *Developed, Instituted and managed Level One Trauma Care Centers including: Separate Adult and Pediatric Centers.*
- ▶ *Developed the largest stroke intervention program in the nation and home to the National Stroke Training Center; instructs medical facilities throughout the nation on establishing individual stroke intervention programs. Stroke admissions have grown by double digit numbers each year since its inception.*
- ▶ *Implemented helicopter transportation program (Life Force) to serve the community with vital emergency air transport services; grown to four aircraft and remains incident and accident free.*
- ▶ *Recruited 80+ physicians in two years to serve the communities and rebuild referral base; placed physicians throughout strategic areas in the region.*
- ▶ *Established system wide OB/GYN program in concert with the University Of Tennessee's College Of Medicine and now enjoy and 80% local market share.*
- ▶ *Decreased responsible areas operational cost by over 30% during tenure.*
- ▶ *Managed the merger and acquisition due diligence for the addition of new satellite hospitals to the Erlanger Medical organization and managed the facilities in the first two years of operation.*
- ▶ *Developed and built largest Emergency Services network (by volume) in the State of Tennessee including construction of two new emergency departments and implementation of Electronic Medical Records.*
- ▶ *Developed and Implemented the Patient Logistics Department; Provides automatic patient acceptance via a One-Call system where incoming patients can be accepted, registered and assigned beds via one call 24 hours a day. That has resulted in a 75% increase in regional patient transfers over past 10 years.*

Professional Career History

Erlanger Health System, Chattanooga, TN

Non-profit Health System recognized as one of the nation's most successful public hospital systems and leader in healthcare. As an academic teaching center affiliated with the University of Tennessee College of Medicine, the health system has five hospitals, one outpatient center and two community health departments. The largest and central facility (Erlanger Medical Center) has 793 beds and houses the only Level-One Trauma Centers for both adults and pediatrics in a 100 mile radius. This facility is also home to the Southeast Regional Stroke Center which is currently the largest interventional Stroke Center in the United States. The Erlanger Health System provides services for the four-state region of southeastern Tennessee, northern Georgia, northern Alabama and western North Carolina.

President and Chief Executive Officer

President and CEO for Erlanger at Hutcheson.

2012 –present

Reports both to the CEO of Erlanger Health Systems and The Board of Directors of HMC. Duties to include supervision of personnel and financial matters, including the collection, budgeting, and expenditures of all monies at Hutcheson Medical Center; Attendance at meetings of the Board of Directors of HMC unless specifically excused by the Chairman of the Board of Directors of HMC; Attendance at all meetings of committees of the Board of Directors of HMC unless specifically excused from attendance at a meeting of a committee by the Chairman of the particular committee; Preparing and presenting complete and accurate reports to the Board of Directors of HMC concerning all phases of operation of HMC's business; Recommending machinery and equipment acquisitions to the Board of Directors of HMC; Supervising all phases of the purchase and acquisition of property for HMC in accordance with policies established by the Board of Directors of HMC and the HMC budget as approved by the Board of Directors; and the preparation of a five-year future planning schedule for HMC's development and submitting those plans to the Planning Committee of the Board of Directors annually for review. Employee shall have the authority and be responsible for the administration of HMC's facilities and all of its activities and departments subject to the direction and control of the Board of Directors of HMC. All actions of the employee shall be in accordance with policies adopted by the Board of Directors of HMC and Erlanger Health System.

Senior Vice President/CAO

Senior Vice President Adult Acute Care Services and Network Development Erlanger Health System and CAO Baroness Erlanger Hospital

2010 - 2012

Responsible at the Corporate level for all adult acute care services, network development, regional operations, and direction of a 29 bed rural critical access hospital. At the operational level responsible for the day to day operations of Erlanger Medical Center. The Erlanger Baroness campus is the 793 bed flag ship hospital in the Erlanger Health System. Also responsible for setting strategic priorities and direction for assigned areas. Specific duties include recruitment and retention of physicians, overseeing quality, improvement of processes for the efficient delivery of patient care, setting standards, oversight of budgets, creating financial and business strategies to assure fiscal viability and health. Also responsible for press relations, public and community affairs, grant management, billing, collections, purchasing of equipment and meeting regulatory standards.

Senior Vice President

2007 – 2010

Operations, Business Development, Service Lines, Ambulatory Care/Physician Services

Hold key executive role and prominent seat on the Quality Oversight Council; completed broad range of administrative duties, which included managing 112 staff physicians, up to 600 contract physicians, inpatient and outpatient areas, physician recruitment and contracting procedures, management of all health system medical office buildings and three satellite hospitals. Established business acquisitions and implemented the creation of new service line division, for the entire health system, and managed related program developments. Supervised all operations for the air ambulance, ground and critical care ambulances, regional medical communications, Level I Adult and Pediatric Trauma, Stroke, and Patient Logistics/Transfer centers; provided administrative leadership to the campus directors for two of the five health system locations, which included a critical access hospital.

Senior Vice President

2004 - 2007

Regional Operations and Business Operations

Performed as lead administrator for business operations; supervised system-wide emergency services, air ambulance, ground and critical care ambulances, and the regional medical communications center. Directed operations for two satellite hospitals, held facility management responsibilities for two separate locations, and oversaw staffing requirements for all campuses. Managed the operations for 70 Critical Care/Intensive Care beds. Created and directed operations of the following areas; The Level-One Adult and Pediatric Trauma Centers, Intermediate/transitional Care Unit, Trauma Step-down Unit, Hyperbaric/Wound Care Center, Patient Logistics, Transfer Center, and the Central Bed Control.

Vice President & Associate Chief Nursing Officer

2000 - 2004

Trauma/Emergency/Critical Care Service

Functioned as liaison; communicated directly with physicians, facility and regional administrators, medical staff and the Board of Directors.

Managed the operations for 70 Critical Care/Intensive Care beds, 4 system Emergency Departments and a large air and ground ambulance division including regional communications center for southeast Tennessee adult and pediatric level I trauma programs, directed Critical Care Services for seven Intensive Care units with 64 beds, and collaborated with the Chief Nursing Officer regarding the proper functioning and development of the facility's nursing division, which included supervising 600+ operational area employees and 2,000+ nursing staff members.

Prior Erlanger Medical Center Experience**Vice President/Assistant to the President**

1997 - 2000

Regional Development, Trauma, Critical Care & Emergency Services**Administrator**

1994 - 1997

Trauma, Emergency and Surgical Support Services**Director**

1992 - 1994

Trauma & Emergency Services**Director**

1988 - 1992

Adult & Pediatric Trauma Services**Director**

1986 - 1988

Transplant/Organ Donor Program

Academic Credentials

Master of Science, Health Service Administration, St. Francis University, Joliet, IL

Graduated with *4.0 GPA

Bachelor of Science, Healthcare Management, University of Tennessee, Knoxville, TN

Graduated with *3.67 GPA

Associate of Science, Nursing, Dalton State College, Dalton GA

Certification, Emergency Medical Technician, Hutcheson Medical Center, Fort Oglethorpe, GA

Certification, Organ and Tissue Transplant, Vanderbilt University, Nashville, TN

Certification, Adult Nurse Practitioner, Brooke Army Medical Center, San Antonio, TX

*Honors Graduate

Professional Committees

Hospital Administrator Representative, State Trauma Advisory Council

*Represents Tennessee Governor

Hospital Representative, Regional Health Council,

*Appointed by Chattanooga, Tennessee Mayor to represent hospitals for the region

President, Catoosa County Chamber of Commerce

Board Member, Continue Care Home Health

Board Member, Metro YMCA

Board Member, Chattanooga Community College

Prior Military Experience

United States Army Combat Hospital, Chattanooga, TN & San Antonio, TX Plans, Operations, and Training Officer & Flight Coordinator

United States Army, Chattanooga, TN, & San Antonio, TX, Active Duty Nursing Officer

United States Air Force, Malmstrom Air Force Base, Great Falls, MO, Military Police

United States Army, Germany/Saudi Arabia/Kuwait, Emergency Response Team Director (Desert Shield/Storm)

Retired in 1997, United States Army, Lt Colonel