

Welcome

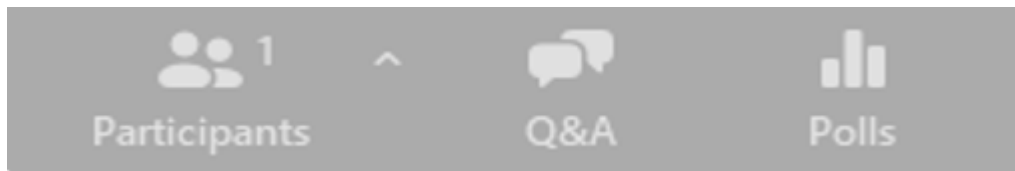
Thank you for attending. We will be right with you.

Opening Remarks

Kenya Beckmann
Chief Philanthropy and Health Equity Officer
South Division

Questions?

Use the **Q&A** feature to ask questions about the presentation.



Today's Presenters



Rob Linn, Founder
Inside Out Solutions



Matt Bader,
Chief Strategy Officer

Reflection

Matt Bader
Chief Strategy Officer
South Division

This is what we are about.

We plant the seeds that one day will grow.
We water seeds already planted,
knowing that they hold future promise.

We lay foundations that will need further development.
We provide yeast that produces effects far beyond our
capabilities.

We cannot do everything,
and there is a sense of liberation in realizing that.

This enables us to do something,
and to do it very well.



Understanding your Organization's Strategic Direction to Increase Board Member Effectiveness



Rob Linn, Founder
InsideOut Solutions

Understanding and Communicating Strategy



Today's Objectives

Establish the perspectives and build the skills to:

- ✓ Assure that you fully understand a strategy
- ✓ Effectively communicate that strategy
- ✓ Ask the questions to participate in a robust discussion that leads to high levels of trust in the plan
- ✓ Ask the questions that provide the ability to endorse the plan



An Overarching Principle

An excellent way to assure a deep understanding of any issue is to prepare yourself to educate others about the plan.

- ✓ Today we will focus our discussion on how to prepare yourself to effectively communicate your organization's strategy and give you some proven tactics for strategic communication.





How Providence Executive Teams Create Strategy

Matt Bader, Chief Strategy Officer



What Informs Strategy at Providence?



**The Mission
& Vision**



**Market & Competitive
Landscape**



**Performance & Time
Horizon**



**Resourcing
& Prioritization**



Culture

The Foundation of our Strategic Plan



Mission

As expressions of God's healing love, witnessed through the ministry of Jesus, we are steadfast in serving all, especially those who are poor and vulnerable.



Values

Compassion
Dignity
Justice
Excellence
Integrity



Vision

Health for
a better world



Promise

Know me, care for me,
ease my way

Destination Health 2025

Providence Strategic Plan 2022- 2025



STRENGTHEN THE CORE

By 2025, Providence will deliver a compassionate and simplified experience for patients and consumers featuring affordable, equitable, whole person care through innovative, digitally-enabled access models, with world-class outcomes for all.

Providence's caregiver experience will ensure that our diverse workforce feels included, developed and inspired to carry on the Mission.



BE OUR COMMUNITIES' HEALTH PARTNER

By 2025, Providence will improve health outcomes in the communities we serve by expanding value-based care, advancing health equity, prioritizing vulnerable populations and focusing on education, housing and the environment.

Providence will be recognized as a leading voice and catalyst for improving health for all and activating like-minded community members and partners through advocacy and philanthropy.



TRANSFORM OUR FUTURE

By 2025, Providence will be recognized as the most innovative health organization serving our communities and beyond. With strategic and capital partners, Providence will invest in core, diversified and adjacent businesses.

Through research, data and technology, decreasing variability, and modern support services, **Providence will transform care delivery** and serve as a model for all other health systems.

3-Year Strategic Positioning - A Vision for Excellence



“The South Division will deliver excellence in all aspects of Care Delivery by expanding access to those in need, investing relentlessly in our communities, inspiring our caregivers, and delivering outstanding quality and financial performance in sustainment of our Mission. The South Division will exemplify our Providence Promise: *Know Me, Care for Me, Ease my Way* in all that we do.”

– Lauren Driscoll, Division Chief Executive

3-Year Strategic Positioning - A Vision for Excellence

STRENGTHEN

The
Providence
Promise
Experience

- ✓ Deliver a **caregiver, provider, and patient experience** that exemplifies the Providence Promise
- ✓ Double down on **caregiver** culture
- ✓ Expand **access to care**
- ✓ Create a culture of **philanthropy**

PARTNER

High Value
Care &
Community
Health

- ✓ Expand and improve **value-based care** portfolio and performance
- ✓ Develop and implement **strategic roadmap for payor and provider contracting**
- ✓ Deliver on our commitment to **Health Equity** and improving our **communities' health**
- ✓ Improve **access to underserved** populations

TRANSFORM

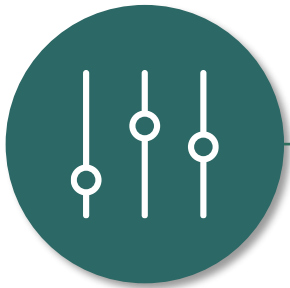
Integrated
Care
Delivery &
Optimization

- ✓ Expand Providence Clinical Network
 - ✓ **Ambulatory Surgery & Imaging**
 - ✓ **Urgent Care & Same Day Access**
 - ✓ **Medical Group and Affiliate Network**
- ✓ Expand clinical programs & **high acuity services**
- ✓ Execute **portfolio optimization**
- ✓ Improve Care **Delivery Network Integrity**

A Deeper Look...

Integrated Market Planning
in South Orange County

Process Overview



Market & Consumer Demand

- Population growth
- New disease
- Shifts in care setting
- Technology advancements
- Competitive landscape
- Consumer choice



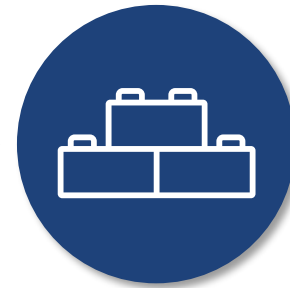
Projecting Demand

- Hospital of 2050
- Clinical institutes
- Ambulatory Care Network
- Physician Enterprise
- Home and Community Care



Strategy Development

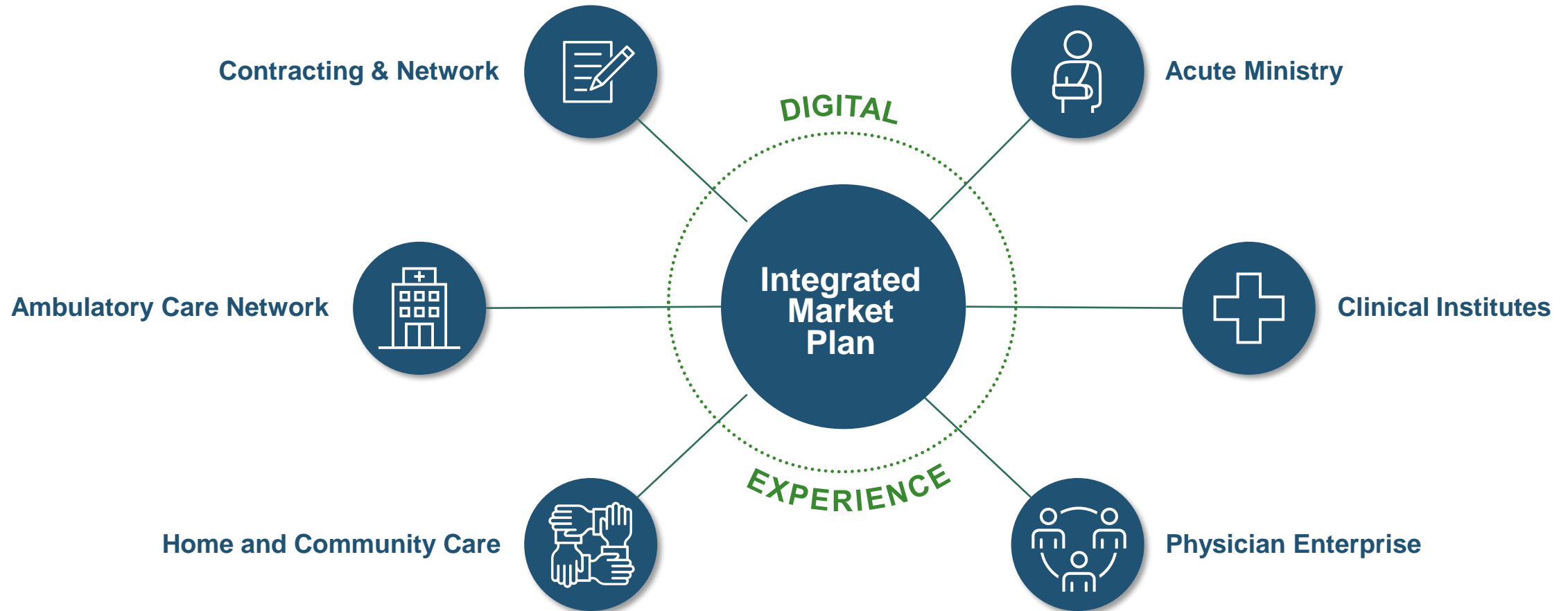
- Clinical programs
- Strategic partnerships
- Organic & new market growth
- Competitive landscape
- Seismic
- Value-based care impact



Integrated Market Plan

- Strategic and capital plans
- Capital prioritization
- Fully integrated financials

Line of Business Coordination



Growth & Sustainability Levers



Market Share

- Inpatient admissions
- High acuity surgery (ACCE)
- Ambulatory care network
- Hospital at home
- Digital encounters



Network, Product & Membership

- Accountable lives
- Network market expansion



Core Operations

- Revenue per admission
- Cost per admission
- Medicare yield improvement



Partnerships

- Academic
- Ambulatory
- Post acute & rehabilitation
- Philanthropy
- Investment partners

Integrated Market Plan

Sources of Capital



Philanthropy

Comprehensive and integrated philanthropy strategy will ensure we have opportunities for every donor



Sources of Funding

Utilizing Providence capital allocations to fund strategic and maintenance break fix needs



Creative Options

Developer partnerships, physician investments and debt financing can decrease capital outlay



Integrated Market Master Plan

South Orange County

South Orange County Providence Presence

504

Licensed Beds across
2 campuses

292

Staffed Beds

4,605

OP Surgery

15K

Admissions

2.10

Case Mix Index

\$580M

Net Operating Revenue

4,010

IP Surgery

\$184M

EBIDA

17.8%

IDN EBIDA Margin

72K

Lives*

141

Medical Group
(44 PCP; 97
Specialists)

354

Affiliated
(95 PCP; 259 Specialty)

2

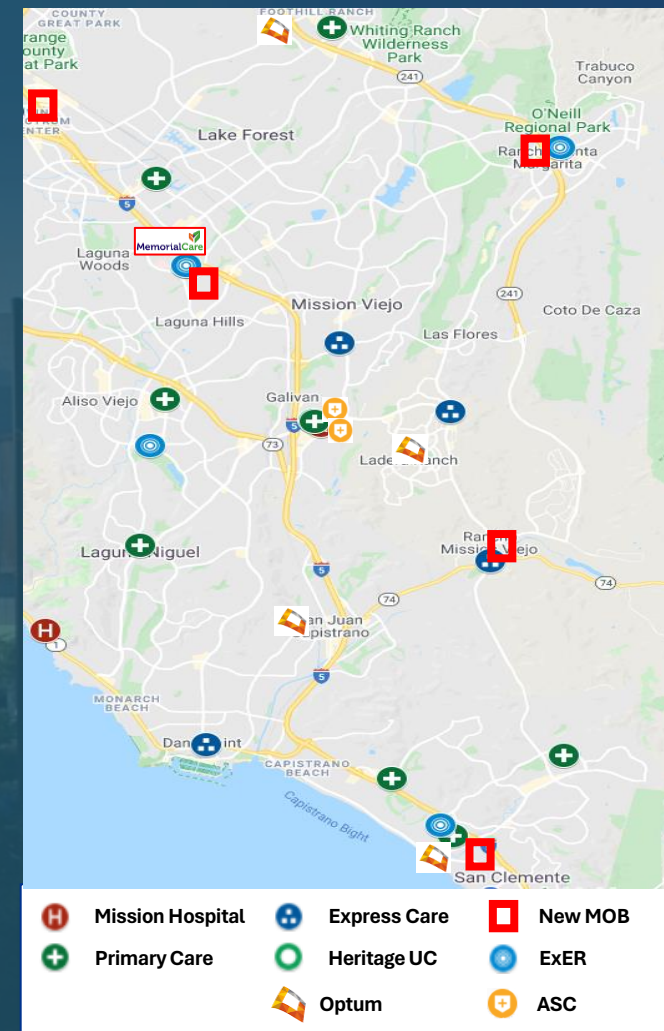
ASCs
(includes HOI)

1

Imaging Centers

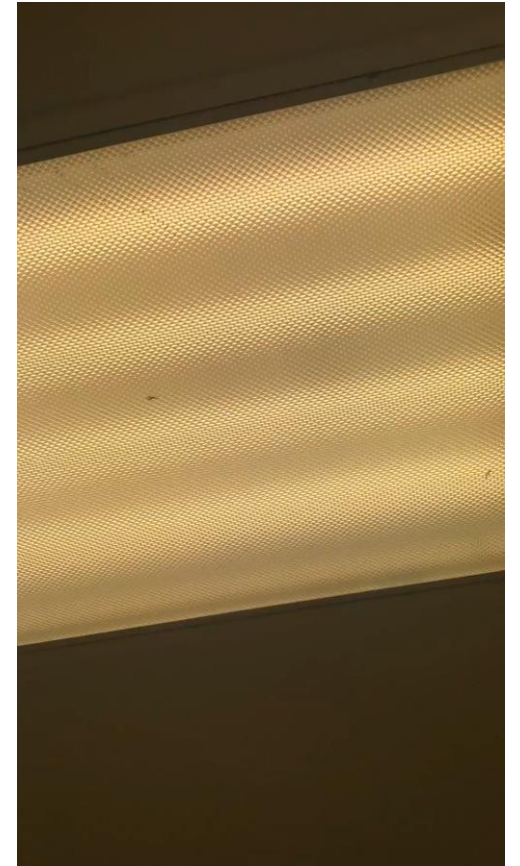
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On Demand



South Orange County Current State Reality

- 50-year-old operating rooms - undersized
- 2 acute campuses – not seismically compliant past 2030
- 41% semi-private rooms
- 9% of net revenue is capitated
- No “off-license” ambulatory imaging services



Market Forces & Competitive Landscape

Northern California

- **UCSF** significant outmigration.
Partnerships with Marin Gen & Sonoma Valley Hospitals
- **Sutter** +24 ambulatory centers over 4 years & EP expansion in Santa Rosa
- **Kaiser** owns 90% market share in MA & 70% Commercial across Napa/Sonoma
- **Marin General** Multi-Specialty clinic in Petaluma

\$1B+

San Fernando Valley

- **UCLA** West Hills Acquisition
- **UCLA** SCOI Acquisition
- **USC** affiliation with Methodist Hospital - Arcadia
- **USC** Henry Mayo Oncology Alignment
- **Kaiser** Surgery Center & MOB – West LA

\$3B+

Coastal

- **Cedars Marina Del Rey** expansion, \$400M / 320k SF
- **Cedars Torrance** Memorial ED expansion, \$40M / 80 bays
- **Optum** termination, impacts 20% acute elective cases – 2024
- **Harbor UCLA** hospital expansion \$1.5B / 550k SF - 2027

\$3B+

Orange County High-Desert

- **Hoag** Ambulatory & Hospital Expansion in Irvine
- **UCI** Expansion in Irvine
- **UCI** Acquisition of Tenet Pacific Coast
- **City of Hope** Ambulatory & Hospital Expansion in Irvine
- **USC** Expanding Oncology Presence

\$4B+

South Orange County

A Growing Opportunity



+43K

Unique patients served



+19%

Growth senior population over
next five years



+14K

New homes planned in Rancho
Mission Viejo (40% are 55+)



+9%

Higher private payor population than
OC creating increased consumer
expectations

South Orange County

10-Year Integrated Growth Strategy



Market Share

+6.5%



**Network / Products
Membership & Performance**

+35% Accountable Lives
+35% Medicare Yield



**Optimize Core
Operations**

+\$98K margin per bed



Reimagine Laguna

+\$345M cost avoidance

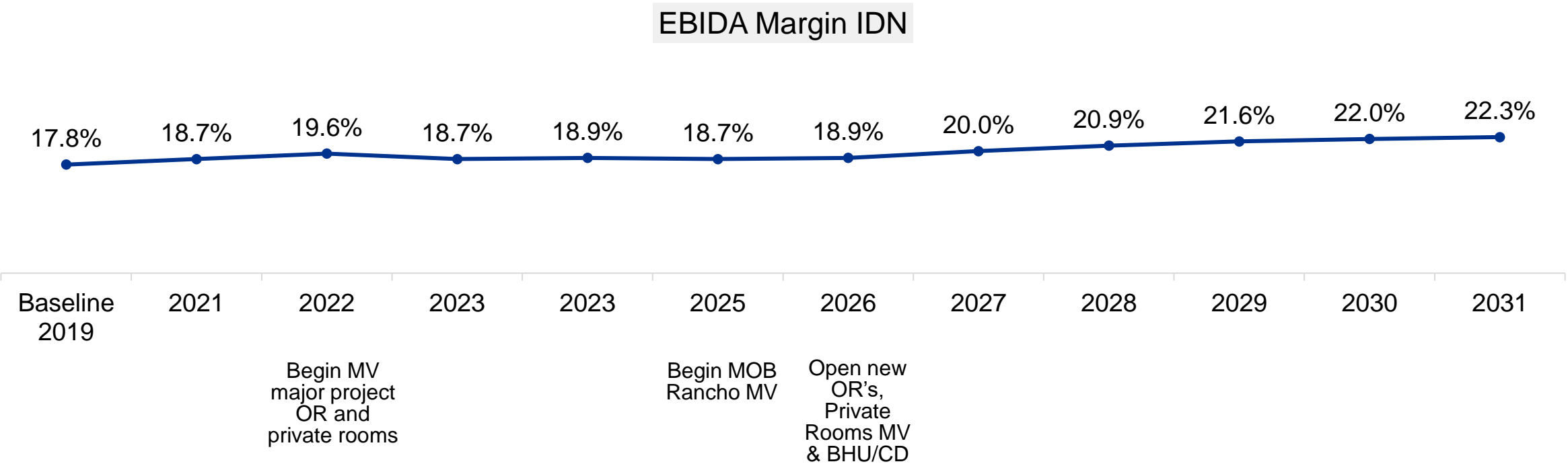
The Output...

- ✓ New Acute Care Hospital Tower
- ✓ Clinical Program Expansion
- ✓ Integrated Care Delivery Centers
- ✓ Multi-Specialty ASC
- ✓ Rancho Mission Viejo Expansion
- ✓ Comprehensive Fundraising Campaign



South Orange County IDN Financial Projections

PSJH Mission Hospital



450 basis point improvement

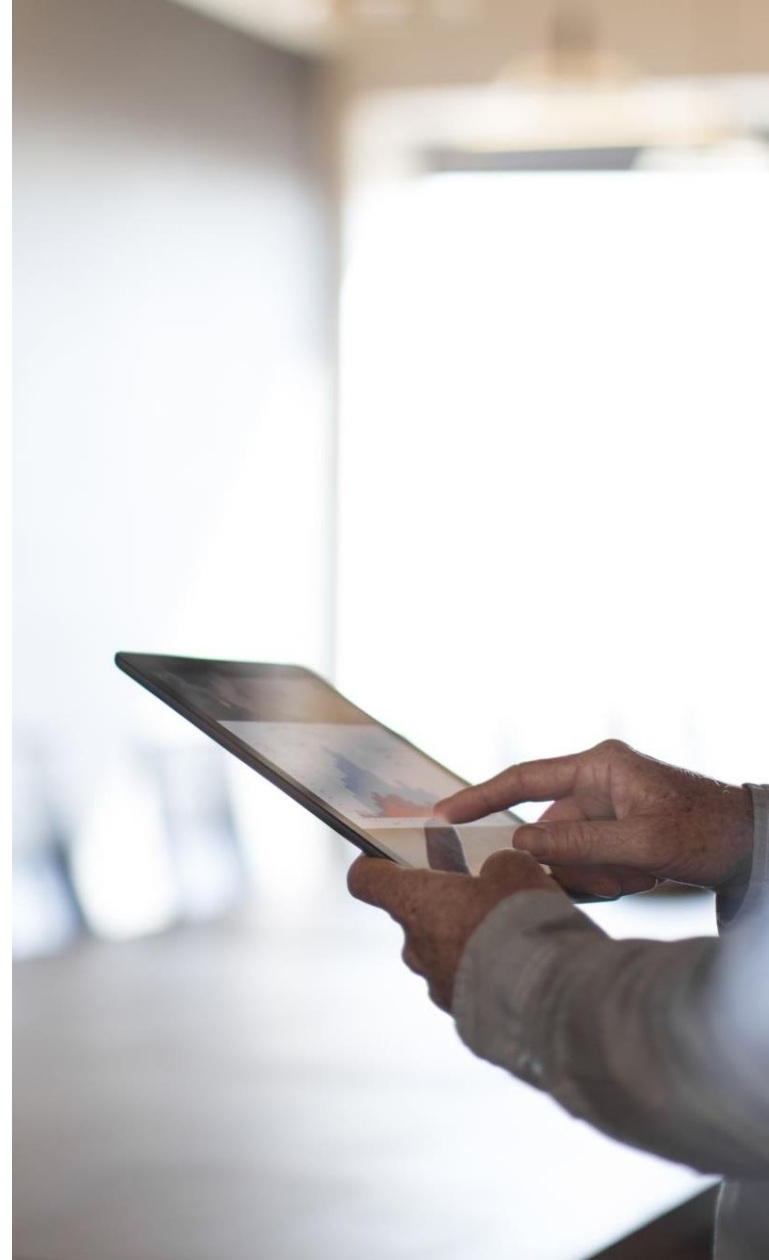
A Process for the Communication of Strategy



Effective Strategy Communications

– Be Comprehensive

- ✓ Share criteria management used to make strategic decisions
- ✓ Share the logic management used in making its strategic choices; *What did they decide to do and why? What did they decide not to do and why?*



What Informs Strategy at Providence?



**The Mission
& Vision**



**Market & Competitive
Landscape**



**Performance & Time
Horizon**



**Resourcing &
Prioritization**



Culture

What Do You Do If You Disagree?

- ✓ Deepen your understanding
- ✓ Reflect on the **51% / 49%** reality of disagreement



“The task of the leader is to get his people from where they are to where they have not been.”
-Henry Kissinger

Effective Strategy Communications

– Communicate Consequence

- ✓ Create a sense of importance and urgency around the strategy by articulating the consequences of strategic success:
 - *“If we are a successful, our future will look like X.”*
 - *“If we are not successful, our future will look like Y.”*



Effective Strategy Communications

– Understand Your Audience

- ✓ What do they know about the strategy?
- ✓ How do they feel about the organization?
- ✓ How might they challenge the strategy?
- ✓ What could make them resistant?
- ✓ How will the strategy help them?
- ✓ What problems is the strategy solving that align with their interests?



Effective Strategy Communications – Make it Personal

- ✓ Articulate how you and they can contribute to the organization's successful future



Q&A Session





Closing Comments

Renée Bianco
Associate Chief Philanthropy Officer
South Division

2024 Upcoming Board Enrichment Webinars

- ✓ Strategic Board Recruitment and Succession Planning:
Building Impactful and Diverse Fundraising Boards
Thursday, August 29 | 12:00PM-1:00PM
- ✓ Implicit Bias Workshop
Thursday, November 14 | 12:00PM-1:30PM

Today's Webinar Has Concluded

Thank you for joining us!

