OFFICE OF THE ATTORNEY GENERAL
OF THE STATE OF NEW YORK

Assurance No. 13-489

In the Matter of the

Investigation by Eric T. Schneiderman, Attorney General of the State of New York, of the Proposed Combination of Faxton-St. Luke's Healthcare and St. Elizabeth Medical Center.

ASSURANCE OF DISCONTINUANCE PURSUANT TO EXECUTIVE LAW §63(15)

In January 2013, pursuant to Article 22 of the New York General Business Law, the Office of the Attorney General of the State of New York ("OAG") commenced an investigation concerning the competitive implications of the proposed affiliation, under a common active parent corporation, of Faxton-St. Luke's Healthcare ("FSL") and St. Elizabeth Medical Center ("SEMC") (collectively, the "Hospitals"). The OAG subsequently broadened the investigation to consider access to care issues pursuant to the New York Civil Rights Law. As part of its investigation, the OAG reviewed documentary evidence submitted by the Hospitals, conducted interviews of numerous commercial health insurers, and spoke with a number of other third parties potentially impacted by the affiliation (collectively, the activities discussed in this paragraph constitute the "Investigation").

This Assurance of Discontinuance ("Assurance") contains the OAG's findings and contentions, and the relief agreed to by the OAG and the Hospitals.

OAG'S FINDINGS

OVERVIEW

1. FSL is a New York not-for-profit corporation that operates general acute care hospitals at two campuses in Utica, New York; FSL is licensed to operate a total of 370 beds at these facilities. SEMC, a Catholic organization that pursues a "Catholic health care mission," is a New York not-for-profit general acute care hospital that is licensed to operate 201 beds in Utica. The Hospitals are the only general acute care hospitals in the city of Utica.

2. On June 15, 2012, it was announced that the Hospitals would each receive $7,135,500 in grants funded through the New York State Health Care Efficiency and Affordability Law ("HEAL"). Grants funded by these programs are intended to right-size and restructure health care delivery systems, and are allocated through the New York State Department of Health ("DOH") and the Dormitory Authority of the State of New York. New York State conditioned receipt of the HEAL grant monies on FSL and SEMC reaching agreement to affiliate under a common active parent corporation.

3. The DOH has stated that neither FSL nor SEMC, by itself, currently has sufficient licensed inpatient beds to accommodate the needs of the patient population in the greater Utica area.

4. On December 6, 2012, the Hospitals entered into a Memorandum of Understanding (the "MOU"), pursuant to which they agreed to affiliate under a common active parent corporation, Mohawk Valley Network, Inc. as reconstituted to become Mohawk Valley Health System (the "Combined Entity"). The OAG thereafter commenced its Investigation to assess the impact on competition of the transaction contemplated by the MOU (the

"Transaction").

THE HOSPITALS' FINANCIAL DIFFICULTIES

5. Each of the Hospitals has experienced significantly negative financial trends in recent years, which have accelerated throughout 2013. The many reasons for these negative financial trends include especially: (a) a shift in the Hospitals' patient mix away from commercially-insured patients towards Medicaid and self-pay (uninsured) patients; and (b) reductions in Medicare and Medicaid reimbursements provided to the Hospitals.

6. These severe financial trends are exacerbated by special circumstances in the greater Utica area that create an especially challenging financial and operating environment for the Hospitals. For example, FSL and SEMC are located within a geographic area that has a significantly lower wage index than most other hospitals in the region, resulting in FSL and SEMC receiving significantly lower reimbursement rates from Medicare than are received by hospitals in neighboring regions for the same services.

7. In addition, according to the Hospitals, Utica has one of the highest per-capita refugee populations in the country – almost 25% of its population. As a result, each Hospital serves a highly vulnerable and linguistically diverse patient population, including patients who may have received limited health care in their countries of origin. These patients frequently face significant health care issues, and the Hospitals incur significant costs for providing translation services to these patients – costs that are not always adequately reimbursed by payors.

8. The competitive environment in the greater Utica area has also seen the rise of physician-based clinics and ambulatory surgery centers, which draw commercially insured patients to their facilities. As a result of this competition, the Hospitals serve a patient population with an

increasingly high proportion of the more vulnerable, higher cost, and uninsured or government-pay patients.

9. Both Hospitals have recently been threatened with the loss of their directors and officers liability insurance coverage as a result of the ever worsening financial condition at each Hospital.

10. The Hospitals contend that they cannot independently surmount these negative financial trends and remain in operation.

POTENTIAL EFFICIENCIES FROM THE TRANSACTION

11. Both FSL and SEMC have, individually, undertaken steps over the last three years to cut significant expenses, including, but not limited to, undertaking lay-offs and eliminating positions. But the Hospitals contend that they are increasingly unable to make these cuts without eliminating or inappropriately compromising safety net services. The Hospitals contend that the Transaction will allow the Combined Entity to realize significant efficiencies and cost reductions, thereby improving the financial condition of the Hospitals without eliminating or compromising safety net services.

12. The Hospitals contend that they will be able to achieve cost efficiencies pursuant to the Transaction. They assert that service rationalization and clinical program coordination will provide the Hospitals with opportunities for enhanced operational efficiency. They further contend that the close physical proximity of the two Hospitals will allow them to achieve significant clinical and operational efficiencies that would not be available if the Hospitals sought instead to affiliate with two different hospital systems.

13. In a region where the number of physicians is limited, the Transaction is also

expected to enhance the Hospitals' ability to ensure patient access to qualified specialists in a timely manner. FSL and SEMC have had difficulty in recruiting specialists and sub-specialists to their service area due, among other things, to the economic environment in Utica, and the relatively small size of their specialty departments. As a result, there are days when certain specialty and sub-specialty services are available at both Hospitals and days when those same specialty and sub-specialty services are not available at either Hospital. One potential efficiency from the Transaction is that the Combined Entity will be able to establish a combined call coverage schedule, expanding the period during which the full range of specialty and sub-specialty services are available in the community and increasing the access to these services for the population served by the Combined Entity.

HEALTH CARE COMPETITION IN THE GREATER UTICA AREA

14. FSL and SEMC compete to provide basic acute care inpatient services in the greater Utica area. Following the Transaction, all other acute care hospitals in the greater Utica area will have significantly fewer beds than the Combined Entity. Entry of a new hospital into the greater Utica area is unlikely given current market conditions. The Combined Entity will accordingly have a very large share of inpatient hospital services in Utica.

15. Nonetheless, the effect on competition appears to be limited. The Hospitals will continue to face important competition from hospitals in nearby cities such as Cooperstown, Syracuse, and Albany, as well as from nearby community hospitals, such as Rome Memorial Hospital. The Hospitals will similarly continue to face significant competition from numerous local clinics and outpatient facilities.

16. Moreover, the scope of competition between the two Hospitals is currently

limited. The operating licenses issued by the Department of Health to the Hospitals limit the services available at each Hospital. Each of the Hospitals involved in the Transaction is licensed to provide a number of services that the other Hospital is not licensed to provide, thereby limiting the number of services in which the two Hospitals directly compete with one another. For example, only one of the Hospitals is currently licensed to provide obstetric services, only one Hospital has a state-designated inpatient stroke center, and only one Hospital has a state-designated Level II trauma center. Given the high rate of government-pay patients served by the two Hospitals and that neither Hospital is licensed to offer the full range of inpatient services needed to serve the greater Utica community, only a very limited portion of the each Hospital's revenue is derived from payments from commercial insurers for inpatient services that could be provided by either Hospital.

17. The Hospitals both contract with third-party payors offering commercial or governmental managed care insurance ("Health Plans") to furnish inpatient and outpatient health care services to Health Plan members.

18. Despite the mitigating factors noted above, the OAG remains concerned that the Transaction may substantially lessen competition in one or more relevant health services markets, especially with respect to competition in certain acute care inpatient services markets. The OAG is concerned that the Health Plans offering an insurance product to customers in the greater Utica area will need to include the Combined Entity in their provider network, and that the Transaction will therefore allow the Hospitals to gain leverage to demand higher reimbursement rates from Health Plans following the Transaction. Health Plan payment of higher reimbursement rates would ultimately harm New York State businesses and consumers, as the Health Plans are likely

to pass on those costs to customers in the form of higher insurance premium rates or deductibles.

19. The Hospitals contend that the efficiencies that will be generated by the proposed Transaction outweigh any potential anticompetitive effects. In evaluating the overall impact of the proposed Transaction, only efficiencies that are likely to be implemented and achieved by the Hospitals should be weighed against the Transaction's potential anticompetitive effects.

ACCESS TO REPRODUCTIVE HEALTH SERVICES

20. SEMC is a Catholic organization that provides services in accordance with the Ethical and Religious Directives for Catholic Healthcare Services (the "ERDs"). FSL is a secular organization without religious affiliation that currently provides health care services that are proscribed by the ERDs. The OAG therefore has also considered that the Transaction may result in the restrictions contained in the ERDs being imposed on FSL, thereby reducing the types of services that may be offered by FSL. The OAG is concerned that the Transaction may thereby harm residents of the greater Utica area by limiting their access to certain types of healthcare services, especially those that relate to reproductive health.

THIS ASSURANCE

21. The OAG has raised the aforementioned concerns with representatives of the Hospitals. To resolve those concerns, the Hospitals have agreed to abide by the stipulations set forth below. The OAG finds the agreements contained in the Assurance appropriate and in the public interest, and is therefore willing to accept this Assurance in lieu of continuing its Investigation into the matters detailed herein.

AGREEMENT

WHEREAS, the Hospitals admit the OAG's Findings (1)-(20) above;

WHEREAS, OAG is willing to accept the terms of this Assurance pursuant to New York Executive Law § 63(15) and to discontinue its Investigation; and

WHEREAS, the Hospitals and the OAG each believe that the obligations imposed by this Assurance are prudent and appropriate;

IT IS HEREBY UNDERSTOOD AND AGREED, by and between the Hospitals and the OAG, that:

22. This Assurance shall apply to FSL, SEMC, the Combined Entity, and any of their successor entities doing business in New York State, whether acting through their principals, directors, officers, shareholders, employees, representatives, agents, assigns, successors, parents, subsidiaries, affiliates, or other business entities, whose acts, practices, or policies are directed, in part or in whole, by either of the Hospitals or any successor combinations. This Assurance specifically governs the conduct of the Hospitals and their successors upon closing of the Transaction ("Closing"). By signing this Assurance, the Hospitals stipulate that they forego any legal defenses to, or assertions against, the enforceability of this Assurance.

RATE PROTECTION PERIOD

23. After the date of the Closing, the Combined Entity shall negotiate in good faith any and all reimbursement contracts it has with the Health Plans, including contracts covering reimbursements for both inpatient and outpatient services provided by the Combined Entity through any of its affiliates.

24. A "Commercial and Managed Care Rate Protection Period" shall be defined as the later of the following dates: (i) five (5) years following the Closing of the Transaction; or (ii) the date the Combined Entity secures the Certification described in paragraph 27 below. Following

the Closing, the Combined Entity may jointly negotiate reimbursement contracts, including the rates of payment included in such reimbursement contracts, with the Health Plans. If the Combined Entity is unable to reach agreement with any Health Plan on the reimbursement rates to be included in any such jointly negotiated reimbursement contract at any time during the Commercial and Managed Care Rate Protection Period, then within ninety (90) days prior to the expiration of the then current contract, the Combined Entity shall offer to the Health Plan to enter into separate reimbursement contracts for each of FSL and those entities affiliated with FSL prior to the Closing, and SEMC and those entities affiliated with SEMC prior to the Closing. The terms of each of these separate agreements may be jointly negotiated subject to the requirements of paragraph 23 above, provided that the rates of reimbursement negotiated for inclusion in any such separate contract shall not exceed the rate of reimbursement contained in that facility's reimbursement agreement with such Health Plan on the date that this Assurance is signed, plus a compounded annual increase equal to: (a) if the Health Plan has had a reimbursement contract with that facility for at least four years prior to the date on which this Assurance is signed, the average percentage rate increase over the four (4) contract years prior to the date that this Assurance is signed or, (b) if the Health Plan has not had a reimbursement contract with that facility for at least four (4) years prior to the date that this Assurance is signed, the average percentage rate increase over the number of years for which there has been an agreement with the Health Plan prior to the date that this Assurance is signed. The Health Plan must elect such rate extension within sixty (60) days of the Combined Entity's offer and each of the FSL and SEMC facilities must accept such rates if this offer is accepted. The Combined Entity shall maintain independent business identifiers for the legacy FSL and SEMC facilities to the extent necessary to

permit FSL and SEMC facilities to enter into independent contracts with the Health Plans. Notwithstanding the foregoing, to the extent that any current reimbursement contract with a Health Plan contains an automatic renewal provision and/or a provision requiring written notice of non-renewal effective at the end of the contract term, the applicable Hospitals shall be entitled to issue a written notice of non-renewal in accordance with the terms of such contract; any termination or non-renewal of any existing agreement either facility has with a Health Plan must be in compliance with Article 44 of the Public Health Law. If, after the issuance of such notice of non-renewal, the Combined Entity is unable to reach agreement with a Health Plan on reimbursement rates to be included in a jointly negotiated reimbursement contract and the Health Plan elects not to accept separate contracts with FSL and SEMC including the rates determined in accordance with this Paragraph 24, then the notice of non-renewal shall become effective as contemplated in the current contract. On each year by January 30, from the date of the Closing until the Commercial and Managed Care Rate Protection Period has concluded, the Combined Entity will provide the OAG with a sworn statement confirming that it has complied with this Paragraph.

25. The Combined Entity shall not unreasonably or without cause terminate any Health Plan's contract prior to the end of the term in effect as of the date of this Assurance or, with respect to any separate reimbursement contract entered into in accordance with Paragraph 24, during any term thereof.

CONFIRMATION OF IMPLEMENTATION OF EFFICIENCIES

26. FSL and SEMC have agreed to a process and timeline for the development of a statement of the proposed activities and goals of the Combined Entity (the "Statement of

Proposed Activities"), which is attached as Exhibit A. After Closing, the Combined Entity shall develop the Statement of Proposed Activities in accordance with the goals and timeline set forth in Exhibit A. Once completed, the Statement of Proposed Activities shall be submitted to the OAG which shall, in consultation with the DOH, review and either (a) approve such Statement of Proposed Activities or (b) provide notice to the Combined Entity of the deficiencies in the Statement of Proposed Activities and work with the Combined Entity to correct such deficiencies. The OAG shall not unreasonably withhold approval of the Statement of Proposed Activities, provided that any deficiencies identified by the OAG are corrected by the parties. The Statement of Proposed Activities shall include: (a) descriptions of proposed clinical integration; (b) proposed quality goals, including quantitative benchmarks that may be used to assess whether those quality goals have been met; (c) population health goals, including quantitative benchmarks that may be used to assess whether those goals have been met; (d) proposed measures by which the Combined Entity will prevent unwarranted price increases, achieve savings, and realize transactional efficiencies, including any anticipated participation by the Combined Entity in shared-risk arrangements with Health Plans; (e) proposed implementation of payment methodologies that control excess utilization and costs, while improving outcomes; and (f) a proposed timeline for implementation of the plan contained in the Statement of Proposed Activities.

27. The Combined Entity shall report each year by January 30 to the OAG, with a copy to the DOH, on implementation of the Statement of Proposed Activities. Once the Combined Entity believes it has substantially achieved the integration and other efficiencies set forth in the Statement of Proposed Activities, the Combined Entity shall, at the Combined Entity's

expense, retain an independent healthcare consultant to assess whether the Combined Entity has substantially achieved the integration and other efficiencies set forth in the Statement of Proposed Activities. The consultant shall report his or her findings to the OAG with a copy to DOH. Prior to retention of such independent healthcare consultant, the Combined Entity shall identify the consultant to the OAG, for OAG approval, and the OAG shall approve such consultant if the consultant is qualified and independent. After receiving the report and consulting with the DOH, the OAG may certify that the Combined Entity has substantially achieved the integration and other efficiencies set forth in the Statement of Proposed Activities (the "Certification"). If the Certification has not been issued five (5) years following the Closing of the Transaction, the Commercial and Managed Care Rate Protection Period, as set forth in Paragraph 24, will be extended until such date as the Certification is issued.

28. If, at any time during the implementation of the Statement of Proposed Activities, the Combined Entity believes a material modification to the Statement of Proposed Activities is needed or desirable, the Combined Entity shall submit the proposed material modification to the OAG, with a copy to the DOH, together with an explanation of the reasons that such modification is deemed to be necessary or desirable. The OAG, in consultation with the DOH, shall review the proposed modification and the reason expressed therefor and shall either (a) issue a letter accepting the modification, or (b) notify the Combined Entity that the modification has not been accepted and indicating the reasons for the rejection. Thereafter, the Combined Entity shall be free to submit a revised proposed material modification to the Statement of Proposed Activities that attempts to address the concerns expressed by the OAG in the letter of rejection.

PROHIBITION OF EXCLUSIONARY CONDUCT

29. If the Combined Entity does not reach agreement with a Health Plan during the Commercial and Managed Care Rate Protection Period, the Combined Entity shall not require, as a condition of entering into separate reimbursement contracts with the FSL or SEMC facilities in accordance with Paragraph 24 of this Assurance, that the Health Plan have a contract with the FSL or the SEMC facility for all services offered by the facility or its affiliated entities, including but not limited to skilled nursing facilities, laboratories, physicians, or physician networks.

30. The Combined Entity shall not enter into any agreement with any Health Plan that includes a most favored nation clause ("MFN") in favor of the Hospitals. The Combined Entity may not renew or extend any agreement that currently contains an MFN without abandoning any term or provision that constitutes an MFN.

31. The Combined Entity shall not enter into any exclusive contracts with any health care provider by which it requires that provider to render services only at a facility owned or affiliated with the Combined Entity; provided, however, that nothing shall preclude the Combined Entity or any of its affiliates from: (a) requiring employees who are employed at a level of 80% of a full-time equivalent or greater to work exclusively for the Combined Entity or its affiliates or (b) entering into any exclusive hospital-based service contract that requires the contracted group of providers to work exclusively for the Combined Entity or its affiliates, provided that such exclusivity is necessary for the Combined Entity to ensure adequate coverage of the services to be provided under the contract.

ACCESS TO REPRODUCTIVE SERVICES

32. FSL, SEMC, and the OAG acknowledge and agree that FSL currently provides

health care services that are proscribed by the Catholic ERDs, including sterilization procedures, such as tubal litigations and vasectomies. FSL, SEMC, and the OAG further acknowledge and agree that, if complications arise during the course of an abortion, or during the course of another service being performed on a pregnant woman, at another facility, FSL currently provides emergency care services, which services might include the performance of an abortion if necessary to preserve the health or life of the woman. All parties agree that, after Closing, the legacy FSL facilities may continue to perform such services, regardless of whether such service is proscribed by the Catholic ERDs.

33. The Combined Entity shall not prohibit, or otherwise restrict or limit, legacy FSL facilities from providing admitting privileges to medical professionals or physicians who perform abortions at other facilities within the demographic areas served by the Combined Entity, provided that they meet the credentialing criteria established by FSL or such legacy FSL facility. Prior to Closing, FSL shall inform in writing all medical professionals or physicians employed by or affiliated with the Utica Center of Planned Parenthood Federation of America, Inc. who currently have admitting privileges at FSL that those privileges shall continue without interruption after the Closing, provided such medical professionals or physicians continue to meet the credentialing criteria established by FSL or the applicable legacy FSL facility.

34. If, on a permanent basis, no other qualified, New York State licensed facility provides abortions within the geographic areas served by the Combined Entity, then FSL has and will reserve the right to withdraw from the Combined Entity for purposes of being able to provide abortions and SEMC agrees to reasonably cooperate with such withdrawal. If FSL does not exercise its right to withdraw from the Combined Entity in order to perform abortions, then FSL

will use commercially reasonable efforts to arrange for such services to be available through another provider located in the geographic area served by the Combined Entity.

OTHER PROVISIONS

35. Nothing contained herein shall be construed to alter, change, modify, or enhance any existing legal rights of any consumer or to deprive any person or entity of any existing private right under the law. Nothing in this Assurance shall in any way affect, restrict, or otherwise govern any rights of recourse the Hospitals or the Combined Entity may have or seek to assert against any third party.

36. Nothing contained herein shall be construed as relieving the Hospitals or their successor entities of the obligation to comply with all state and federal laws, regulations, or rules, nor shall any of the provisions of this Assurance be deemed permission to engage in any act or practice prohibited by such law, regulation, or rule.

37. Acceptance of this Assurance by the OAG shall not be deemed approval by the OAG of any of the Hospitals' business practices, and the Hospitals shall make no representation to the contrary.

38. This Assurance is contingent upon and relies on the truthfulness and accuracy of all representations made by the Hospitals during the Investigation. To the extent that any material representations are later found to be inaccurate or misleading, this Assurance is voidable by the OAG in its sole discretion.

39. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by the Hospitals in agreeing to this Assurance.

40. FSL and SEMC represent and warrant, through the signatures below, that the terms and conditions of this Assurance are duly approved, and execution of this Assurance is duly authorized. The Hospitals shall not take any action or make any statement denying, directly or indirectly, the propriety of this Assurance or expressing the view that this Assurance is without factual basis. Nothing in this paragraph affects the Hospitals' (i) testimonial obligations or (ii) right to take legal or factual positions in defense of litigation or other legal proceedings to which OAG is not a party. This Assurance is not intended for use by any third party in any other proceeding and is not intended, and should not be construed, as an admission of liability by the Hospitals.

41. This Assurance may not be amended except by an instrument in writing signed on behalf of all the parties to this Assurance.

42. This Assurance shall be binding on and inure to the benefit of the parties to this Assurance and their respective agents, representatives, employees, successors and assigns, including any corporation, subsidiary or division through which they act or hereafter act, provided that no party, other than OAG, may assign, delegate, or otherwise transfer any of its rights or obligations under this Assurance without the prior written consent of OAG.

43. If any one or more of the provisions contained in this Assurance shall for any reason be held to be invalid, illegal, or unenforceable in any respect, the OAG may decide, in its sole discretion, that such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

44. To the extent not already provided under this Assurance, the Hospitals shall, upon request by OAG, provide all documentation and information necessary for OAG to verify

compliance with this Assurance.

45. All notices, reports, requests, and other communications to any party pursuant to this Assurance shall be in writing, and all notices directed to the OAG should be sent to the Antitrust Bureau Chief at 120 Broadway, 26th Floor, New York, NY 10271-0332.

46. Pursuant to Executive Law § 63(15), evidence of a violation of this Assurance shall constitute prima facie proof of violation of the applicable law in any action or proceeding thereafter commenced by OAG.

47. If a court of competent jurisdiction determines that the Combined Entity has breached this Assurance, the Combined Entity shall pay to OAG the cost, if any, of such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and court costs.

48. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

IN WITNESS WHEREOF, this Assurance is executed by the parties hereto on December 11, 2013.

ERIC T. SCHNEIDERMAN
Attorney General of the State of New York

By: _____
Eric Stock, Esq.
Chief, Antitrust Bureau

ST. ELIZABETH MEDICAL CENTER

By: _____
Richard Ketcham
President and Chief Executive Officer

By: _____
Traci Boris, Esq.
General Counsel

FAXTON-ST. LUKE'S HEALTHCARE

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By: _____
Thomas Soja, Esq.
General Counsel

Exhibit A
Process and Timeline for Development of Statement of Proposed Activities

FSL and SEMC have agreed to a process and timeline for the development of a statement of proposed activities and goals of the Combined Entity (the "Statement of Proposed Activities"). The parties shall undertake the following activities within the timeframes designated.

Time Period: Date of Transaction to 6 months Post-Transaction

During the six months following the closing of the transaction, the Combined Entity will necessarily be focused on the development of its initial strategic plan and the implementation of the Business Plan of Operational Efficiencies ("BPOE"). Beginning the process of implementing the BPOE promptly following the closing will provide the opportunity for the Combined Entity to begin to realize the cost efficiencies necessary to stabilize its finances. Additionally, it is necessary for the board, management, and the medical staff to collaborate in the development of the Combined Entity's initial strategic plan to attain organizational commitment to that plan.

Time Period: 6 Months to 24 Months Post-Transaction

- The Combined Entity will continue the refinement and implementation of the inaugural strategic plan for Mohawk Valley Health System.
- The Combined Entity will initiate a process to develop the Statement of Proposed Activities. The Statement of Proposed Activities will be constructed to best position MVHS for population health management and will include:
  - Detailed descriptions of clinical integration models and approaches
  - Quality goals, including quantitative benchmarks to be used to assess achievement of quality goals
  - Population health goals, including quantitative benchmarks to be used to assess achievement of population health goals
  - Measures to prevent unwarranted price increases, achieve savings and realize transactional efficiencies, including identification of potential shared risk arrangements
  - Potential payment methodologies that control excess utilization and costs while improving outcomes

Exhibit A
Process and Timeline for Development of Statement of Proposed Activities

- Goals and objectives for clinical integration in alignment with the corporate mission and vision set forth in the initial strategic plan
- An evaluation of the Combined Entity's service offerings, redundant services and service gaps
- Possible provider alignment models that best serve the needs of the community, the Combined Entity, and local/regional medical staff
- Potential clinical programmatic alignment plans for the Combined Entity in preparation for population health management
- An information technology plan for the Combined Entity that aims to securely manage and transfer patient information in a manner that allows for optimal patient care, including the study and recommendation of a common electronic medical record platform and related information technology systems to serve the health system and physician practices
- Timeline for implementation, including milestones for tracking implementation progress

- To develop the Statement of Proposed Activities, the Combined Entity will create a committee consisting of representatives of the Board of Directors, senior management, and medical staff leaders. This committee will be tasked with identifying and consulting with community stakeholders and other individuals from inside and outside of the Combined Entity on the development of the specific elements to be included in the Statement of Proposed Activities. Upon completion, the Statement of Proposed Activities will be submitted to the President and Chief Executive Officer of the Combined Entity for approval. Upon approval of the President and Chief Executive Officer, the Statement of Proposed Activities will be recommended to the Board of Directors of the Combined Entity for adoption. Following adoption by the Board of Directors of the Combined Entity, the Statement of Proposed Activities will be submitted to the Office of the Attorney General for review and approval in accordance with the Assurance to which this Exhibit A is attached.

Exhibit A

Process and Timeline for Development of Statement of Proposed Activities

- Ongoing implementation of the BPOE for the Combined Entity including achievement of previously identified opportunities, as well as the identification, quantification, and achievement of additional opportunities.

24 Months to 36, 48 and 60 Months Post-Transaction

- Continued implementation of the initial strategic plan
- Continued implementation of Statement of Proposed Activities
- Continued implementation of the plan of operational efficiencies