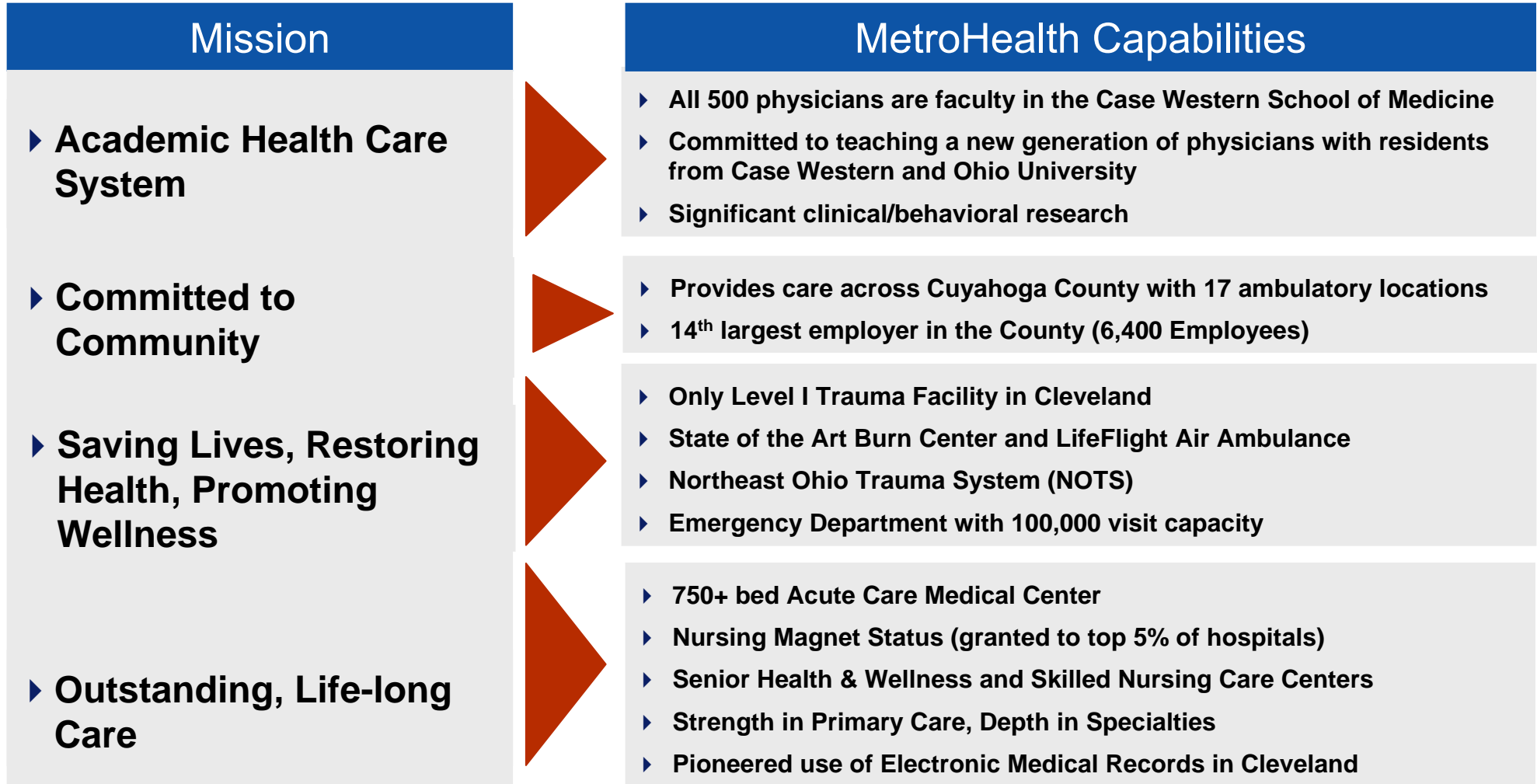


# MetroHealth

Current & Future Strategy  
*Creating a Sustainable Path Forward*



# MetroHealth has been serving the people of Cuyahoga County for 175 years by investing in its mission



...providing accessible care to all

# Our quality is nationally recognized, and is supported by cutting edge research



- ▶ Nationally recognized in trauma, maternal-fetal medicine, burns, neonatal intensive care, pediatrics, cardiology, and radiology

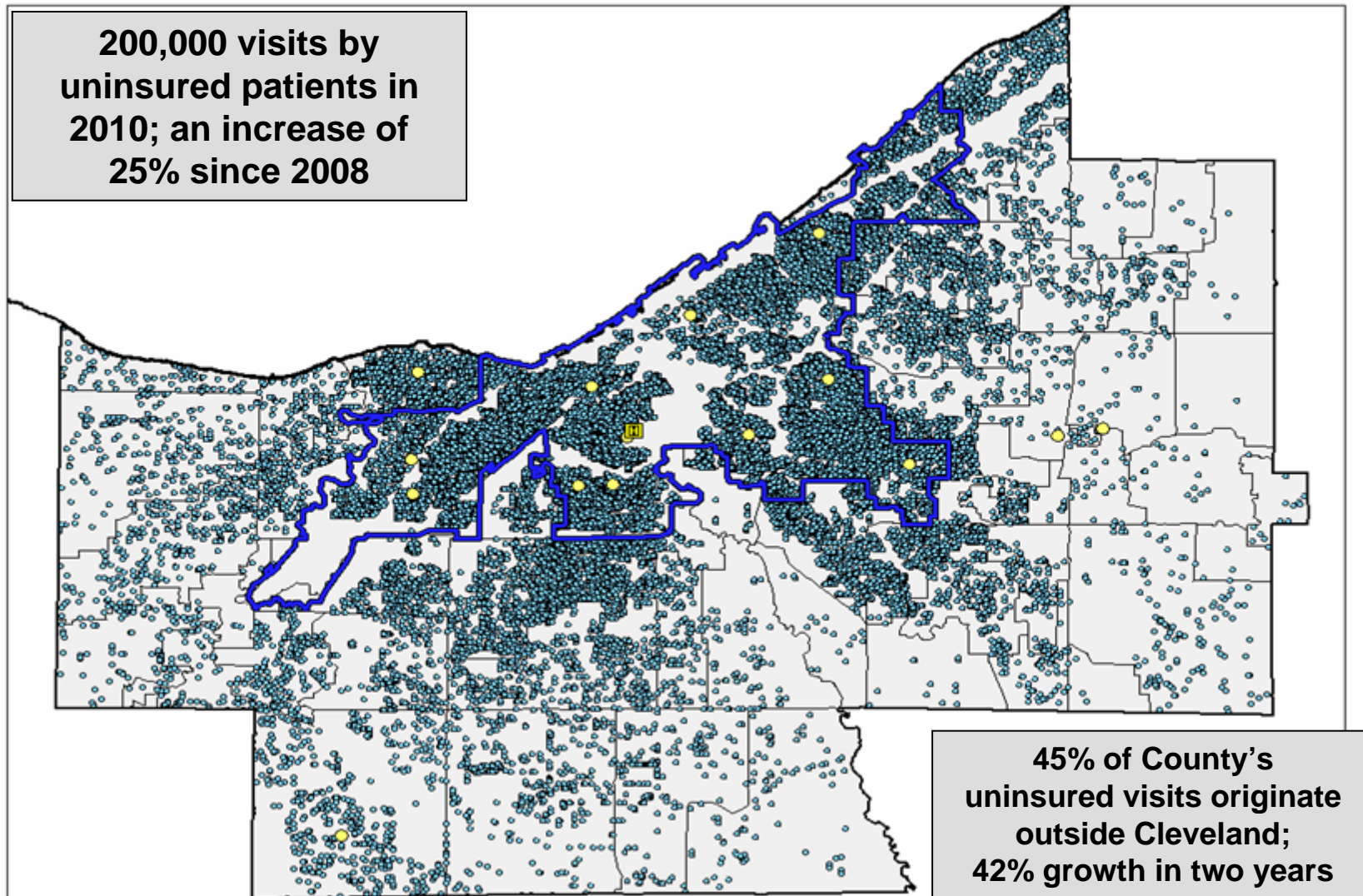


- ▶ Attracts \$37.5 million in research dollars

# At the same time, MetroHealth is a key part of Cuyahoga County's Safety Net

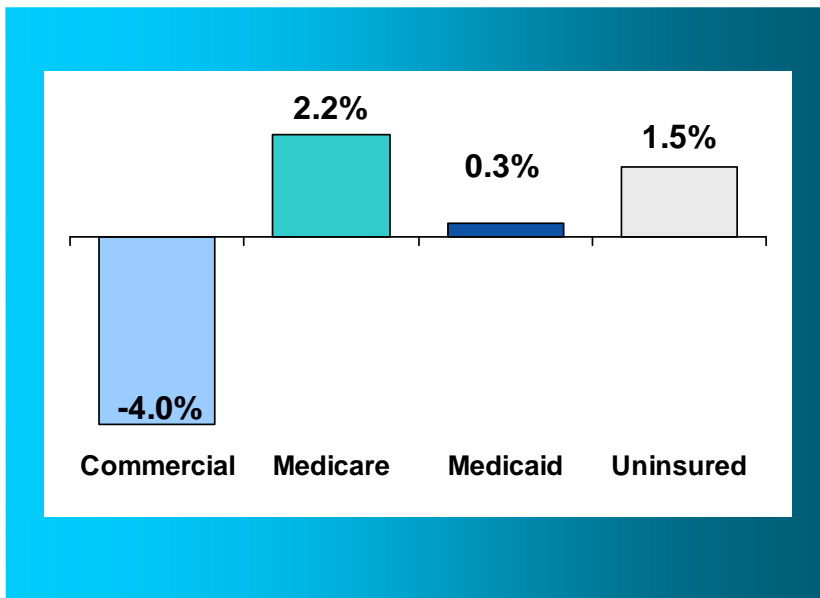
Provider	Inpatient Discharges (2009)	Uninsured/Medicaid
<b>MetroHealth</b>	<b>25,557</b>	<b>53%</b>
St. Vincent Charity Hospital	8,028	27%
University Hospitals Health System	72,867	24%
Cleveland Clinic Health System	151,286	18%
Parma Community General Hospital	15,193	9%

# The past few years have increased the role of the Safety Net; a trend we expect to continue

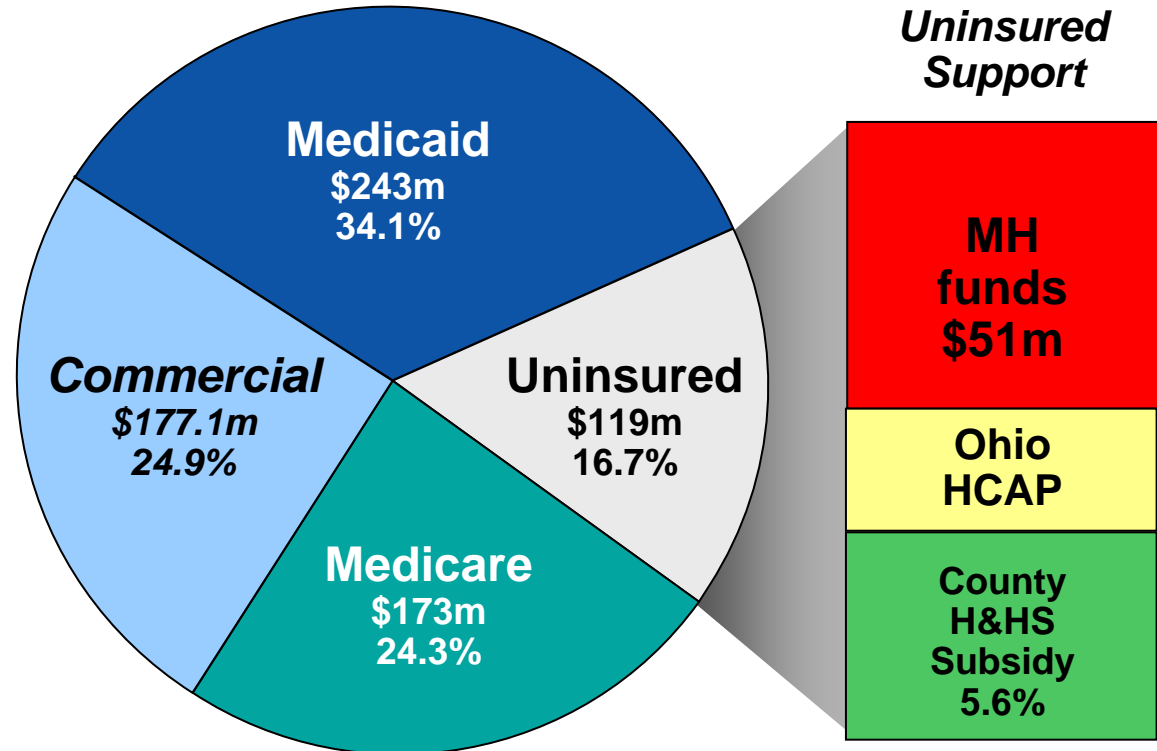


# Declining payments and more uninsured patients place this at risk, even with County subsidies...

2006-2010 Patient Volume Changes by Payor



MetroHealth 2010 Operating Expense by Payor

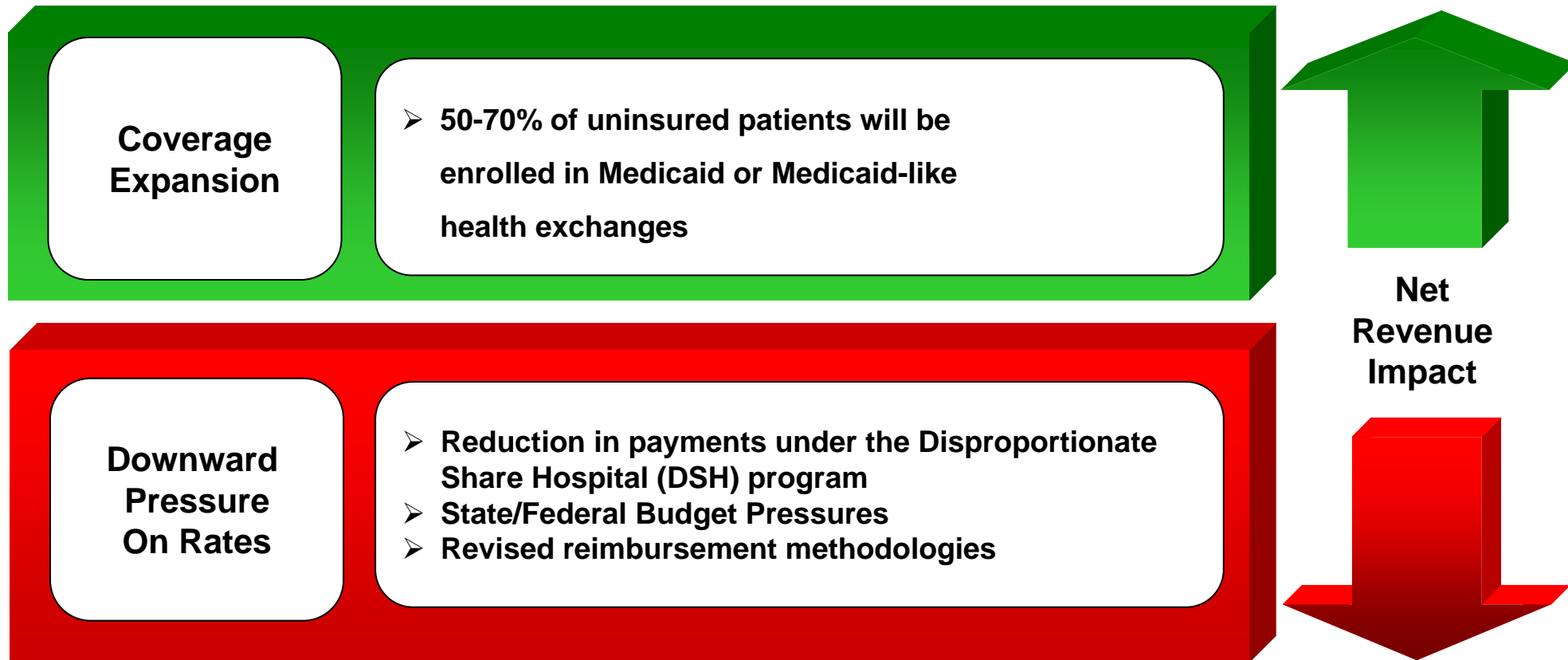


Total \$712.1 million

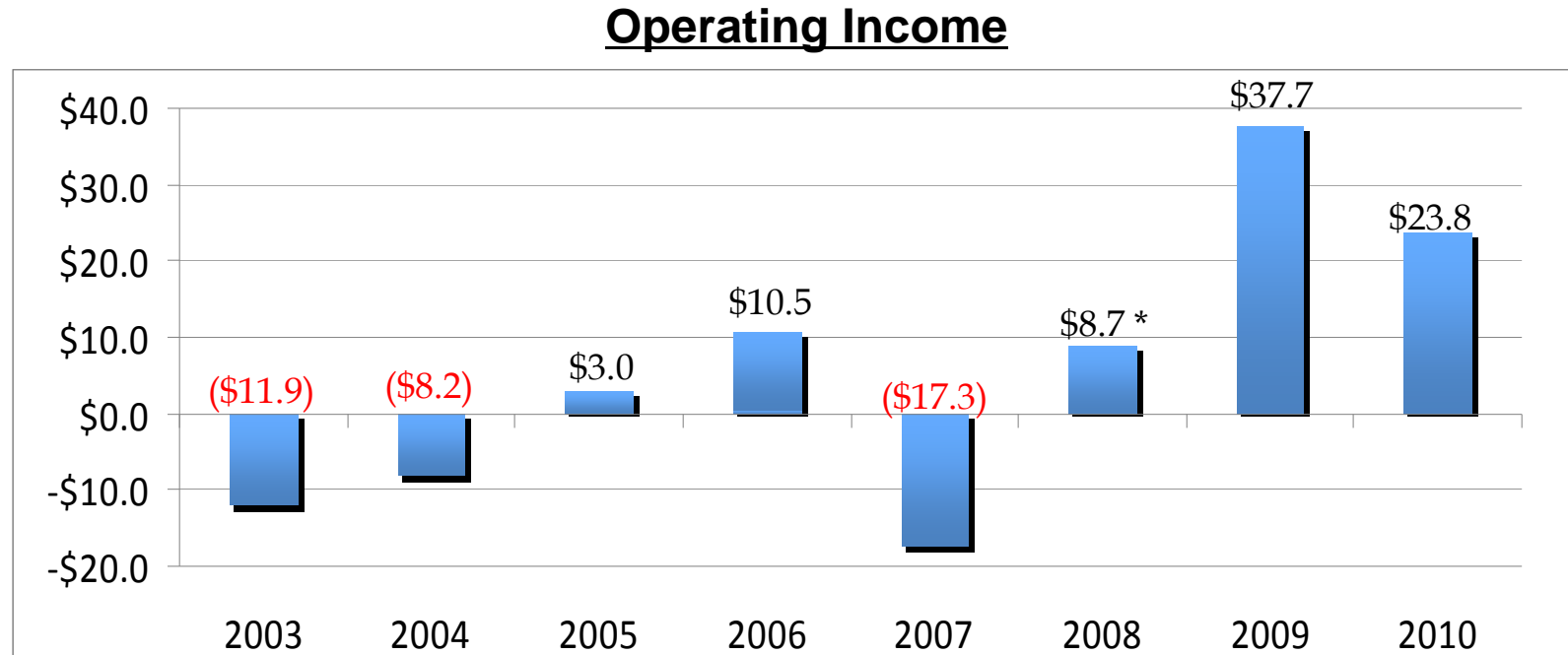
...we must serve more insured patients to survive

# Proposed health reform will increase coverage, but reduce payments for each person covered

## Affordable Care Act (2014) -- Impact on MetroHealth



# In this environment, MetroHealth has worked hard to sustain itself



- ▶ Historically, the system struggled to break-even; financial distress grew into 2008
- ▶ The MetroHealth Board of Trustees demanded swift action to avert financial crisis
- ▶ Internal transformation efforts began to prevent an uncertain future

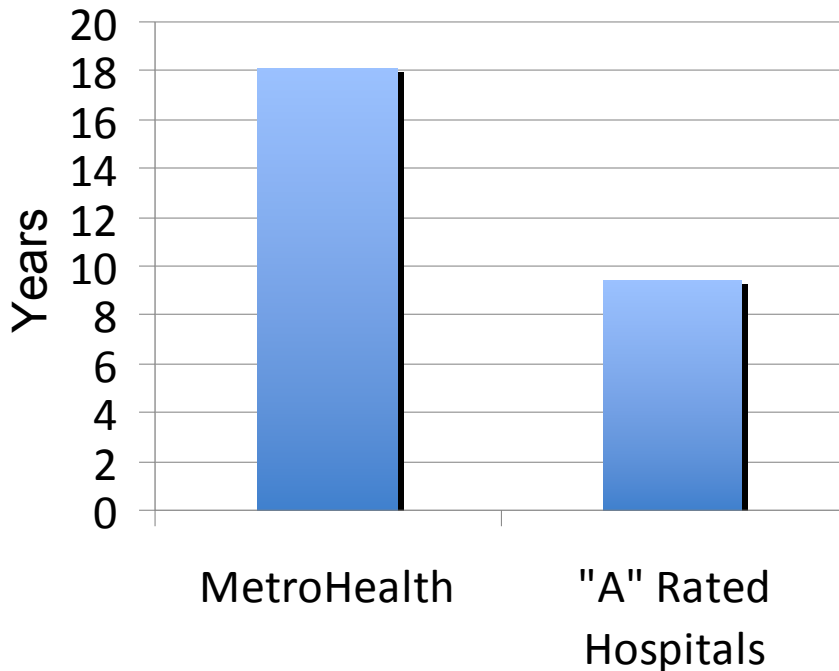
- 2006 Operating Income includes additional one-time payment from County
- Transformation began March 2008 with \$11.3 million operating loss YTD

# The next few years will be a time of transition, and MetroHealth will need to continue to adapt

- ▶ We must attract insured patients
  - Insurers pay more for care than government and charities
  - Healthcare reform will provide many previously uninsured patients with insurance
- ▶ We must provide high-quality care while also providing good value
  - Transition to outpatient (ambulatory) care makes getting treatment more convenient for the patient, and is less costly for the hospital
  - Improving technology allows ever-more sophisticated services to be provided without checking into a hospital
  - Patients enrolled in our new Patient Centered Medical Home have 35% fewer inpatient visits and 7% fewer Emergency Department visits
- ▶ Like everyone else, we must pay careful attention to our costs and look for opportunities to save money without jeopardizing the quality of care

# We are working to fund a renewal of our facilities

**Average Age  
MetroHealth Buildings  
versus National  
Average, 2010**



- ▶ **Our facilities are old**
  - 63% of buildings beyond useful life
  - Significant investment is necessary to restore original condition
- ▶ **We have a valuable opportunity to renew our facilities**
  - Upgrade to modern specifications
  - Right-size the buildings for our needs
  - Reduce energy, maintenance, and operations costs
- ▶ **Profitability will contribute capital to fund this renewal**

- \$580 million to reach “A” rating benchmarks
- \$400-\$600 million for new 300-400 bed hospital

# We are working hard for the opportunity to continue to serve the community

## Current Strategic Campaigns 2011

- ▶ *Improve Access & Patient Satisfaction*
- ▶ *Expand Ambulatory Network*
- ▶ *Reduce Costs*
- ▶ *Prepare for Health Reform*
- ▶ *Prepare for Campus Renewal*