

June 17, 2020

LEADERSHIP VISION



Hi Team –

The news I'm sharing today is difficult, but hopefully not unexpected, given our Weekly Town Hall Meetings and these dedicated Weekly Updates that have spanned this entire pandemic. Before we get to it though, please allow me to, once again, acknowledge **YOU** – our incredible team members, doctors, leaders, and volunteers – who make TriHealth the extraordinary organization it is today. As many of you know, I've been a healthcare

leader for more years than I would care to admit, and in these many decades, I can say without hesitation that I have never before witnessed a team come together with such heart, courage, skill, collaboration, and resilience to face and overcome a challenge as enormous as this once-in-a-century pandemic. Your response to the COVID-19 crisis was truly incredible on its own, but then, without missing a beat, you immediately shifted into the work necessary to return TriHealth to full clinical operations and now financial health. Your hard work and dedication these past 12 weeks to not only your fellow team members, but also to the TriHealth mission and our patients, is beyond impressive and unlike anything I have ever witnessed or been a part of in my career! Words will never adequately express how grateful I am to each of you, so today, I offer a simple, yet deeply heartfelt, "Thank You." Working alongside each of you during this unprecedented time in our lives has been one of the most humbling and inspiring experiences of my life. What follows is an overview of the next phase of our journey – a necessary journey of rebuilding and recovery to ensure we remain TriHealth Strong for many decades to come...

For nearly four months now since COVID-19 emerged as a serious threat to our nation and region, I have openly communicated each week with thousands of our team members, physicians, and volunteers through our virtual Town Halls and dedicated Weekly Updates in order to provide real-time information and to answer all of your questions related to our preparation for, management of, and now recovery from the initial COVID-19 surge. And over the past two months, I've begun to share with you how the COVID-19 global pandemic has created a secondary, yet equally threatening, financial crisis for TriHealth and all U.S. health systems – a crisis that could fundamentally reshape how healthcare is delivered for years to come. I've also been candidly discussing the real possibility that we may not return to pre-surge volumes due to the lingering threat of a second outbreak, coupled with ongoing consumer fears of contracting COVID-19.

Through the COVID-19 quarantine and surge period from March to May, TriHealth experienced an immediate and dramatic reduction of clinical volume and revenue, resulting in financial losses of nearly \$100 million. And now, nearly two months into our "Back to Business" reopening of clinical services – with all services now operational – it is clear we will be facing a slow recovery and prolonged period of reduced volume and revenue, which we expect to be between 90–95% of pre-pandemic levels. This reality requires us to ACT NOW to avoid continued operating losses – in excess of \$10 million each month – and a worsening set of challenges which, over time, will threaten even a financially strong health system, like TriHealth. To combat these losses, your leadership team has been working around the clock in recent weeks to develop our "COVID-19 Financial Recovery Plan" that will help us close the large financial shortfall created by this externally imposed threat.

COVID-19 FINANCIAL RECOVERY PLAN

The difficult but necessary work of adapting our system's cost structure to the new reality of lower volume and revenue has been grounded in our mission, guided by our values of respect for people, stewardship, and equity, and informed by facts and evidence. We took this very deliberate approach to ensure we are making the right decisions in the right way for our people, our patients, and our community – and to ensure continued excellence in safety, quality, and service. As part of this comprehensive work, our teams evaluated cost-savings opportunities in areas ranging from supply chain to purchased services to sponsorships to facility

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consolidations to non-core programs, and unfortunately, the most difficult area, staffing. To make these tough decisions, we used industry benchmarking and value analysis (an evaluation of cost and benefit). The outcomes of these decisions will touch every part of our system and require shared sacrifice on the part of all of us to continue to achieve our shared destiny of getting healthcare right for our community and nation.

What follows is a high-level overview of the outcomes of our COVID-19 Financial Recovery Plan and the areas impacted. Specific details about what these decisions mean to you and your department will be shared by your leaders starting next Monday, June 22 through the end of June.

Leadership

- Shared sacrifice starts with leadership, so all members of the Executive Leadership Team, including me, will continue at 80% of regular pay until we return TriHealth to financial health and stability.
- Regrettably, we must eliminate approximately 70 of approximately 800 manager and above leadership positions. We will accomplish this by combining roles and reducing layers of management at every level of the organization, including my direct reports on the Executive Leadership Team. Fortunately, more than 20 of the 70 eliminated positions are now vacant and, therefore, will not impact people.

Purchased Services and Consulting

- We have terminated a number of major consulting agreements – including Studer Group, Navigant, and HPI – as we have now developed the internal team and talents to further the work these organizations helped us with on our own – saving us millions in operating expenses.

Purchasing and Supply Chain

- Working with our Group Purchasing Organization, Premier, we have identified, and are now working to achieve, nearly \$30 million in drug and supply chain savings through product substitution, standardization, vendor consolidation, and other proactive measures.

Sponsorships & Non-Core Programs

- We're significantly reducing, and in some cases, eliminating our financial investments in sponsorships of sports teams, community events, and facilities, as well as donations to civic organizations. Due to certain contract provisions, you may continue to see TriHealth recognized as a sponsor, but we will not be incurring new costs, enabling us to reduce these expenses from our financial reporting moving forward.
- We will also be closing or reducing the size of a number of non-core programs, where services are either less in demand, available in other locations, or able to be provided in more efficient ways. One example is the High Acuity Readmission Program (HARP) Clinic, which will continue, but will be consolidated from two sites into one location at the Bethesda Family Practice Center, saving hundreds of thousands of dollars. Specifics related to other program changes will be shared in the coming weeks, after we have had the opportunity to first inform all stakeholders.
- We will provide a comprehensive list of affected sponsorships and programs once impacted individuals and organizations are informed, and, where applicable, final negotiations with outside organizations are completed.

Facilities Consolidation

- With the recent rapid adoption of telehealth and telecommuting, due in part to COVID-19, we are able to achieve significant cost savings by consolidating patient care and administrative facilities without negatively impacting ease of access for patients or team members. For example, we will be closing more than 20 smaller TPP practice locations and merging them into larger destination campuses – similarly to what we have been doing in recent years with practice consolidation at the Liberty, Kenwood, Western Ridge, and Thomas Center Campuses.
- Additionally, due to more widespread team member telecommuting, we are now able to explore opportunities to reduce overall square footage at the Norwood and Baldwin Campuses, where many of our Shared Services team members are no longer required to work on-site. All of this will save the system

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millions of dollars each year in reduced rent, insurance, utilities, etc.

Staff Positions

- With nearly 60% of all of TriHealth's costs related to salaries and benefits, it was simply not possible to close a financial shortfall of this magnitude without impacting our people – but we have worked hard to minimize such impact. After careful evaluation, we have made the difficult decision to eliminate approximately 440 positions, almost all within our Shared and Support Services (or non-direct patient care departments), which includes the 70 leadership positions previously mentioned. Nearly 150 of the eliminated positions are now vacant due to our proactive efforts months ago to hold positions open or fill them with temporary staff in anticipation of this financial crisis. As a result, the total number of impacted team members will be less than 2% of our 12,000 team-member workforce – still too many, as it affects the lives of our colleagues, friends, and team members.
- It's important to emphasize that eliminating positions is *not* the same as eliminating people. We are committed to doing everything possible to assist all displaced team members in finding other opportunities within TriHealth, if desired. In any given year, TriHealth hires and onboards more than 2,000 new team members, and today, there are more than 300 open positions for impacted team members to consider, if interested. These team members will be given first preference for all open positions, and we are confident nearly every team member who desires to stay at TriHealth will have the opportunity to do so, if they are willing to be flexible about exploring new roles.

WHAT'S NEXT

Team members whose positions have been eliminated will be notified by their leaders starting Monday, June 22 through June 30 and will receive comprehensive transition support, including:

- An assigned Talent Acquisition/Career Coach to serve as a resource, advocate, and guide throughout the transition process.
- Retraining, if necessary.
- Unlimited access to hundreds of online continuing education courses.
- An enhanced 60-day notice period which includes full benefits and salary continuation.
- A severance package and a minimum of six months of outplacement support for those who leave TriHealth – with continued status as an "active" employee for up to one year, giving them continued "first preference" for all future open positions, should they wish to return to TriHealth.

We Can and Will Prevail Together. As the fourth largest employer in Cincinnati, our impact in the region is far reaching, with thousands of team members, patients, community organizations, and businesses relying on us each day to contribute to their health and wellbeing. By working together to implement these tough, yet necessary, changes, we can and will overcome the externally imposed financial challenges resulting from the COVID-19 pandemic. Doing so will enable us to fulfill our sacred mission to improve the health status of the community for many decades to come. As importantly, it will allow us to continue to serve as an economic engine and stable employer for our community and for YOU! Thank you for your understanding and support in doing what we must to ensure we remain **TriHealth Strong – One Team. One Sacred Mission. One Great Health System.** To learn more about these changes and discuss any questions you may have, I encourage you to participate in today's Town Hall at noon ([livestreamed](#) and archived on [Bridge](#)).

Weekly Communications Calendar

- Monday, June 15 – Friday, June 19: **M-W-F Dr. Joseph video updates** available on [Bridge](#)
- Wednesday, June 17: **CEO Weekly Update**
- Wednesday, June 17 @ 12pm: **Team Member/Physician Town Hall** – [livestreamed](#) and archived on [Bridge](#).
- Friday, June 19 – **Weekly COVID-19 Update email**