

Maintaining Identity and Relationships During Times of Change

Jim Skogsbergh, President and CEO

Michele Baker Richardson, Board Chair-Elect

March 6, 2019

AdvocateAuroraHealth™



Advocate Health Care

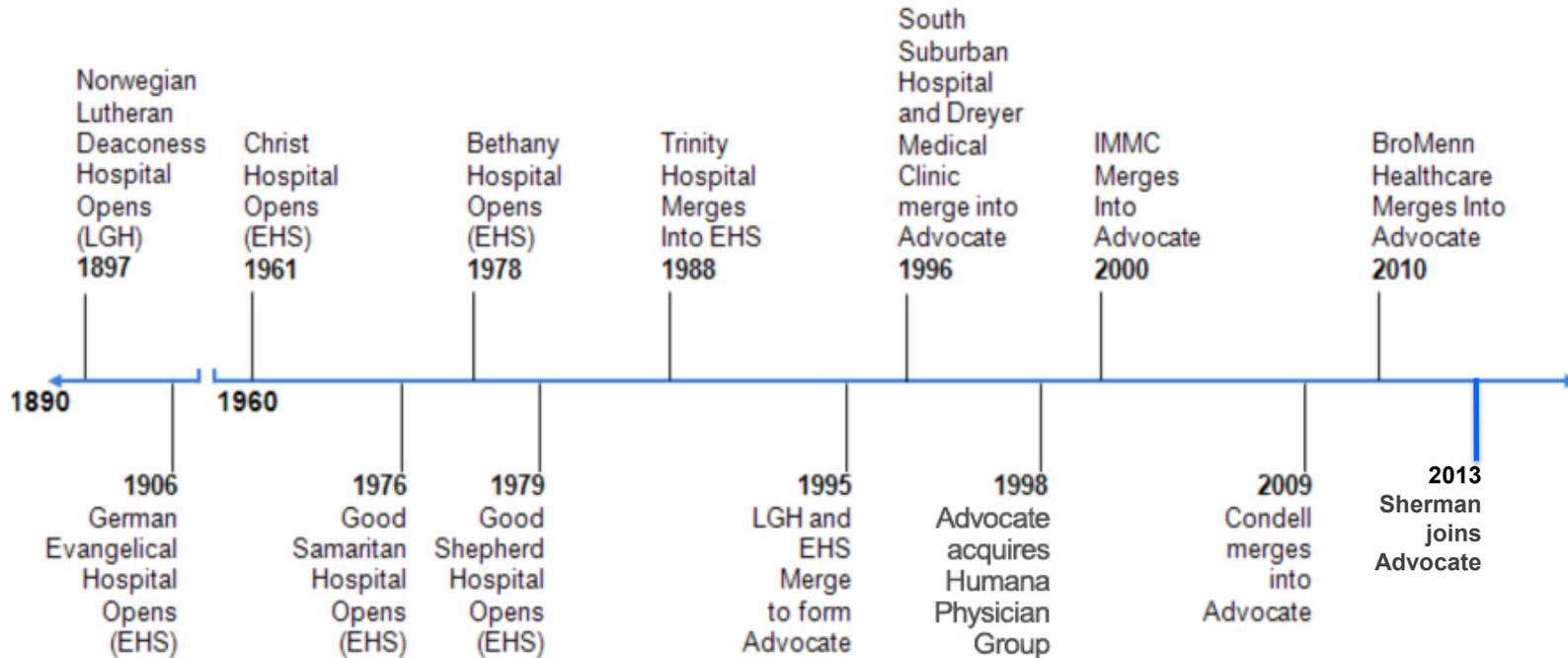


Aurora Health Care®

Advocate's Heritage...how it all began



Advocate's History



Advocate's MVP

Mission-V-P

The Mission of Advocate Health Care is to serve the health needs of individuals, families and communities through a wholistic philosophy rooted in our fundamental understanding of human beings as created in the image of God.

M-Values-P

- Stewardship
- Partnership
- Equality
- Excellence
- Compassion

M-V-Philosophy

The care we provide is wholistic. This philosophy means we understand people have physical, emotional and spiritual needs and their relationships to God, themselves, their families and society are vital to health and healing. Through our actions we affirm these principles.

Advocate's Governance Journey

- 1995 (merger)-2006 Advocate Board nominated by Church “members”
- 2005 IL Conference Minister (UCC) Metro Chicago Bishop (ELCA) designated seats added to Board
- 2006 Member group dissolved, IL Conference Minister and ELCA Bishop on board nominating committee
- 2006 UCC and ELCA representation on all hospital Governing Councils
- 2007 specific Covenants signed between Advocate and IL Conference UCC and Metro Chicago Synod ELCA to ensure mutual support
- 2018 merger **Advocate Aurora Health**, Advocate Aurora Health Board and Advocate Health Care Board have UCC and ELCA representation

2007 Covenant with UCC and ELCA

- Mutual public recognition of affiliation
- Mutual recognition of the importance of our unique ministries
- Mutual lifting of Advocate and UCC/ELCA in prayer
- Shared process between Advocate/church leaders to fill governance roles
- Advocate to engage congregations in faith and health work
- Advocate participation in IL Conference and Metro Chicago Synod meetings
- UCC/ELCA supports Advocate's participation in local and national meetings

Today's Reality

Legacy Health Systems are Challenged

- Few if any legacy health systems have the necessary scale, capabilities, and customer relationships to compete successfully
- Legacy healthcare systems need to establish an ecosystem of their own that allows them to remain relevant in this far more demanding environment

Why Merge?

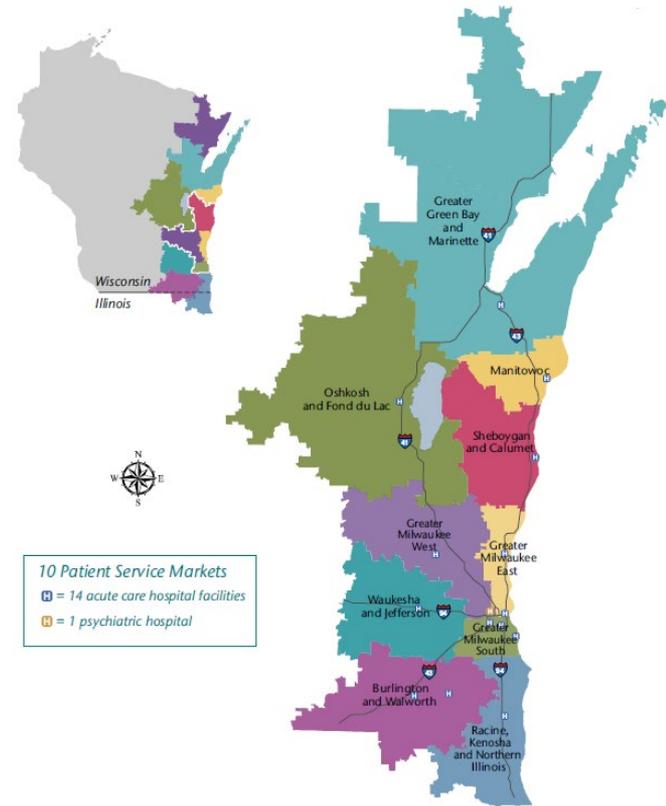
- To secure a more stable future for our healthcare ministry

We Believe Scale Will:

- Improve health outcomes and support unique clinical programs
- Reduce the costs of care
- Attract and retain the best talent to care for those we serve
- Create opportunities to compete effectively with for-profit “disruptors”
- Allow us to advocate more effectively for our patients on a local, statewide and national level
- Enhance access to capital for new projects

About Aurora Health Care

- Largest integrated health system in Wisconsin
- 30 counties, 90 communities
- 15 hospitals
- More than 150 clinics
- 70 pharmacies
- 33,000 caregivers - including 1,800 employed physicians
- Largest home care organization in Wisconsin
- More than 1.2 million unique patient visits
- 8.8 million patient encounters
- \$5.1 billion in annual revenue (2016)



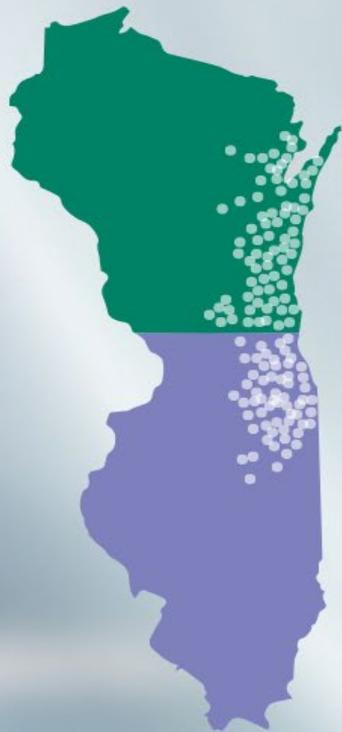
More about Aurora

- **Founded via merger of St. Luke's and Good Samaritan Medical Centers in 1987, followed by merger with Mount Sinai in 1989**
 - Original hospital (predecessor of Good Samaritan) founded in 1863
 - St. Luke's founded in 1903 as Malone Hospital, acquired by Lutheran Hospital Association and renamed in 1928
 - Mt. Sinai founded in 1903
- **Mission – We help each other live well**
- **Aspiration – Best People, Best Brand Experience, Best Value**
- **Strategic Commitments to:**
 - Quality
 - Integration
 - Scale
 - Value / Population Health
- **ACL Labs – joint venture with Advocate**

THIS IS transformation



By the numbers



\$12B
TOTAL
REVENUE

9.7%
OPERATING CASH
FLOW MARGIN



70,000
TEAM MEMBERS

\$18B
TOTAL
ASSETS

262
DAYS CASH
ON HAND

11.5%
EBDIT %



3,300+
EMPLOYED
PHYSICIANS



27
HOSPITALS



500+
SITES OF
CARE



2.7M
UNIQUE
PATIENTS



22,000
NURSES

*Proforma information as of September 30, 2018

AdvocateAuroraHealth™

Our Purpose and Values

OUR PURPOSE

We help people live well.



OUR VALUES



EXCELLENCE – We are a top performer in all that we do.



COMPASSION – We unselfishly care for others.



RESPECT – We value the unique needs and preferences of all people.

Advocate Aurora Health Report Card – December (Year-End) 2018

Imperative	Goal	Target	Actual	Achieved
Safety / Health Outcomes	Establish 2019 AAH Safety and Health Outcomes Report Card	Complete	Complete	★
	Create AAH Safety Plan	Complete	Complete	★
	Advocate Serious Safety Event Rate Change	-75.0%	-56.6%	
	2018 AAH Health Outcomes Score	100	107	★
	2018 Advocate Health Outcomes Score	100	115	★
	2018 Aurora Care Management Impact Score	3.3	3.4	★
Consumer Experience	2018 AAH Patient Engagement Score	100	121	★
	2018 Advocate Patient Engagement Score	100	108	★
	2018 Aurora Service Quality Score	70	73	★
Team Member Engagement	Introduce New Team Member Engagement Survey	Complete	Complete	★
	Team Member Engagement Percentile	80	79	
	Advocate Physician & APC Engagement Percentile	75	64	
	Aurora Physician & APC Engagement Percentile	58	42	
Diversity and Inclusion	Create AAH Diversity and Inclusion Plan	Complete	Complete	★
Growth / Finance	AAH Total Revenue Growth	2.30%	3.45%	★
	AAH Operating Margin	3.88%	3.89%	★
Integration	Implement Strategies to Achieve Synergy Savings	Complete	Complete	★
	Complete Leadership Appointments and Organizational Structures	Complete	Complete	★
	Successfully Implement EPIC in AMG	Complete	Complete	★
	Create Initial AAH Strategic Plan	Complete	In Progress	

Our View of the World Conclusions

1. Without intervention, our core business (care delivery) will experience permanent and inexorable declines in profitability
2. The erosion is occurring NOW
3. Transformation of the core is necessary to moderate but is unlikely to fully mitigate the decline
4. Therefore, Advocate Aurora Health must simultaneously transform its core business and pursue innovative/new sources of growth and profitability

Maintaining our Faith Based Values

Bylaw Changes Related to the Merger

- Advocate Directors on the Advocate Aurora Board shall include at least one representative each from the UCC and the ELCA during the first four years following Affiliation
- In the event of Advocate's dissolution, any remaining assets will be divided equally between the Illinois Conference UCC and the ELCA

Maintaining our Faith Based Values

Further Understandings:

- Advocate's SVP of Mission and Spiritual Care will be a member of Advocate Aurora's Executive Leadership Team
- Following the initial four-year period, Advocate Aurora will put forth efforts to identify a member of the UCC or ELCA with appropriate knowledge and skills to potentially serve on its board of directors

Maintaining our Faith Based Values

Nurturing our Church Partner Relationships

- Church representation on the Advocate board of directors will be no less than 2 UCC directors and no less than 2 ELCA directors
- Advocate's Mission and Spiritual Care Committee and the composition of its membership remains unchanged
- Advocate's governing councils continue to include UCC and ELCA representation

Maintaining our Faith Based Values

Nurturing of our Church Partner Relationships

- Advocate's nominating committee remains unchanged (Illinois Conference Minister or designee and the ELCA Metropolitan Chicago Synod Bishop or designee and a director who is either UCC or ELCA)
- Advocate remains a member of CHHSM (UCC) and Lutheran Services in America (ELCA)

Faith Partner Relationships

- National ELCA/UCC Leadership
 - LSA Senior Mission Leaders convener
 - CHHSM Board, Member of Executive Committee, Chair of Program Services Committee
- International Presentation
 - 50th Anniversary Congress of Bethany Evangelical Hospital in Naples, Italy - Presented “Faith Based Health Care, A Journey”

Faith Partner Relationships

- Local Faith Community Programs
 - Trauma Informed Congregation Network with nearly 400 faith leaders
 - System Monthly Newsletters reaching 1,849/month
 - Co-hosted WISE Congregations Conference with UCC Mental Health
 - Prairie Associate/UCC Congregational Vitality Initiative
 - Companionship Workshop with ELCA Disability Ministries
 - Partnership with Chicago Theological Seminary for fully online CPE

Our Faith Based Identity

- Helps us hold fast to our ideals.

“Now faith is the substance of things hoped for, the evidence of things not seen.” (Hebrews 11:1)

- Guides us in our commitment to serving others.

“Let us not become weary in doing good, for at the proper time we will reap a harvest if we do not give up.”
(Galatians 6:9)

Our Faith Based Identity

- Grounds us in our servant leadership
“Let your light shine before others that they may see your good deeds and glorify your Father in heaven.”
(Matthew 5:16)
- Calls us to seek Divine Guidance through Reflection and Prayer
“For the Lord gives us wisdom;
From his mouth come knowledge and understanding.”
(Proverbs 2:6)

Lessons Learned

- Relationships with communities and partners, including our faith partners, is incredibly valuable as we move toward population health
- It is more important than ever that we align with potential new partners
- It is critical that we remain focused on our values and mission: to provide the best, safest care for those we serve

