

NEW HEALTH SYSTEM ALIGNMENT POLICY

Alignment of Clinical Facilities and Clinical Services by health systems, where appropriate, are a standard and widely accepted mechanism for reducing unnecessary cost in health care, improving quality, and ensuring the services and programs offered are continuously evaluated objectively to ensure efficiency and the best outcome for patients. Among the many benefits of proper alignment are:

1. Assembling a “critical mass” of technology, clinical expertise and financial resources required to develop true centers of excellence.
2. Freeing up resources needed to provide highly technical and resource intensive services that, at a given time, may only be accessed outside the region.
3. Providing financial resources to clinical services that operate at a loss, or are currently not adequately provided, but are vitally important to the health of the region.
4. Improving the financial and clinical performance of services or facilities that currently operate in close proximity of each other.
5. Ensuring overall system financial viability, with an understanding that low overall operating margins inhibit the ability of the system to capitalize and invest in other services important to the region.
6. Realignment of care will improve access and care delivery, and provide effective care at the right locations.

Policy: Alignment of clinical facilities and/or services, where appropriate, may occur after an evaluation of the potential merits and adverse effects related to access, quality and service for patients. The objective of any alignment should include, but may not be limited to: enhanced service to the region, improved quality or scope of care, or enhanced financial performance material to the success of the overall system. Prior to implementing an alignment, it must be determined the benefits of the alignment outweigh the adverse effects.

Application: This policy applies to alignment of clinical facilities and clinical services in those cases where the alignment results in a discontinuation of a major service line or facility such that any such discontinuation would render the service unavailable in that community. This policy is not applicable to alignment of administrative or non-clinical services or programs.

Definitions:

Clinical Facility or Facilities - Any location where inpatient care is provided.

Clinical Service –A scope of patient care generally recognized to be associated with a specific medical or surgical specialty.

Community – The primary service area of a clinical service or facility, generally defined as the area from which 75% of patient volume originates.

Region – the geographic area served by the New Health System

Board Integration Committee – A committee of the Board which shall meet as needed upon a proposal by management to align a facility or service applicable under this policy. The purpose of the committee shall be to evaluate management’s recommendation, and make a recommendation to the Board of Directors prior to the Board’s final approval or rejection of a proposed alignment.

Procedure:

1. Management identifies an opportunity (or opportunities) for alignment which meets the requirement for review as outlined herein.
2. Management will evaluate the opportunity based upon (a) the use of clinical and financial data, and (b) input from physicians and other clinicians relevant to the service or facility which is subject of the alignment. Management will identify the benefits and adverse effects of the proposed alignment, including any cultural impacts. Management may utilize consulting and other independent resources to assist in the evaluation.
3. Upon reaching a conclusion to move forward with alignment, management will notify the Board of its intent, and will request a meeting of the Board Integration Committee. Management will present the proposal for the alignment to the Board Integration Committee.
4. The Board Integration Committee will evaluate the proposal, including the data and input relied upon by management in making its proposal. The Board Integration Committee will formulate a recommendation to the Board of Directors.
5. In considering the recommendation of the Board Integration Committee, the Board shall evaluate the data and input relied upon by the Board Integration Committee, including any data or input which does not support the recommendation.
6. Management shall provide administrative and analytical support to the Board Integration Committee as it contemplates any proposed action.
7. Upon approval by the Board of any alignment, management shall report periodically to the Board Integration Committee on the status of the alignment effort for each project approved, until such project has been completed.
8. One year after the completion of an alignment, management will provide a report to the Board on the results of the alignment, including any lessons learned, physician feedback, community effects and financial impact.

Charter of the Board Integration Committee

Membership. The Board Integration Committee will consist of 10 members (the "Members"), composed of the following:

- A. Six (6) Members shall be non-management Directors, two (2) of whom shall be physicians.
- B. Four (4) Members shall be at-large members who are not Directors and who are not otherwise serving on any committees of the Board of Directors. At least two (2) at-large Members shall be independently practicing physicians.

The Members will be nominated by the Board Governance/Nominating committee, except that the two (2) at-large physician Members will be nominated by the Clinical Council. The initial membership of the Board Integration Committee shall be composed of equal representation from legacy Wellmont Health System and Mountain States Health Alliance until after the second anniversary of the closing of the merger transaction.

1. The Board Integration Committee shall endeavor to ensure management, in making a recommendation to align a service or facility, has deployed a planning process which includes objective financial and clinical data and research, as well as input from affected physicians, clinicians, and other affected stakeholders. The committee will insure a clear vision is articulated by management, including the goals and objectives of the alignment. The committee will evaluate potential community impact of proposed alignment in terms of health status, access, employment and other community considerations.
2. The Board Integration Committee may request that management establish an inventory of current facilities and services and request recommendations for where potential overlap exists and/or synergies could be realized.
3. The Board Integration Committee will ensure management has developed a communication plan and strategy for implementation that considers the various stakeholders affected by any such decision to align a facility or service.