



United Medical Center Transformation Initiative

Strategic Direction

August 2013

Introduction

PROJECT OBJECTIVES



- The District of Columbia is seeking a sustainable, long-term solution to stabilize and improve United Medical Center while meeting the long-term healthcare needs of the District citizenry, especially in Wards 7 & 8
- United Medical Center (UMC) is financially insolvent and unable to continue operations without significant, ongoing support from the District of Columbia
- Consequently, Huron Healthcare was engaged by the District to help UMC governance and management develop:
 - a strategic plan to determine the future of UMC;
 - an operating improvement plan to address continued operating losses; and
 - a plan for eventual divestiture of UMC from District ownership and management.

- Huron used a proven planning process that has been successful in helping governance and management craft effective strategies in many challenging settings
 - Completed a situation assessment to profile key characteristics of the market in which UMC operates and to understand how UMC is positioned internally to respond to the market
 - Interviewed / surveyed stakeholders to gain input and commitment – including three community Town Hall meetings with attendance of approximately 135 residents, interviews of more than 35 physicians and other community providers and stakeholders, survey of patients, community residents and employees (65 completed surveys) and open-forum employee meetings
 - Gained an understanding of current demand for healthcare services within UMC's defined service area
 - Profiled how UMC's defined service area is likely to evolve in the future and estimated associated demand for healthcare services
 - Identified key issue areas that must be addressed for UMC to achieve success in the future
 - Identified options to structure a UMC healthcare delivery system which could be successful given the likely market evolution and the key issue areas

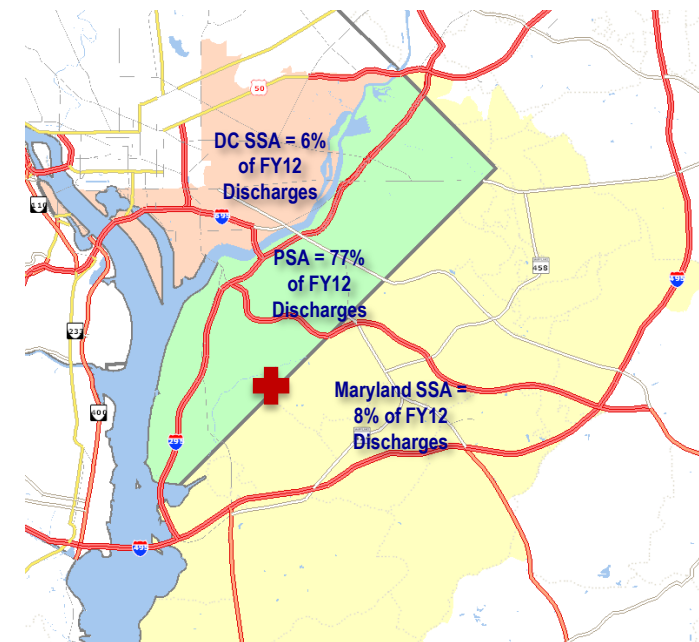
- Planning Process (Continued)
 - Identified the preferred UMC healthcare delivery system model
 - Developed preliminary goals and objectives
 - Developed high level estimates of programs and service volumes
 - Identified options to build infrastructure and allocate resources
 - Identified high level facility and equipment infrastructure requirements
 - Projected operating and capital cash requirements to achieve the strategy
 - Identified the gap between the infrastructure and resources required to support the delivery system model and existing UMC infrastructure and resources
 - Finalized UMC goals and objectives based on constituency input
- Huron conducted multiple work sessions with a Steering Committee (consisting of members of the UMC Board of Directors, medical staff leadership, and senior management) throughout the strategic plan development process. The resulting strategic plan reflects the input and guidance of this Steering Committee, as informed by the input of the internal and external community.

Environmental Assessment

UMC's primary service area (PSA) population is relatively young, has low median household income levels and acute health issues



- UMC's Primary Service Area is composed of Wards 7 and 8. Secondary markets in Maryland and other parts of the District contribute relatively small volumes
 - 77% of total discharges come from the PSA – almost 80% excluding psychiatric services
- The PSA has unique characteristics and challenges
 - The PSA is home to the youngest and most economically disadvantaged residents in DC
 - Despite the challenging economic setting there is a substantial funded patient base in the PSA
 - Residents' health issues are more acute than the District overall
 - Higher rates of health risk factors and unhealthy lifestyles
 - Higher rates of cancer, heart disease, diabetes, obesity, HIV and other STD's, infant mortality among others
 - Poorer access to primary care and specialty physicians, limited access to advanced diagnostic services
 - Significant challenges with case management and care coordination
 - Perception that care is lacking or inferior in their neighborhoods
 - May not know about existing services available in their neighborhoods



UMC has low market share, structural challenges, negative volume trends, declining acuity levels, alarmingly low patient satisfaction, inadequate medical staff breadth and depth, and an untenable financial situation



- Primary Service Area (PSA) utilization rates are extremely high and access to care is an issue
- UMC is poorly positioned in the PSA and irrelevant in the two secondary service areas
 - MedStar has a strong, and growing, leadership position – 31.9% inpatient market share
 - PSA residents with choice go elsewhere – 85% admitted to a hospital in 2012 did not choose UMC
 - UMC's inpatient share in Ward 7 is less than 10% – little connects Ward 7 residents to UMC
 - UMC has no physical, community-based presence beyond the main campus
- UMC has structural challenges – District requirements such as Home Rule Act, Anti-Deficiency Act, purchasing requirements, etc., make UMC difficult to do business with
- Volume trends are generally negative and acuity is declining
- UMC's medical staff has been allowed to atrophy, and many do not support UMC with volume
- Facilities are generally in good condition, though significant investment is necessary to be considered equivalent to competitor facilities
- Other key analyses suggest UMC is an organization in rapid decline, poorly positioned to respond effectively to its market and insolvent without annual District support
- Operating losses and capital investment requirements drive most of a projected \$107 million aggregate Base Case cash shortfall from FY 2014-18

UMC is currently unappealing to a partner / purchaser...due to poor results on all key performance indicators

Community input has been invaluable...confirming most analyses and providing excellent input into strategy development



UMC conducted three Town Hall meetings attended by over 135 residents to better understand their health needs, their perception of UMC and what they are looking for in a physician and in a Hospital

UMC Top of Mind Recall

- Negative
- Confusion
- Limited exposure
- Services?
- Long waits
- ER not a positive
- Poor service
- Children's ER +

Reasons Not Using UMC

- Physicians don't use UMC
- Lack of Specialists
- Image (quality)
- Poor service
- Lack of information
- Separation from Ward 7

Roadblocks to Finding Care

- Cost / Insurance
- Too long to wait for appointments
- Access
- Care Coordination
- Information (lack)
- Many see ER as 1st option

Looking for in a Hospital

- Quality physicians
- Physician utilization
- Broad array of services
- Location
- Affiliate w/ strong org.
- Academic program tie
- Accepts insurance
- State-of-the-art equip

Looking for in Physician

- Quality reputation
- Available Specialists
- Affiliated physicians
- Academic/teaching credentials
- Match market
- Up to date
- On Insurance

Suggested Changes for UMC

- More and higher quality physicians
- Broader array of services
- Better facilities
- Connect to the community
- Part of a System

Direction for UMC

- Build a quality medical staff comprised of physicians that provide services within the community
- Amend or replace negative reputation
- Develop a critical mass of physicians to support specialty program development (heart & vascular, cancer, diabetes, etc.)
- Address the problems with the Emergency Room (overcrowding, long wait times, service)
- Align with established System/group practices (prefer academic/training opportunities) to provide specialist access, improve image
- Become more visible within the community and inform the community about UMC
- Expand insurance products that use UMC and improve information concerning those insurance products
- Address customer satisfaction...engage and empower employees to change service delivery within the hospital
- Provide a clean, safe environment with privacy...provide competitive quality facilities
- Expand UMC's reach / image beyond the existing campus

What does the future hold? As reimbursement challenges grow, hospitals are becoming “cost centers” and aligning to survive; UMC will either earn residents’ loyalty by effectively addressing their access, clinical and financial needs or remain irrelevant



The reimbursement environment becomes more challenging in the future

- Declining reimbursement, emphasis on outcomes, “pay for performance”, disallowed admissions, bundled rates, etc., drive hospital incentives and physician alignment – UMC will see declines in payment for the 35% of its patients that are Medicare beneficiaries
- Those controlling the reimbursement dollar to seek lowest cost provider with acceptable quality
- Systems offering an effective, integrated solution have more control over destiny / viability
 - Achieve clinical quality, scope, scale, distribution and cost leadership
 - Align (“network”) with the “right” physicians and other institutional providers
 - Profitably assume risk – e.g., “bundled payments”, “packaged pricing”, capitation

Market trends are transforming the health care field, driving an urgent need for capital investments and economies of scale

- “Of the many forces transforming our nation’s healthcare system, none is more significant than the turn from payment based on volume to payment based on value” – AHA 2012
- Partnerships, Mergers & Acquisitions enable hospitals to become more competitive through economies of scale
 - Now more than ever, “size and scale are . . . a more important means to gaining greater efficiencies and driving waste and costs out of the delivery systems – *Moody’s Investors Service, New Forces Driving Rise in Not-for-Profit Hospital Consolidation, Mar. 8, 2012*
 - Through consolidation, hospitals can gain the “size and scale” necessary to diversify their revenue sources, spread costs over a larger base, and “allocate...resources to better withstand likely future reductions in funding – *Fitch Ratings, July 6, 2012*
 - **Particularly for Stand-Alone Hospitals, mergers may be the only means of remaining competitive in the future** – AHA 2012

The PSA to see population growth, declining use rates and a shift from inpatient to outpatient care over the next 5 to 10 years...the District is likely to see declining use rates and provider consolidation over the same time period



The UMC Market (5 to 10 years out)

- Residents within a relatively small geographic portion of the Primary Service Area (PSA) are most likely to seek care at UMC barring a strategy to link all PSA residents to UMC
- PSA market demand for healthcare services will grow and continue shifting to ambulatory settings
 - Population growth (projected to increase 8.8% over the next 5 years) and aging (residents 65 and older are projected to increase 24% over the next 5 years) will drive demand for healthcare services
 - Outpatient volumes are projected to increase significantly while inpatient use rates decline
 - Other District providers will open ambulatory facilities in the PSA if UMC does not meet this need
- Approximately 500-550 beds are required to meet the needs of all PSA residents in 2018
 - Without a change in strategy, most of these beds will continue to be provided by facilities located outside the service area rather than at UMC
 - Under status quo assumptions, the projected 2018 UMC acute care bed demand would range from 115-130 *assuming no change in programs or length of stay*...possibly lower as use rates decline
- The PSA is likely to see continuing physician shortages
 - Primary care physicians to be employed by (or formally aligned with) a health system – specialists follow
- Healthcare providers that are not part of a formal network will struggle...Howard and UMC have the greatest exposure; GWU and Providence also likely to face significant challenges

The UMC Strategic Plan will leverage the organizations strengths, and will be focused on growth initiatives and alignment with a new partner



1. UMC is currently the only acute care provider with physical assets located in Wards 7 and 8
 - UMC must protect this distinction and develop other community-based facilities in Southeast DC
2. Existing PSA patient base is substantial and should become more “attractive” over time
 - PSA residents’ inpatient needs support in excess of 500 acute care beds – substantial opportunity to make UMC a vibrant medical campus with relatively small market share gains
 - PSA residents should be attractive to other District providers
 - Most have some “insurance” coverage and reimbursement levels for underfunded patients should improve
 - Residents’ unique health challenges are attractive to “Teaching” programs
3. Significant physician shortages across most specialties provide an excellent opportunity to physicians willing to build a practice
 - A younger, strong medical leadership base developing at UMC should be attractive to physician recruits
 - Recent residency / fellowship graduates should have outstanding career opportunities
4. UMC facilities are in relatively good condition
 - Investments to make the facilities competitive (e.g. convenient ambulatory services, all-private room model) with other District providers could differentiate UMC and attract PSA residents
5. The District is committed to providing Ward 7 and 8 residents local access to high quality healthcare services

The Plan: Mission and Vision

A mission statement is an enduring statement of purpose for an organization and reflects its values and priorities. The new Mission Statement:



***United Medical Center is dedicated to
the health and well-being of
individuals and communities
entrusted to our care***

Vision...identifies what UMC aspires to be

KEY THEMES DRIVING THE VISION



- **Excellence (clinical / service)** – quantifiable and transparent outcomes meet national standards
- **Network Development** – develop strategic relationships with other providers and operate as an efficient, linked organization
- **Physician Capability** – attract high quality physicians that provide specialty breadth and depth
- **Cohesive** – UMC team members work to maximize benefits for the whole over the individual
- **High “Value”** – creating the greatest benefit from cost, quality and access while growing volume
 - Cost = total dollars spent per stakeholder (business, government or household)
 - Quality = superior health outcomes, evidence-based care and responsive customer service
 - Patient Experience = “consumer” mentality with expectations: convenience, amenities, service orientation, comfort, information, limited wait times and superior outcomes
- **Innovative** – Introducing new or creative approaches or methods
- **Measurable Outcomes** – metric driven performance criteria at all levels of the organization
- **Accessible / Patient-centered** – consumer effortlessly navigates across geographically proximate and timely available healthcare services
- **Financial Viability** – generate sufficient cash flow to fund current operations and the capital required to provide high value care in the future
- **Efficiently Managed** – implement legal, governance and management models that create an efficient, agile, well-managed organization

UMC's Vision

Key Themes

- **Excellence** (clinical / service)
- **Network** Development
- **Physician** Capability
- **Cohesive**
- High **"Value"**
- **Innovative**
- Measurable **Outcomes**
- Accessible / **Patient-centered**
- **Financial** Viability
- Efficiently **Managed**

United Medical Center will be an efficient, high value, patient-focused provider of high quality healthcare to improve the lives of District residents. We will employ innovative approaches that yield excellent experiences and will empower healthcare professionals as they work to care for our patients. We will pursue this vision through collaboration with other providers and as part of a larger District based delivery system

The Plan: The Strategic Direction

The adopted strategy: First and foremost, the selected strategy is to find a “partner/ new owner”. To make UMC attractive to a new partner, we will need to develop a focused, expanded community hospital and three ambulatory care centers – two within the community and one on the UMC campus

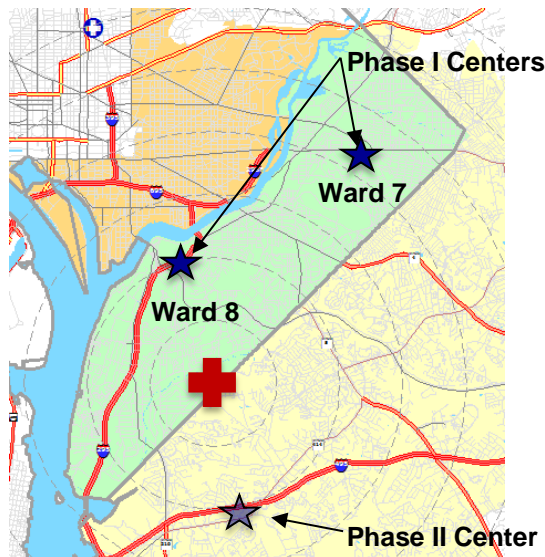


UMC Hospital

- Enhanced Hospital Facilities (\$36M)
 - Renovate/reconfigure to accommodate approximately 150 inpatient beds
 - 86% Private Acute Care Beds
 - Renovate substantial patient care / public areas to contemporary standards
- Develop Acute Care Services):
 - Grow admissions 34% – PSA share up 6%
 - Recruit 30 additional physicians providing breadth and depth in required specialties
 - New/enhanced programs – cardiology, cancer, general and orthopedic surgery
- Skilled Nursing
 - Manage efficiently – seek alternative management / ownership option
- Expanded / Reorganized Emergency
 - Create separate area for psych patients
 - Develop 8 bed observation unit
 - Retain Children’s ED; evaluate with Partner
 - Provide urgent care services on campus

UMC Ambulatory Centers

- Ward 7 and 8 Centers (\$22M)
 - 4 Primary care providers @ each
 - Diagnostic imaging / stat lab – Ward 7 center to contain full imaging
 - Community outreach programs
 - Each likely secures up to 10% of UMC incremental volume targets
- PG County center phasing TBD
- Final locations to be determined



UMC Ambulatory Pavilion

- New facility...expand/consolidate OP services; improve access (\$53M)
- Final array of services to be determined

Given Services

- Outpatient imaging center
- Primary care physician offices
- Specialty physician offices
- Expanded pre-post outpatient surgery

Additional Outpatient Services

- Cardiovascular
- Oncology
- Women’s Imaging
- Relocate selected services from UMC
- Expansion capacity

Network Partner

- Key source of UMC-based specialty physicians to serve PSA residents
- Destination for patients requiring services not provided at UMC

The proposed strategic direction is consistent with the Mayor's "One City – One Future" Action Plan



- “Improve the health of D.C. residents starting with creating greater access to pre-natal care and reducing infant mortality, increasing access to quality health care, increasing education about nutrition and healthy living habits and reducing HIV/AIDS.”

Mayor Vincent Gray One-City – One Future Action Plan

- Following are examples of how the UMC strategy will address "One City – One Future" actions:
 - Action 3.2.1: Expand Access To Quality Health Care
 - Increase the number of primary care and specialty physicians working within Wards 7 and 8
 - Expand access to ambulatory care services for residents of both Wards 7 and 8
 - Increase access to specialists developing new and enhancing existing inpatient and outpatient programs
 - Retain acute care services within the market
 - Action 3.2.2: Reduce Infant Morality
 - Retain and improve Obstetrics services at UMC
 - Increase health education, health maintenance and public awareness programs
 - Action 3.2.3: Reduce HIV/AIDS Infection And Increase The Life Span Of Those Living With HIV/AIDS
 - Increase the infectious disease physician base working at UMC
 - Providing opportunities for UMC to expand and increase the geographic reach of its HIV/AIDS clinics if desired through the ambulatory care centers
 - Increase health education, health maintenance and public awareness programs

The Plan: Goals and Objectives

To implement the selected strategic direction, UMC governance and management will concentrate resources in five major areas over the next three to five years



1. Align with a partner(s) and position UMC to thrive under healthcare reform
2. Achieve financial stability
3. Recruit, deploy and retain talented and enthusiastic personnel focused on providing excellent patient experiences
4. Achieve superior quality and patient safety outcomes
5. Contribute to overall health within the communities that UMC serves

Goal 1: Align with a partner(s) and position UMC to thrive under healthcare reform



1. Work with District leadership to implement initiatives, resolutions, laws, etc. that enhance the appeal of UMC to potential partners
 - a. Reduce / eliminate barriers to efficient operations: District purchasing requirements, OCFO limitations, etc.
 - b. Resolve legacy liability issues
 - c. Allocate capital for campus development, community-based facilities and physician practice support
 - d. Set “ground rules” for partnership development

2. Formally align with a health system having substantial District assets and a strong financial position
 - a. Finalize UMC strategic needs
 - Provide high quality medical staff across multiple specialties at UMC until a permanent medical staff solution can be implemented
 - Implement systems to improve quality and customer service performance
 - Provide UMC a new brand / market identity that will be positively perceived by the market
 - Include UMC in the System's ACO or Clinically Integrated Network for purposes of future pricing / reimbursement models
 - Provide an established destination for complex patient transfers / referrals
 - Assist UMC with implementing a cost-effective, comprehensive information system
 - Provide access to professional management until a permanent team is built
 - Access to managed care contracts and vendor pricing

Goal 1: Align with a partner(s) and position UMC to thrive under healthcare reform



2. Formally align with a health system having substantial District assets and a strong financial position (continued)

- b. Approve partnership evaluation criteria
 - Experience successfully operating hospitals in similar settings
 - Financial strength
 - Image, strength of District network and payor penetration
 - Strength of teaching programs
 - Strength of grant management capabilities
 - Commitment to retain acute care services (i.e. beds)
- c. Prioritize candidates, enter into discussions and consummate partnership
- d. Involve the future Partner in decisions relative to capital allocation and program development – including physician recruitment
- e. ***Minimum contractual approach: incentive-based management agreement***

Goal 1: Align with a partner(s) and position UMC to thrive under healthcare reform



3. Prepare and implement an aggressive Physician Development Plan
 - a. Work with Partner to provide temporary access to selected specialists
 - b. Develop criteria to evaluate how recruits fit with the future UMC service delivery model (service and quality standards to be developed for medical staff)
 - c. Identify models to support recruitment initiatives, including employment model, practice support models, J-1 visa program, residency programs and Federally Qualified Health Clinics (FQHCs)
 - d. Approach physician groups within the District to discuss relocation of physicians to UMC
 - e. Identify recruitment candidates currently located within the market
 - f. Evaluate alternate models to maximize reimbursement
4. Implement comprehensive information systems capabilities with aid of Partner organization
 - a. Most cost-effective approach is to work with Partner to establish UMC as a site under the Partner's information systems contracts
5. Implement a "branding" / "identity" campaign with new Partner
 - a. Consider co-branding all facilities and programs
6. Develop a Facility Master Plan to support campus and community programs

Aligning with a strong partner during FY 2014 is an essential component of the strategic plan...implications to projections contained within the plan are significant if UMC is unable to secure a partner in a timely manner



- ***A partner is the key lever to successful strategy implementation. Without a partner:***
 - **UMC remains insolvent regardless of capital expenditures for new and / or renovated facilities – the District should defer substantial strategic facility and equipment investment prior to securing a partner**
- ***Many components of the strategy will fail to fully materialize without a partner...***the overall negative impact is likely \$10+ million annually (in excess of \$50 million from FY 2014-2018). Some of the more significant negative implications of remaining independent include:
 - Physician recruitment will be more difficult and costly...UMC is unlikely to achieve overall recruitment targets which will negatively impact volume growth and incremental margin
 - Cost benefits (approx. \$6 to \$7 million per year) associated with consolidation are unachievable
 - UMC will lack scale in all aspects important to success in the future delivery of care
 - Program development, access to clinically integrated services and implementation of new care models
 - Payor (including ACO / Clinically Integrated Network) and supplier contracting
 - Progress on quality and customer service improvement (implementation will slow, cost more and likely never reach the levels achievable under the management of a partner)...more difficult to transition culture than reorient
 - Capital access will be limited and deployment will be less efficient (duplication)
 - UMC will be challenged to significantly improve its image without the “halo” effect of a partner

Aligning with a strong partner during FY 2014 is an essential component of the strategic plan...implications to projections contained within the plan are significant if UMC is unable to secure a partner in a timely manner



- Impact to assumptions if UMC cannot secure a partnership during FY 2014
 - No impact to assumptions and timing of operating improvements and cost reductions
 - UMC would likely require an additional year of District support – may be in excess of \$16 million
 - UMC will have difficulty attracting specialists in a timely manner extending the time to fully implement the physician recruitment plan
 - Annual volume growth would decrease by 15-20% as targets are pushed out a year...UMC's negative image will persist limiting the ability of any new primary care physicians to direct patients to UMC
 - The District should likely delay making any significant capital investment until a partner is secured

Goal 2: Achieve financial stability



1. **Implement Huron identified operating performance improvement opportunities**
 - a. Revenue Cycle
 - b. Labor productivity
 - c. Supply and purchased services expense
 - d. Clinical operations and patient throughput
 - e. Premium pay and leave management
 - f. Clinical documentation

2. **Aggressively grow ambulatory services**
 - a. Build an ambulatory pavilion on the UMC campus
 - b. Develop distributed Ambulatory Care Centers

3. **Pursue growth opportunities in targeted clinical programs**

4. **Negotiate / Renegotiate payor contracts**

5. **Build capabilities to pursue grants**

Goal 3: Recruit, deploy and retain talented and enthusiastic personnel focused on providing excellent patient experiences



1. Assemble a high performing management team that integrates strategic, operational and financial planning/performance
2. Establish objective hiring, evaluation and service targets / standards
 - a. Develop a formal customer service initiative for UMC
 - b. Set service standards/targets – patient satisfaction, wait times, scripts, etc. (outpatient services require different philosophy than inpatient services)
 1. Departmental management accountability for measurable improvements in satisfaction
 2. Create multiple opportunities for patient feedback
 - c. Revise hiring / evaluation tools
 1. Customer service excellence a key element in selecting, orienting, and evaluating all employees
 - d. Work with unions to develop and commit to service standards
 - e. Develop specific staff retention targets in all key clinical service areas and strategies to achieve these targets
3. Enhance education programs to ensure staff obtains and maintains critical skills and capabilities

Goal 4: Achieve superior quality and patient safety outcomes



1. Establish and achieve objective quality and safety targets / standards
 - a. Ensure UMC effectively defines, measures and reports necessary quality and patient safety standards, e.g., length of stay, mortality, errors, benchmark comparisons, etc.
 - b. Concentrate improvement efforts to address evidence-based medicine standards and improve performance on Core Measures
2. Adopt evidence-based clinical protocols
 - a. Make evidence-based clinical guidelines mandatory for all clinical personnel who practice at UMC and require prompt documentation of exceptions
 - b. Develop clinical guidelines across the continuum of care (e.g., ED, observation, diagnosis, procedural areas, nursing units, discharge planning)
 - c. Demonstrate commitment to quality through increased education and facilitated discussions among all stakeholders; optimizing measurement and external benchmark usage
3. Implement care coordination / navigation models
 - a. Implement care coordination/navigation models that effectively integrate care navigation, discharge planning and post-acute care – must address interdepartmental and inter-organizational care (e.g., ED, nursing unit, SNF, specialty referral, after care) coordination

Goal 5: Contribute to overall health within the communities that UMC serves



1. Expand preventive care outreach initiatives
 - a. Health screenings (cancer, diabetes, heart disease, HIV/AIDS, etc.)
 - b. Diabetes education
 - c. Obesity / Nutrition education / Healthy lifestyle
 - d. Immunizations
 - e. Smoking cessation
 - f. Other
2. Implement effective chronic care models
 - a. Work with selected Partner to ensure inclusion in System's ACO or Clinically Integrated Network
 - b. Expand efforts to link Emergency Room patients with chronic conditions to existing FQHC / Health Center providers for enrollment in Medical Home programs
3. Implement effective community education models
4. Develop and implement marketing and communications program

The Plan: The Financial Impact and Implementation Timing

Estimates indicate that successful strategic plan implementation will result in more than \$21 million in aggregate operating Earnings Before Interest and Depreciation (EBID) from fiscal years 2014 through 2018 – the requested operating subsidy includes support to address prior period vendor liabilities and contingency reserve



Dollars in 000's	2014	2015	2016	2017	2018	Total
Baseline Earnings Before Interest & Depreciation	\$ (6,260)	\$ (7,283)	\$ (8,543)	\$ (9,330)	\$ (10,681)	\$ (42,097)
Operating Improvements	8,582	10,489	10,364	10,364	10,364	50,163
Strategic Initiatives	3,503	7,547	12,544	15,462	16,080	55,136
IT and Management Resources	(1,000)	(1,500)	(1,500)	(1,500)	(1,500)	(7,000)
Physician Support	(2,030)	(3,860)	(4,810)	(4,150)	(3,570)	(18,420)
DC Medicaid Offset	-	-	(3,825)	(3,832)	(2,814)	(10,471)
Additional Maintenance Agreements	(1,175)	(1,175)	(1,175)	(1,175)	(1,175)	(5,875)
Current Period Adjusted Earnings Before Int & Depreciation	1,620	4,218	3,055	5,839	6,704	21,436
Contingency/Cash Reserve	(5,000)	(5,000)	(3,000)	(2,000)	(1,500)	(16,500)
Legacy Liabilities (pre-foreclosure liabilities)	(3,500)	-	-	-	-	(3,500)
Projected Cash Subsidy Requirement (does not include capital)	\$ 6,880	\$ 782	\$ -	\$ -	\$ -	\$ 7,662

- Prior period vendor liabilities (pre-foreclosure payment due) must be resolved by the District – will not be assumed by any partner
- Significant capital investment will be required to support the proposed strategic initiatives outlined in the plan
- All projections assume that a partnership relationship is achieved during the projection period

Considerable capital investment both on the campus and within the community is necessary to achieve the strategic vision



Dollars in 000's	2014	2015	2016	2017	2018	Total
Investment Capital/Capital Budget						
Strategic Facilities (assumes renovation, not new hospital. Construction of a new facility would increase this investment to \$294 million, including equipment)	\$ 16,000	\$ 41,000	\$ 31,000	\$ -	\$ -	\$ 88,000
Strategic Equipment (assumes renovation, not new hospital. Construction of a new facility would increase this investment in equipment. That additional amount is included in the \$294 million amount referenced above)	8,000	7,500	7,500	-	-	23,000
Information Technology	5,000	3,000	2,000	2,000	2,000	14,000
Routine and Deferred Maintenance Capital (assumes renovation of hospital resulting in the continued need for capital investments in non-renovated portions)	6,000	6,000	6,000	6,000	6,000	30,000
Investment Capital Subtotal	\$ 35,000	\$ 57,500	\$ 46,500	\$ 8,000	\$ 8,000	\$ 155,000
Less Mayor's Capital Budget Funded in FY 14	\$ (20,000)	\$ -	\$ -	\$ -	\$ -	\$ (20,000)
Balance Capital funding required	\$ 15,000	\$ 57,500	\$ 46,500	\$ 8,000	\$ 8,000	\$ 135,000

- UMC Seeks sustainability through a growth strategy with several key elements
 - \$155 million in District contributions of which Mayor Vincent C. Gray has already funded \$20 million in the FY2014 District budget
 - Prompt District action to make UMC attractive to a partner...includes restructuring both key UMC organizational elements and District reimbursement models
 - Formal Alignment with a Partner...ideally consummated by mid FY 2014 consistent with the healthcare reform agenda
 - Immediate physician recruitment to rebuild the core medical staff and support program development
 - Focused campus development combined with community-based services development

Implementation of strategies related to each goal must begin immediately



- UMC will pursue an aggressive implementation plan over the next several years
- Critical path items include:
 - District implementation of changes that enhance UMC appeal
 - Securing a partnership
 - Medical staff recruiting
 - Implementation of operations improvements

	FY2014				FY2015				FY2016			
	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Align with a partner(s) and position UMC to thrive under healthcare reform												
District to implement changes that enhance UMC's appeal to potential partners												
Formally align with a health system having substantial District assets												
Prepare and implement an aggressive physician development plan												
Implement comprehensive information systems capabilities												
Implement an effective branding/identity campaign with new partner												
Develop a Facility Master Plan to support campus and community programs												
Achieve financial stability												
Implement operations improvements												
Improve performance of targeted UMC programs												
Aggressively grow campus-based and distributed ambulatory services												
Pursue targeted growth opportunities including cardiology and oncology												
Broaden and renegotiate all payor contracts												
Build capabilities to pursue grants												
Recruit, deploy and retain talented and enthusiastic personnel focused on providing excellent patient experiences												
Assemble a high performing management team that integrates strategic, operational and financial planning/performance												
Establish objective hiring, evaluation and service targets / standards												
Develop clinical and non-clinical training programs												
Achieve superior quality and patient safety outcomes												
Establish and achieve objective quality targets / standards												
Adopt evidence-based clinical protocols												
Implement care coordination / navigation models												
Contribute to overall health within the communities that UMC serves												
Expand preventive care outreach initiatives												
Implement effective chronic care models												
Implement effective community education models												
Develop and implement a marketing and communications program												