Defining a Course for CMC's Future

February 15, 2011

Overview of Retreat Affiliation Discussion

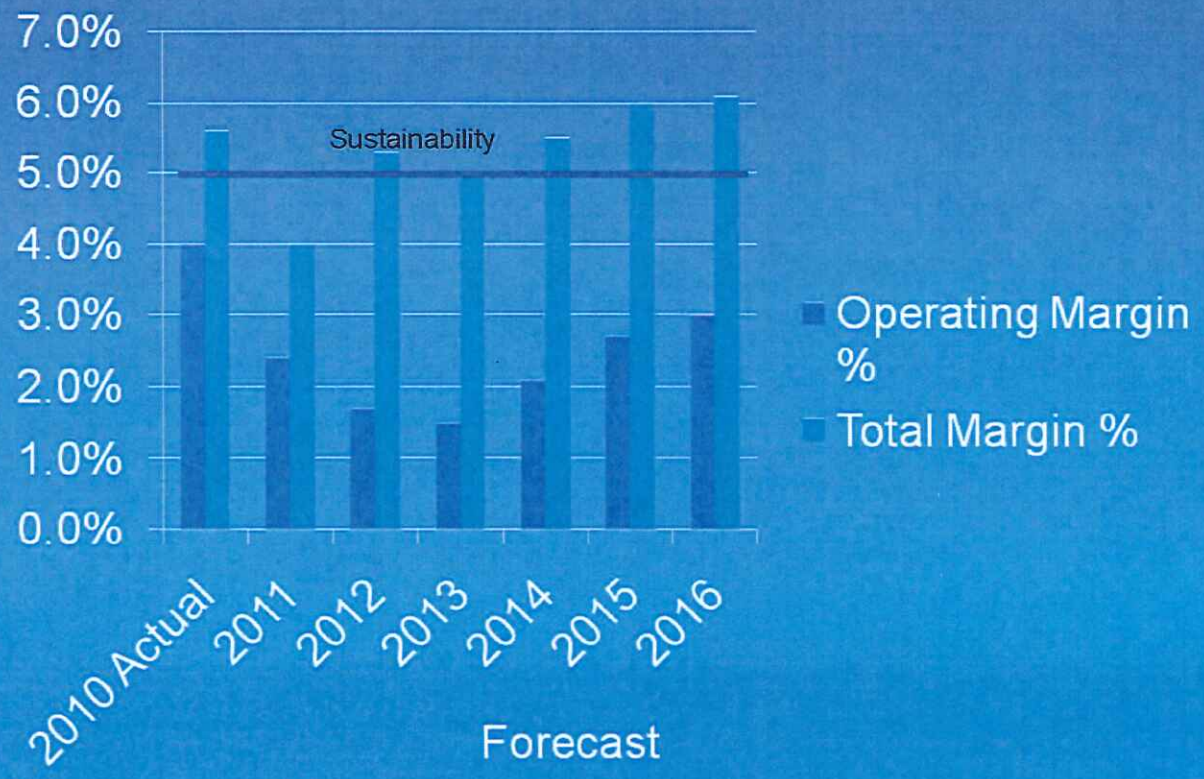
Keith Moore's overview of [redacted] with Bidder 4

Summary of January Board presentation

Discussion questions

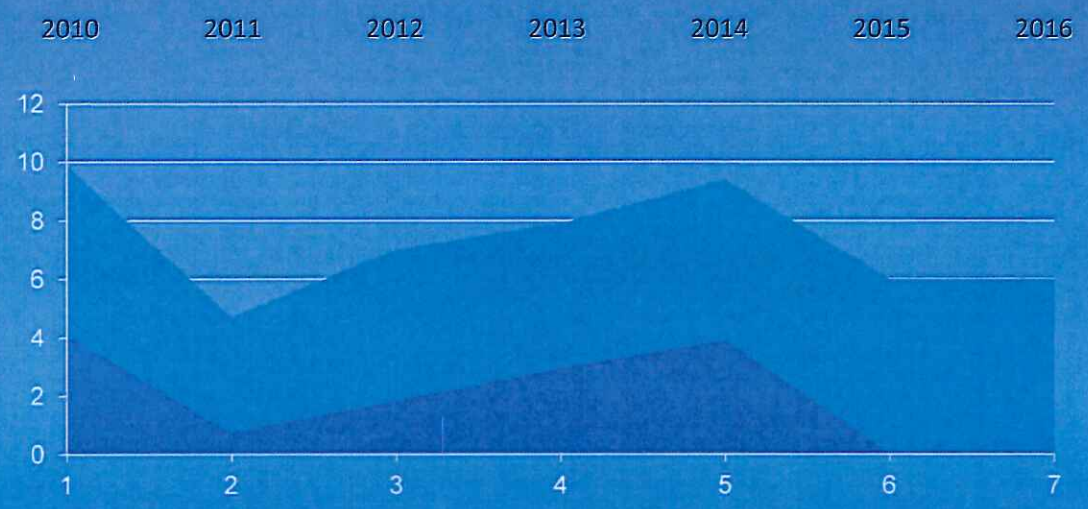
Overview of January Presentation: CMC Affiliation

Actual and Forecasted Operating and Total Margin, CMC 2010-2016



Projected NOI

Kurt Salmon vs. Updated projections



Update : [redacted]

[redacted]

[redacted] Regional Collaboration

Overview

[redacted]

Regional collaboration

- Billings Clinic collaboration for clinical leadership and focus
- New West and Billings Clinic partnership for Medicare/ACO and medical home development
- Long-range financial shows sustainable performance
- Physician recruitment challenges
- Greater emphasis on supply and labor cost reductions
- Importance of Medicaid payment stability
  Ongoing rate increases expected at 5%-6% per year

Pro & Con: CMC Regional Collaboration

Pros:

- [redacted] for Missoula community
- Continues long-standing CMC mission
- More services provided at CMC campus
- CMC board and management control
- Strong case for independent CMC sustainability
- [redacted]
- Allows for stronger clinical focus through Billings Clinic/Benfis
- Avoids uncertainty regarding viability of stand-alone women's service
- [redacted]

Cons:

- Greater financial uncertainty with competitive model
- CMC need for additional expertise to meet future challenges
- Does not generate savings to share with community (albeit diluted)
- [redacted]
- CMC vulnerability to Medicaid payment decline
- Uncertainties concerning Billings Clinic relationship

Discussion Questions

Without regard to financial consequences…

do you favor the competitive or collaborative model for hospital care in Missoula? Why?

which model encourages clinical excellence and sustainability? For which programs?

what expected benefits appear to be uniquely (or most powerfully) associated with a [redacted]?

how important is it for Missoulans to have a choice of two hospitals?

Based upon your understanding of *the financial consequences* of the two models…

are you confident of CMC's ability to maintain financial viability over the next few years while remaining independent?

which model of affiliation do you believe best serves Missoula? CMC?

should a more explicit mechanism of realizing these benefits be a pre-condition of a JOA (compared with Bidder 2)?

do you expect any ongoing financial benefits to accrue with a Bidder 4 affilation or do you believe the benefits to be "one-time"?

what is the feasibility of a sustainable stand-alone women's service?

Next Steps

Should CMC continue to *exclusively* pursue a [redacted]

Bidder 4

?

- Identify the primary organizations with whom CMC should explore affiliation options