

25. *Describe RCHP Billings-Missoula, LLC's plans for the strategic initiatives commitment described in Section 10.12 of the Asset Purchase Agreement.*

After the Closing, through collaboration with the local Board of Trustees, the Joint Venture will develop a strategic plan for CMC which will establish the priorities and timing for the expenditure requirements outlined in Section 10.12 of the APA. The strategic initiatives commitment will be utilized to fund strategic objectives established by the CMC Board of Trustees as part of the annual strategic planning process. After the closing of the transaction the local CMC Board of Trustees will be formed in accordance with the APA. In the spring of the year that board, like all boards of hospitals affiliated with RegionalCare, will begin working on strategic initiatives for 2016. That strategic planning process will be done on a parallel track with all other RegionalCare facilities, culminating in a strategic planning presentation in the summer of 2015. The strategic plan approved by the board then becomes the basis to develop the operating and capital budgets for the following year. This process depends heavily on input from physicians, board members, hospital leaders, and other stakeholders as well as a well-researched analysis of market conditions. The strategic initiatives will also be developed in response to actions by the in-market competitor, that may cause the need for expenditures that were not contemplated by the original strategic plan. The strategic plan will be modified and updated from time to time by the Joint Venture partners, in consultation with the local Board of Trustees and the administration and physician leadership of CMC, including the local Board of Trustees. The strategic plan will be consistent with the commitments of the Joint Venture to expand the scope and services available at CMC.

As part of fulfilling the Joint Venture's goal to expand the scope and services available at CMC, the Joint Venture's strategic initiatives commitment will include considering new service lines and filling out current programs to eventually achieve the status of a full-service hospital. The detailed scope of these services must evolve to meet the needs of the Missoula community in a competitive environment and in context of an ever-changing national health care economy. The growth of programs and services will be determined in a carefully considered process in accordance with the strategic direction established by the local Board of Trustees, taking into account changes in the delivery of medicine, financial and, as described in the APA, economic circumstances of state and national insurers and the local economy. An example of a commitment likely to be made is that the Joint Venture has investigated the possibility of expanding CMC's Cerner clinical capabilities to incorporate at CMC all of the models that are in place at Billings Clinic. The estimated cost of such implementation at CMC

would be approximately one million dollars (\$1,000,000). [CONFIDENTIAL<sup>1</sup>]

Also related to the fulfillment the Joint Venture's obligations under the APA are investments in such commitments as the continuation and expansion of patient safety and quality programs and the continuation of the extensive list of current essential services included in the APA, which list may only be amended after consultation with the Board of Trustees.

It is the understanding of the Joint Venture, that the CMC Board considered how the strategic plan would be developed, its initial priorities established, and modifications made, during its decision-making process. The Joint Venture believes that the CMC Board has discussed and is in agreement with a process that after Closing, will facilitate a close working relationship between the Joint Venture and the Board of Trustees. The result will be a collaborative process to establish the plan for the expenditure of the strategic initiatives commitment and that this process will be continued throughout the ten year period of the commitment when considering and adopting modifications thereto.

26. *A copy of the physician recruitment plan.*

The Joint Venture has engaged a national management consultant The Chartis Group, to provide a comprehensive analysis of the medical provider needs of the CMC. This analysis will provide the necessary framework for the development of a final comprehensive physician recruitment plan appropriate for the CMC. This analysis is critical to ensure that the commitments from Billings Clinic and RegionalCare for recruitment are carried out according to solid and current market data and analytics. This will enable the adopted plan to reflect changing clinical demands, utilization patterns, the age/retirement of current physicians, and goals for population access, subject to additional modification over time. This plan is not only critical to the recruitment program but to the maximization of the long-term retention rate of those recruits. The Chartis report including recommendations to be considered for the development of the final physician recruitment plan has been delivered to and reviewed by all of the parties. It is anticipated that the final physician recruitment plan will be presented to the CMC Board for consideration on Thursday, December 18.

After the physician recruitment plan has been finalized it, and the related Chartis

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<sup>1</sup> The portion of this response marked "CONFIDENTIAL" has been removed from this document to protect privacy concerns, trade secrets and other proprietary and/or confidential information.

report, will be provided to the Attorney General. This analysis will provide a framework for the Joint Venture partners, RCHP and Billings to establish the timetable for physician recruitment. Both partners and their in-house recruiting personnel will be heavily involved in and responsible for completing the recruitment plan.

27. *A post closing organizational chart.*

Attached as Exhibit 27 is the current CMC personnel chart. Pursuant to Section 10.1 of the APA, the Joint Venture will make offers of employment to all employees of CMC in good standing for positions and compensation comparable to what they receive immediately prior to Closing. The Joint Venture anticipates that during the transaction period following the Closing, the organizational structure of CMC will be evaluated and possible changes may be effected. For example, it is the Joint Venture's understanding that Steve Carlson intends to resign as the CEO of CMC effective as the Closing. The Joint Venture will appoint a new CEO who will report to the Board of Managers of the Joint Venture, rather than the current CMC Board of Directors. The CEO of CMC will also serve as an ex-officio (non-voting) member of the Board of Trustees.