

Investor and Rating Agency Questions regarding COVID-19

Executive Summary

Over the last two weeks, Citi has engaged in numerous calls with investors and rating agency analysts, both in partnership with our clients and independently. Citi has comprised a library of these questions, which we hope will serve as a resource as leading health systems begin to formulate their COVID-19 responses.

- **The library of questions is comprised from discussions between March 23 – April 3**
- **Key Themes include:**
 - COVID-19 Volume
 - Financial Status Update
 - Utilization (inclusive of questions around elective procedures)
 - Impact of CARES Act and other stimulus
 - Facility Status
 - Supplies
 - Staffing
 - Post-COVID-19 Strategy
 - Other Miscellaneous
- **High-Level Takeaways**
 - The volume of COVID-19 patients and Patients Under Investigation (PUIs) are of interest, even outside of current 'hot zones'
 - As expected, immediate and long term financial impact are of significant interest
 - Quantifying the impact of the CARES Act and other stimulus, if possible, is important

COVID-19 Volume & Financial Status/Utilization Update

COVID-19 Volume

- When do you think the COVID-19 peak will occur within your system?
- How many COVID-19 patients do you have in your system, and how many do you expect?
- How many PUIs do you have?
- Are any of your facilities experiencing shortages that could impact the ability to deliver care?

Financial Status/Utilization

- What extra sources of liquidity have you explored to manage liquidity needs over the duration of the crisis?
- Have you been able to measure the incremental costs that you are incurring to respond to COVID-19?
- Do you have any concerns for covenant violations, either for the next period or the full fiscal year?
- Have you incurred any disruptions to revenue cycle management and payment from insurers over the last few weeks? Do you anticipate disruptions?
- Do you remain committed to your current rating level?
- What percentage of your volume or revenues are elective procedures on an average week or month?
- How significant was the volume decline across ambulatory services and physician services in March?
- Have you calculated the cost of the pause in elective procedures in terms of revenue on a daily, weekly, or monthly basis?
- Do you have a sense of what percentage of elected procedures that you expect to recover? By when?

Impact of CARES Act and Other Stimulus

CARES Act and Regulatory Response

- \$100 Billion Medicare Appropriation
 - When do you anticipate applying for funds?
 - Do you expect these funds to offset little/some/all of the COVID-19 losses?
 - The President has said the funds can be used to reimburse providers at Medicare rates for providing care to COVID-19 patients who are uninsured—how significant is this for your system?
 - Is the \$100 billion appropriation significant enough, or will Congress need to provide additional help?
- Are you planning to utilize the Medicare accelerated payment program? If so, how much money do you anticipate asking for?
- Do you have a virtual care platform, and if so, how have the telehealth regulatory changes benefitted your organization? How much of your volume are you retaining through virtual care visits?
- Are you planning to utilize the employer payroll tax deferral program?
- How significant will the disproportionate care hospital payments (DSH) delays and the enhanced FMAP payment assist your organization?

Other Stimulus

- Do you expect additional stimulus from the federal government?
- Do you expect additional stimulus from your state and local government, or other sources?
- What do you expect is the impact on philanthropic efforts in response to the COVID-19 crisis?

Facility Status and Supplies

Facility Status

- Can you discuss your COVID-19 intake procedures?
- What is your capacity now, both inpatient and ambulatory?
- What percentage of your census is comprised of COVID-19 patients?
- How many ICU beds do you have? How many have you added, if any, and what is the process to revert those beds back to Med-Surg beds?
- For your ambulatory facilities, if any are open, are you operating extending hours (e.g., if open one day a week for necessary cases, do you operate longer days)?
- Do you anticipate operating ambulatory centers for extended hours once the COVID-19 crisis has subsided to make up for volume losses?

Supplies

- What is your current level of supplies on hand (how many days)?
- How would you characterize your ability to access additional needed supplies to prepare for COVID-19 cases?
- Do you anticipate ongoing supply shortages as we move past the COVID-19 crisis?
- Have you seen a significant increase in supply costs?
- Are you coordinating regionally with other hospitals and health care providers?

Staffing & Other Strategic/Miscellaneous

Staffing and Personnel

- How has the COVID-19 crisis impacted arrangements with clinical staffing firms, and are you responsible for paying increased subsidies, particularly for emergency department physicians?
- Have you or do you expect to make any reductions or furloughs?
- Describe your physician and clinician staffing model in response to the crisis? How are you flexing your staff to adjust?
- Are there any procedural factors that you view as key differentiators vs. other organizations in your region or market?
- Do you have a significant number of physicians and nurses who have become afflicted with COVID-19?
- Do you have a COVID-19 succession planning process in place, if, for example, a senior leader becomes ill and is unable to continue service in their role?
- How are your relationships with labor organizations/unions, and have they changed as a result of COVID-19?
- What plans do you have in place to address burnout and post-traumatic stress that physicians and clinicians will face following the COVID-19 crisis?

Other Strategic/Miscellaneous

- Has COVID-19 impacted any pending or future strategic plans (e.g., M&A, capital projects, etc.)?
- Are there any cybersecurity or protected health information (PHI) concerns arising from the COVID-19 crisis?

Presentation Disclaimer

In any instance where distribution of this communication is subject to the rules of the US Commodity Futures Trading Commission ("CFTC"), this communication constitutes an invitation to consider entering into a derivatives transaction under U.S. CFTC Regulations § § 1.71 and 23.605, where applicable, but is not a binding offer to buy/sell any financial instrument.

This presentation has been prepared by individual personnel of Citigroup Global Markets Inc., Citigroup Global Markets Limited or their subsidiaries or affiliates (collectively, "Citi"). Such employees are not research analysts and are not subject to SEC or FSA rules designed to promote the independence of research and research analysts and accordingly may receive compensation related to securities or products to which these materials relate. These materials may contain general market commentary and excerpts of research; however they are not intended to constitute investment research, a research recommendation, research analysis or a research report for purposes of such rules.

In connection with any proposed transaction, Citi will be acting solely as a principal and not as your agent, advisor, account manager or fiduciary. Citi has not assumed a fiduciary responsibility with respect to the proposed transaction, and nothing in this or in any prior relationship between you and Citi will be deemed to create an advisory, fiduciary or agency relationship between us in respect of a proposed transaction. You should consider carefully whether you would like to engage an independent advisor to represent or otherwise advise you in connection with any proposed transaction, if you have not already done so.

Any terms set forth herein are intended for discussion purposes only and are subject to the final terms as set forth in separate definitive written agreements. This presentation is not a commitment to lend, syndicate a financing, underwrite or purchase securities, or commit capital nor does it obligate us to enter into such a commitment. By accepting this presentation, subject to applicable law or regulation, you agree to keep confidential the existence of and proposed terms for any contemplated transaction.

The provision of information in this presentation is not based on your individual circumstances and should not be relied upon as an assessment of suitability for you of a particular product or transaction. Even if Citi possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this will not be deemed sufficient for any assessment of suitability for you of any transaction, series of transactions or trading strategy.

This presentation is provided for information purposes and is intended for your use only. Except in those jurisdictions where it is impermissible to make such a statement, Citi hereby informs you that this presentation should not be considered as an offer to sell or the solicitation of an offer to purchase any securities or other financial products. This presentation does not constitute investment advice and does not purport to identify all risks or material considerations which should be considered when undertaking a transaction. Citi makes no recommendation as to the suitability of any of the products or transactions mentioned. Any trading or investment decisions you take are in reliance on your own analysis and judgment and/or that of your advisors and not in reliance on us.

Certain transactions, including those involving swaps and options, give rise to substantial risk including the potential loss of the principal amount invested, and are not suitable for all investors. Citi does not provide investment, accounting, tax, financial or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your independent advisors. Therefore, prior to entering into any transaction, you should determine, without reliance on Citi, the economic risks or merits, as well as the legal, tax and accounting characteristics and consequences of the transaction and that you are able to assume these risks. By acceptance of these materials, you and Citi hereby agree that from the commencement of discussions with respect to any transaction, and notwithstanding any other provision in this presentation, Citi hereby confirms that no participant in any transaction shall be limited from disclosing the U.S. tax treatment or U.S. tax structure of such transaction.

This presentation is not intended to forecast or predict future events. Past performance is not a guarantee or indication of future results. Any estimates and opinions included herein constitute Citi's judgment as of the date hereof and are subject to change without any notice.

This presentation may contain "forward-looking" information. Such information may include, but not be limited to, projections, forecasts or estimates of cash flows, yields or return, scenario analyses and proposed or expected portfolio composition. Any forward-looking information is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which are specified herein or can be ascertained at this time). It does not represent actual termination or unwind prices that may be available to you. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed. Illustrative performance results may be based on mathematical models that calculate those results by using inputs that are based on assumptions about a variety of future conditions and events and not all relevant events or conditions may have been considered in developing such assumptions. Accordingly, actual results may vary and the variations may be substantial. The products or securities identified in any of the illustrative calculations presented herein may therefore not perform as described and actual performance may differ, and may differ substantially, from those illustrated in this material. When evaluating any forward looking information you should understand the assumptions used and, together with your independent advisors, consider whether they are appropriate for your purposes.

Any securities or other financial products described herein may be subject to fluctuations of their mark-to-market price or value. Such fluctuations may be substantial, depending on the type of securities or other financial products and the financial environment. In addition certain securities described in the presentation may provide for payments linked to or derived from prices or yields of one or more securities or other instruments or foreign currencies, and such provisions may result in negative fluctuations in the value of and the amounts payable with respect to such securities prior to or at redemption. You should consider the implication of such fluctuation with your independent accounting, tax and risk advisors.

Citi shall have no liability to you, the user or to third parties, for the quality, accuracy, timeliness, continued availability or completeness of the data nor for any special, direct, indirect, incidental or consequential loss or damage which may be experienced because of the use of the information in this presentation or otherwise arising in connection with this presentation, provided that this exclusion of liability shall not exclude or limit any liability under any law or regulation applicable to Citi that may not be excluded or restricted. These materials are intended for distribution solely to customers of Citi in jurisdictions where such distribution is permitted. The information contained herein is proprietary information of Citi and may not be reproduced or otherwise disseminated in whole or in part without Citi's prior written consent.

Citi often acts as (i) a market maker; (ii) an issuer of financial instruments and other products; and (iii) trades as principal in many different financial instruments and other products, and can be expected to perform or seek to perform investment banking and other services for the issuer of such financial instruments or other products. The author of this presentation may have discussed the information contained herein with others within or outside Citi and the author and/or such other Citi personnel may have already acted on the basis of this information (including by trading for Citi's proprietary accounts or communicating the information contained herein to other customers of Citi). Citi, Citi's personnel (including those with whom the author may have consulted in the preparation of this presentation), and other customers of Citi may be long or short the financial instruments or other products referred to in this presentation, may have acquired such positions at prices and market conditions that are no longer available, and may have interests different from or adverse to your interests.

Citi is required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with Citi. Citi will ask for your complete name, street address, and taxpayer ID number. Citi may also request corporate formation documents, or other forms of identification, to verify information provided.

Although Citibank, N.A. (together with its subsidiaries and branches worldwide, "Citibank") is an affiliate of Citi, you should be aware that none of the financial instruments or other products mentioned in this presentation (unless expressly stated otherwise) are (i) insured by the Federal Deposit Insurance Corporation or any other governmental authority, or (ii) deposits or other obligations of, or guaranteed by, Citibank or any other insured depository institution.

IRS Circular 230 Disclosure: Citi and its employees are not in the business of providing, and do not provide, tax or legal advice to any taxpayer outside of Citi. Any statements in this presentation regarding tax matters were not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

© 2020 Citigroup Global Markets Inc. Member SIPC. All rights reserved. Citi and Arc Design are trademarks and service marks of Citigroup Inc. or its affiliates and are used and registered throughout the world.