Spectrum Health System Master Plan

Steering Committee Meeting #4

October 25, 2019

Today's Agenda

Time	Subject
1:00 – 1:05PM	Meeting Goals
1:05 – 1:10PM	Preview of Workshop Agenda
1:10 – 1:45 PM	Grand Rapids Follow-Up • Scenario refinement & immediate issues (20min) • Blodgett Follow-up (10min) • Grand Rapids Regions (time permitting) <u>Notes and Materials:</u> Scenario refinement slides Blodgett follow-up 2 slide summary Grand Rapids Region data similar to regional markets (see appendix)
1:45 – 2:15 PM	Regional Markets • Northwest (Fremont, Ludington, Muskegon) • Northeast (Big Rapids, Greenville) • Southeast (Ionia, Hastings) • Southwest (Holland, Zealand) • One page market strategy review • One page facility issues and options <u>Notes and Materials:</u> 9 markets @ 60 min…. 6-7 min each Supplemental market data also provided as pre-read
2:15 – 2:20PM	Next Steps

Today's Objectives

Meeting Goals

- ✓ Executive Steering Committee approve Butterworth high priority bridge strategy
- ✓ Executive Steering Committee approve regional market scenario options for upcoming workshops

Workshop Agenda

Workshop Agenda

Prior to Workshop	
• Orientation PowerPoint • Baseline operational and facility data pre-read	

Workshop Agenda	Time
Workshop Start • Introductions	10 minutes
SOAR Exercise • Identification of Strengths, Opportunities, Aspirations, and Results • What does your region look like ten years from now from a patient's perspective	20 minutes
Deep Dive • Review and discussion of previously developed scenario options • What is missing from the facility evaluations? • What works, what doesn't, what other options do we need to consider? • What non-facility related operational tactics can be used to achieve the vision? • Identification of new market opportunities	70 minutes
Development and Prioritization of Initiatives	20 minutes

Market Scenario - Grand Rapids

SPECTRUM HEALTH

nbbj NAVIGANT

Blodgett Hospital
Facility Master Plan Scenarios

AMBULATORY CARE

1. Renovate POB
2. Demolish portion of POB / Renovate Remaining space
3. Relocate OP off site

ACUTE CARE

4. Activate 4E (+24 Beds) – *in flight*
5. Renovate 3rd Floor 1956/1962 building (+20 Beds)

DIAGNOSTICS & TREATMENT

6. ED Modernization

DEMOLITIONS

7. Existing Parking Ramp – *in flight*

PARKING/SITE

8. New Parking Garage – *in flight*
9. New Parking Garage – *in flight*
10. Hospital drop-off reconfiguration

Butterworth Hospital
Facility Master Plan Priorities

1. Projects In Flight

✓ **ICU Capacity**
- New unit on 8th Floor MHC and convert 6th Floor South
- Cardiothoracic/Structural Heart OP Clinic (adjacent to Diagnostic)
- Administrative Functions
(adjacent to clinical core vs. on medical mile vs. off campus)
- Leverage 230 Michigan (minimize cost / flexible workspace)

✓ **HDVCH Capacity Strategy**
- 10th Floor in play (relocate Peds Hem Onc)
- New NICU Beds on 5th Floor / Relocate Peds to 10th Floor
- Leverage 25/35 Michigan for clinical program
- Leverage 230 Michigan for admin (minimize cost / flexible workspace)

✓ **BW MRI Growth & Safety**

2. High Priority – "Bridge Strategy" (1-3 years)

- **230 Michigan / Butterworth West Level A**
  - Minimize cost / flexible workspace
- **Parking**
  - Capacity (Ramp 6)
  - Technology
- **Impact of CTI downtown**

3. Short Term Projects (3-5 Years)

- Loading Dock Location
- OR/Procedural/Diagnostic Capacity
- Ambulatory Capacity
- HDVCH 11th Floor (Admin Functions)
- Consolidation of Admin/Support (Create site for next clinical move)
- Education/Research/Simulation/Precision Medicine Building
- Retail
- Operational Efficiency / Lower Cost
- Increase Patient/Staff Satisfaction

4. Mid/Long Term Projects (5+ Years)

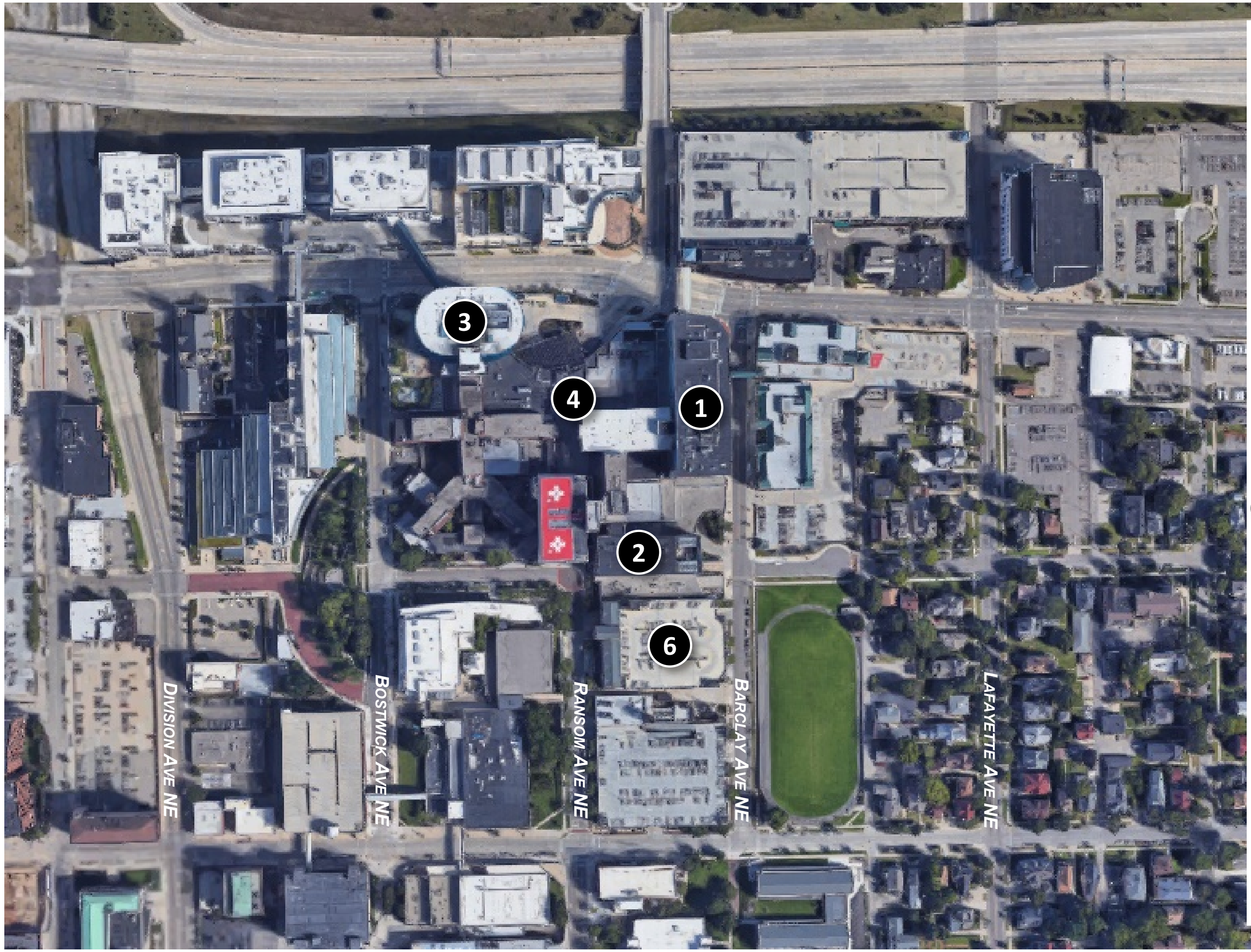
- OR/Procedural Platform Replacement
- Semi-Private Beds
- Replace "Old" Beds
- Emergency Department Capacity
- Imaging Consolidation

Trigger

- West Building Replacement
- Ambulatory Capacity
- Retail
- Hotel
- Public Transportation
- Centers of Excellence
- Operational Efficiency / Lower Cost
- Increase Patient/Staff Satisfaction

Butterworth Hospital
Facility Master Plan Priorities

7
CTI



Projects In Flight

1 ICU Capacity: New unit on 8th Floor MHC

2 ICU Capacity: Convert 6 South

3 HDVC Capacity Strategy

4 BW MRI Growth and Safety

High Priority – "Bridge Strategy"

5 Ambulatory Real Estate Lease Decisions

6 Parking Capacity and Technology

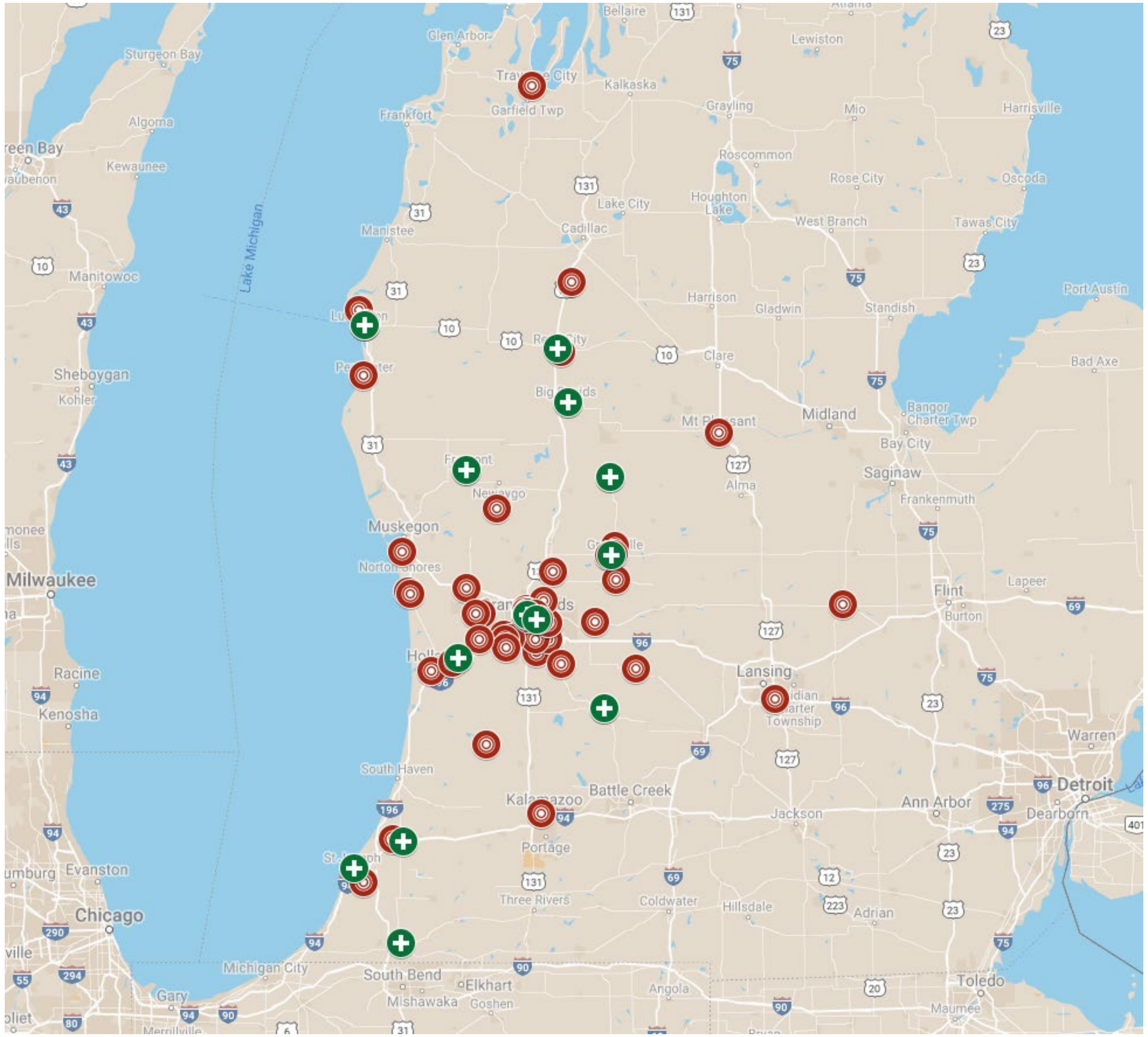
7 Impact of CTI downtown

● Location on the map ○ Location TBD or non-facility related item

Butterworth Hospital
Facility Master Plan Priorities

Ambulatory Real Estate Lease Decisions
Tier 1 Leases – More than 600,000 SF in leased space in <u>Tier 1 only</u>

Region	Current RSF
BIG RAPIDS-LUDINGTON	25,718
CADILLAC-MANISTEE	2,000
GRAND RAPIDS	449,439
GREENVILLE-HASTINGS	41,816
HOLLAND-MUSKEGON	74,048
HOWELL-OWOSSO	1,225
LANSING	6,197
Grand Total	**600,443**



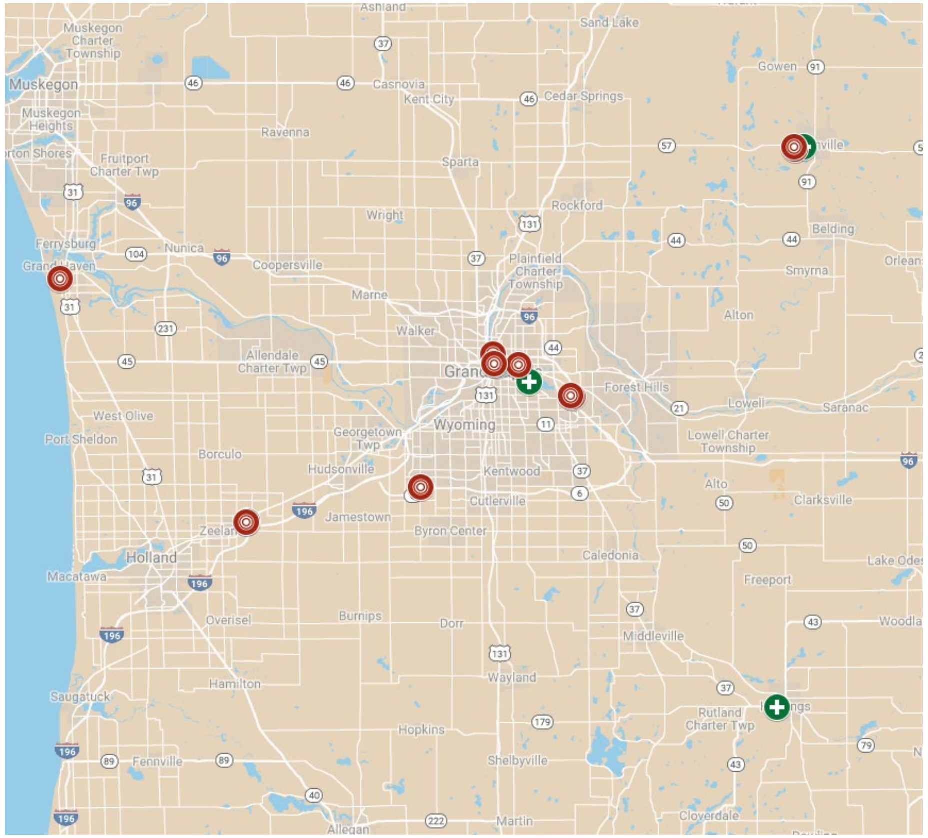
Total SH Leased Space = 1.7 MSF

nbbj NAVIGANT SPECTRUM HEALTH

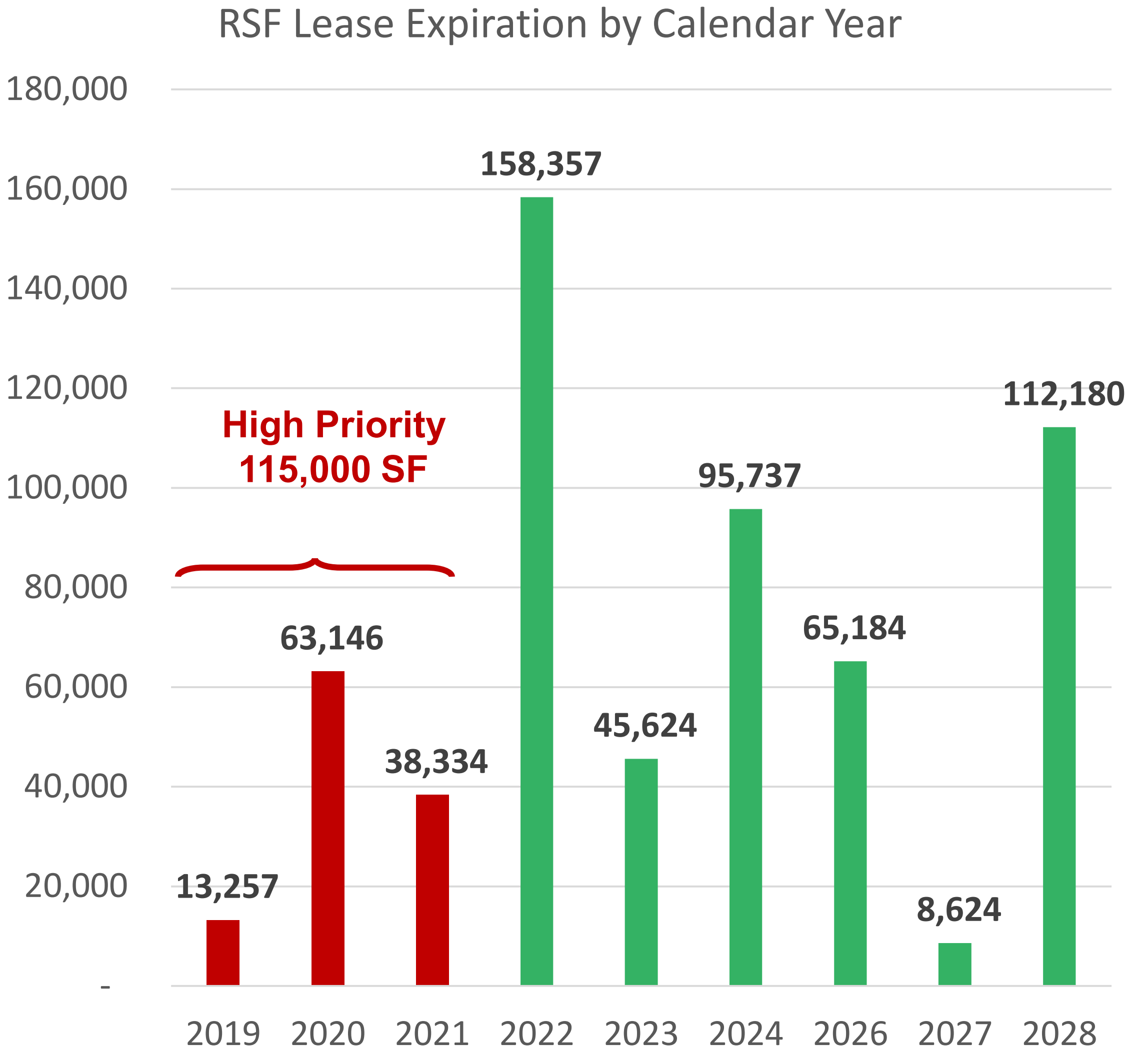
Ambulatory Real Estate Lease Decisions
Tier 1 Leases – Top 10 leases represent 73% of total Tier 1 leased space

Address	Current RSF	Lease Expiration Date
LAKE DRIVE- 4100	119,256	2022, 2028
LAKE DRIVE- 4069	110,807	2024, 2026, 2028
WILSON- 6105 (West)	52,898	2022
OTTAWA AVE NW- 945	35,583	2023
SHELDON- 1445	27,990	2022
FELCH- 8333 (MOB)	23,809	2026
MICHIGAN ST- 1300	22,403	2019*, 2020
S GREENVILLE W DR- 705	16,875	2020
S GREENVILLE W DR- 701	13,738	2020
MICHIGAN ST- 15	12,647	2026
Other locations	164,437	
Grand Total	**600,443**	

*Notice due 10/31/2019



Ambulatory Real Estate Lease Decisions
Tier 1 Leases – 53% of Tier 1 leases are up within 5 years



High Priority Lease Decisions

Property Address	Today's RSF	Lease Expiration Date
E CHURCH ST- 111	2,000	5/31/2021
FAIRLANES- 3540	2,023	9/30/2021
LAKE MICHIGAN DR- 3800	9,390	12/31/2021
MAIN ST- 102	1,800	2/29/2020
MICHIGAN ST- 100 (BW)	2,389	10/31/2020
MICHIGAN ST- 1300	**5,835**	**12/31/2019**
MICHIGAN ST- 1300	9,257	10/31/2020
MICHIGAN ST- 1300	7,311	10/31/2020
MIDTOWNE- 555	4,262	9/30/2021
N HANCOCK- 500	3,355	6/30/2020
N HUDSON ST- 1150	4,618	7/31/2021
N NELSON RD- 250	5,421	11/30/2020
PATIENT CARE DR- 3960	**6,197**	**12/31/2019**
S CHESTNUT ST- 758	3,000	7/31/2020
S GREENVILLE W DR- 701	9,561	11/30/2020
S GREENVILLE W DR- 701	4,177	8/31/2020
S GREENVILLE W DR- 705	16,875	11/30/2020
S MAPLE ST- 230	5,040	10/31/2021
SEMINOLE RD- 427	9,000	8/31/2021
W KING ST- 802	**1,225**	**12/31/2019**
W STATE ST- 1320	2,000	2/28/2021

Market Scenario - Northwest

Fremont (Gerber)

Ludington

Muskegon

In the context of the state of Michigan, Spectrum Health serves a significant portion of the population through its service area

Spectrum Health Hospitals & Market Definitions

2018 Consumer Market Demographics

	Population	Pop. CAGR	Use Rates/1,000[3]	% 65+	% Female 15-44	PCP/100,000	Bed/1,000[6]
15 Markets	1.9M[1]	0.4%[1]	107[2]	16%[1]	19%[1]	65.9[4]	2.3[5]
Michigan	9.9M	0.1%	115	17%	19%	-	2.5
U.S	327M	0.7%	105	16%	20%	61.5	2.5

Strategic Context for Today's Discussion:

- The 15 ***consumer markets cover ~20% of the state*** of Michigan's population
  - Yearly population growth is expected to be ***4x the CAGR of the state of MI***
- Grand Rapids region has ***use rates slightly above the national average but 7% below the state of Michigan's*** use rate/1,000
- ***PCPs per 100,000 are 7% above the national average*** of 61.5 at 65.9
- ***Beds per 1,000 are in line with state and national averages***

Source: (1) Claritas, 2018 (2) Truven Market Analytics, 2018 (3) Kaiser Family Foundation, state indicators, admissions by ownership (4) Dartmouth Atlas, PCPs by Market (5) HealthLeaders, Grand Rapids MSA (6) Kaiser Family Foundation Bed by ownership

Our approach for Strategic Market Review

Review Prior Work

Freeman White Bed Need

Barlow/McCarthy Physician Develop

Regional Market Report

Other Analytics

What has already been decided?

Market Data Review

Inpatient migration trends

Outpatient volume

SHMG data

What does the market data say?

Specific Market Recommendations

Number of inpatient beds

Volume and capacity of OP services

Number and location of physician offices

Outputs to inform the Master Plan

Recommendations for each regional market included in the green shaded boxes

Fremont (Gerber) Summary

Inpatient

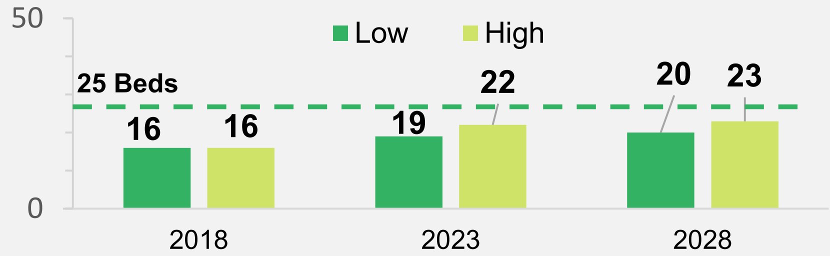
Market Context

- 53,217 population, 5,700 Fremont market discharges
- SHGM & LH have 13% IP share in region & 28% SHGM IP share in Fremont
- Outmigration to: SHGR (2374), Mercy Hackley (880), all others (936)

Impact: Fremont's future bed need will rise from 16 to 23

- Repatriate 10% low acuity SHGR admits
- Reduce outmigration: est. 500 admits (+8-9% share in Fremont)

Gerber Bed Need Scenario[1]



Assumes 25-50% Repatriation for Non-Tertiary SHGR Discharges

Outpatient

Market Context

- 24% SH OP share in NW region; share is 75-85% in Fremont
- Use rate and population increases are accretive
- Use rate, population increases and market share adjustments will result in 8-10% outpatient growth

Impact:

- CT and MR are nearing capacity and may need to expand to accommodate growth

Physician Recruiting Goal for Fremont

Physician Type	Market Supply 2018[3]	Market Demand 2018[3]	Market Deficit 2018[3]	SH Supply 2018[2]	SH Growth Recruits[3]
Primary Care	80.3	100.1	(-19.8)	26	4.0
Specialist	38.1	66.4	(-28.3)	6	5.2
TOTAL	**118.4**	**166.5**	**-48.1**	**32**	**9.2**

Physicians

Market Context

- Significant oversupply of PCPs in GASH, but shortfall in Freemont
- Current clinic space shows 29% occupancy
- Recruiting targets will increase Spectrum from 19% to 24% of required supply (35% of visits)

Impact:

- Market opportunity appears to be SE of SHMG locations
- While MD growth in commensurate with IP and OP volume increase assumptions, additional specialty support via telemed will be key
- Significant capacity and consolidation opportunities exist

Source: (1) SH Internal IP database and State IP database (2) Spectrum Health Physician Roster. Note: Primary care includes OB/GYN and Pediatrics (3) MSDP Full Report; Regional Market Reports from Strategy Group (4) SH Outpatient Data, (5) Strat Facility Planning Exam Room Use Tool

Gerber Memorial Hospital
Facility Master Plan Scenarios

Ambulatory Care

1 *Scenario 1:*
Major renovation of 230 W Oak St. clinic

2 *Scenario 2:*
Build new ICC in consumer market (between Maple St. and Main St.)

Acute Care

3 Renovate Med/Surg unit to all private room configuration

Diagnostics & Treatment

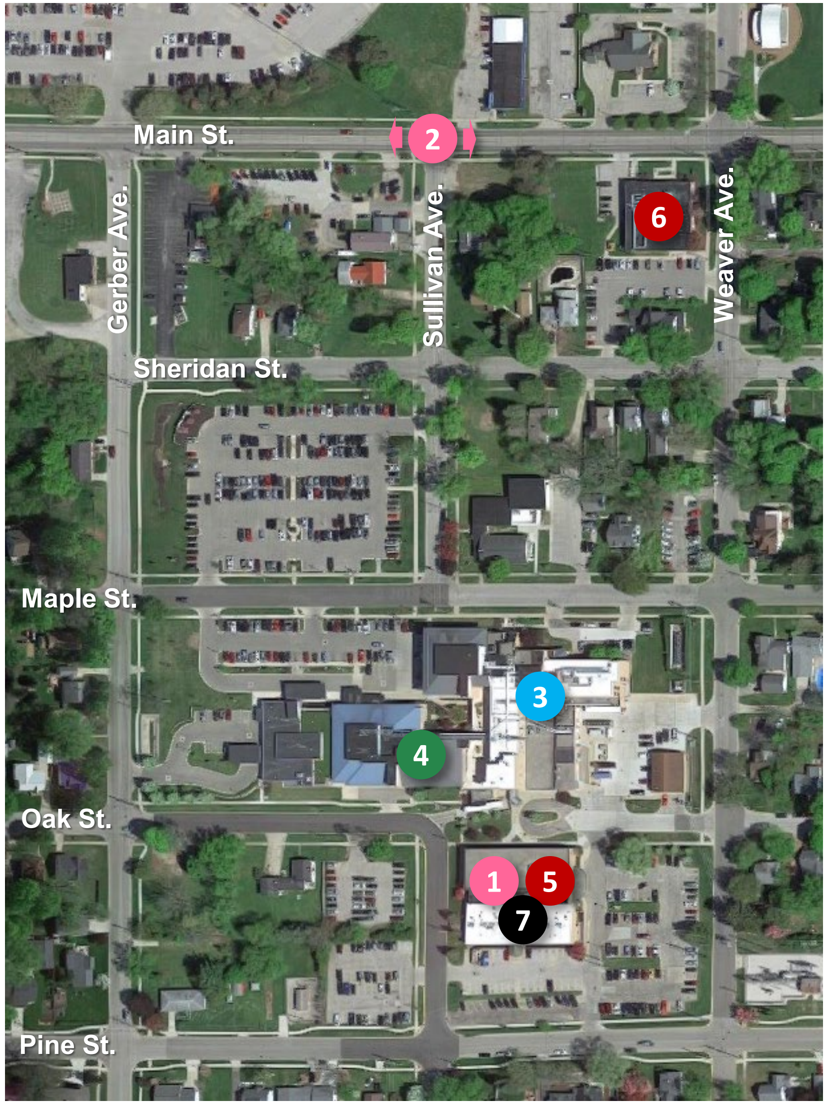
4 Diagnostic Imaging cosmetic to minor renovations

Demolition / Vacate

5 230 W Oak St. (Ambulatory Scenario 2)
6 204 W Main St. (Ambulatory Scenario 2)

Parking

7 Surface parking (Ambulatory Scenario 2)



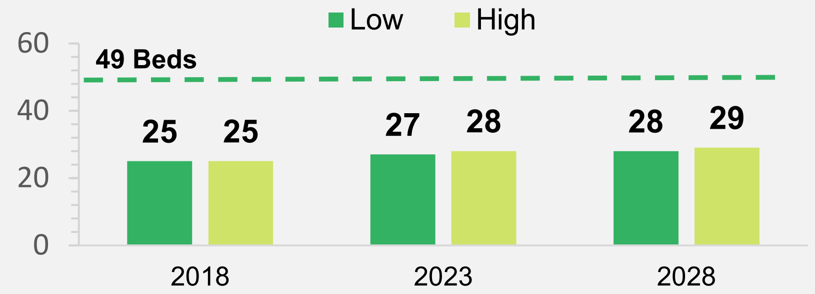
Ludington Summary

Inpatient

Market Context
- 38,921 population, 4,200 Ludington market discharges
- SHGM & LH have 13% IP share in region; 40% IP share in Ludington
- Outmigration to SHGR (759), Hackley (991) and all others (755)

Impact: Plan for 28 Beds
- Repatriate low acuity SHGR admits
- Reduce outmigration: est. 250-300 admits (+5% share in Ludington)

Ludington Bed Need Scenario[1,2]



Assumes 25-50% Repatriation for Non-Tertiary SHGR Discharges

Outpatient

Market Context
- 24% SH OP share in NW region; 60-80% OP share Ludington
- Use rate, population increases, and market share adjustments should result in 4.3-5.5% growth in OP volume

Impact:
- Modalities below capacity now and could support additional volume

Physician Recruiting Goal for Ludington

Physician Type	Market Supply 2018[3]	Market Demand 2018[3]	Market Deficit 2018[3]	SH Supply 2018[2]	SH Growth Recruits[3]
Primary Care	29.3	24	+5.3	19.4	4.5
Specialist	15.8	19.3	-3.5	9	4.7
TOTAL	**45.1**	**43.3**	**+1.8**	**28.4**	**9.2**

Physicians

Market Context
- Balanced physician market in GASH with select specialty shortfalls
- SH has 45% of market visits and 63% of physicians and APPs
- Recruiting targets will increase SH from 63% to 68% of required supply, however these practices may grow slowly
- Current clinic space has approximately 33% occupancy

Impact
- Available capacity and consolidation opportunity
- Market opportunity appears to be south (Hart/Shelby)
- While MD growth in commensurate with IP and OP volume increase assumptions, additional specialty support via telemed will be key

Source: (1) SH Internal IP database and State IP database (2) Spectrum Health Physician Roster. Note: Primary care includes OB/GYN and Pediatrics (3) MSDP Full Report; Regional Market Reports from Strategy Group (4) SH Outpatient Data, (5) Strat Facility Planning Exam Room Use Tool

Ludington Hospital
Facility Master Plan Scenarios

AMBULATORY CARE

1 *Scenario 1:*
Major renovation of 5-7 Atkinson (MOB I and II)

2 *Scenario 2:*
Building replacement (Location TBD)

ACUTE CARE

3 *Scenario 1:*
Renovate Med/Surg unit to all private

4 *Scenario 2:*
Building new bed unit (utility location)

5 *Scenario 3:*
Building hospital partial replacement with new entrance, food service, patient access, 30 Beds (M/S + OB) (utility location)

DEMOLITION

6 Partial Demolition

AMBULATORY LEASE/OWN*

7 Vacate Leases at 922 Lawndale, 250 N Nelson, 907 Tinkham, 500 N Hancock

Location TBD

2

Muskegon Summary

Inpatient

Market Context

- 202,180 population, 20,335 Discharges
- 12.4% SHGR IP share in Muskegon
- Mercy Hackley has 73.6% market share (14,967 discharges)
- Outmigration to SHGR (2,521) and all others (2,847)

Impact: No current plan for beds

- Opportunity for beds has been identified by Project Fortify

Project Fortify's 16-County Assessment Methodology

- There's a high correlation between a community's population / projected population and IP volume / projected volume growth
- Given the metrics observed, "available volume" was used to identify attractiveness

Legend

Available Volume

3 1937

Outpatient

Market Context

- 24% SHOP Share in NW region; 8-12% OP share in Muskegon
- Use rate, population increases, and market share adjustments should result in minimal growth in OP visits, unless there are "deals with independents

Impact:

- Modalities below capacity but will grow 4- 6.5%

Physician Recruiting Goal for Muskegon

Physician Type	Market Supply 2018[3]	Market Demand 2018[3]	Market Deficit 2018[3]	SH Supply 2018[2]	SH Growth Recruits[3]
Primary Care	453	394	+59.0	13.2	0
Specialist	288.3	264	+24.3	0	0
TOTAL	**741.3**	**658**	**+83.3**	**13.2**	**0**

Physicians

Market Context

- Very oversupplied physician market with some Spectrum presence
- No specific recruiting targets identified in Physician Development Plan indicating that growth is most likely through "deals" with independents
- Current clinic space is at approximately 25% occupancy

Impact:

- "Physician deals" as they are identified may require new facilities which should be handled on a case by case basis
- Telemed capabilities will accrue to this region as well

Source: (1) SH Internal IP database and State IP database (2) Spectrum Health Physician Roster. Note: Primary care includes OB/GYN and Pediatrics (3) MSDP Full Report; Regional Market Reports from Strategy Group (4) SH Outpatient Data, (5) Strat Facility Planning Exam Room Use Tool

Market Scenario - Northeast

Big Rapids (Big Rapids & Reed City)

Greenville (United & Kelsey)

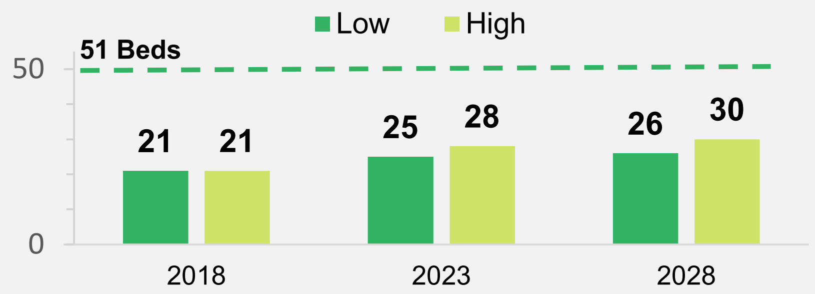
Big Rapids Summary

Inpatient

Market Context
- 64,828 population, 6,527 Big Rapids market discharges
- SHBR & RC has 15% IP share in region & 34% BR & RC IP share in BR
- Outmigration to SHGR (2,729) and all others (1,573)

Impact: Plan for 28 Beds
- Repatriate low acuity SHGR admits
- Reduce outmigration: est. 650 admits (+10% share in Big Rapids)

Big Rapids Bed Need Scenario[1,2]



Assumes 25-50% Repatriation for Non-Tertiary SHGR Discharges

Outpatient

Market Context
- 44% SH OP share in NE region. SH OP share in BR is 80-90%, but less than ½ of OP volume stays in BR, the rest goes to SHGR
- Use rate, population increase, and market share adjustment are accretive and could result in 12-15% OP volume increase

Impact:
- CT and nuclear medicine are nearing capacity and may need to expand to accommodate growth

Physician Recruiting Goal for Big Rapids

Physician Type	Market Supply 2018[3]	Market Demand 2018[3]	Market Deficit 2018[3]	SH Supply 2018[2]	SH Growth Recruits[3]
Primary Care	82.8	112.2	-29.4	31	8.0
Specialist	25	92.6	-67.6	8	6.3
TOTAL	**107.8**	**204.8**	**-97**	**39**	**14.3**

Physicians

Market Context
- Significant physician deficit in GASH for both primary care and specialists
- SH currently has 19% of provider demand, which will grow to 26%
- Current clinic space has approximately 29% occupancy
- New, more desirable and accessible off-campus location is indicated

Impact
- Available capacity and consolidation opportunity
- While MD growth in commensurate with IP and OP volume increase assumptions, additional specialty support via telemed will be key

Source: (1) SH Internal IP database and State IP database (2) Spectrum Health Physician Roster. Note: Primary care includes OB/GYN and Pediatrics (3) MSDP Full Report; Regional Market Reports from Strategy Group (4) SH Outpatient Data, (5) Strat Facility Planning Exam Room Use Tool

Big Rapids Hospital
Summary of Findings

Ambulatory Care

1. *Scenario 1:*
   Consolidate specialty care clinics into 650 Linden
2. *Scenario 2:*
   Build new ICC in consumer market (near US-131)
3. *Scenario 3:*
   OB/Specialty in 650 Linden + new ICC primary care

2/3
Off campus

Acute Care

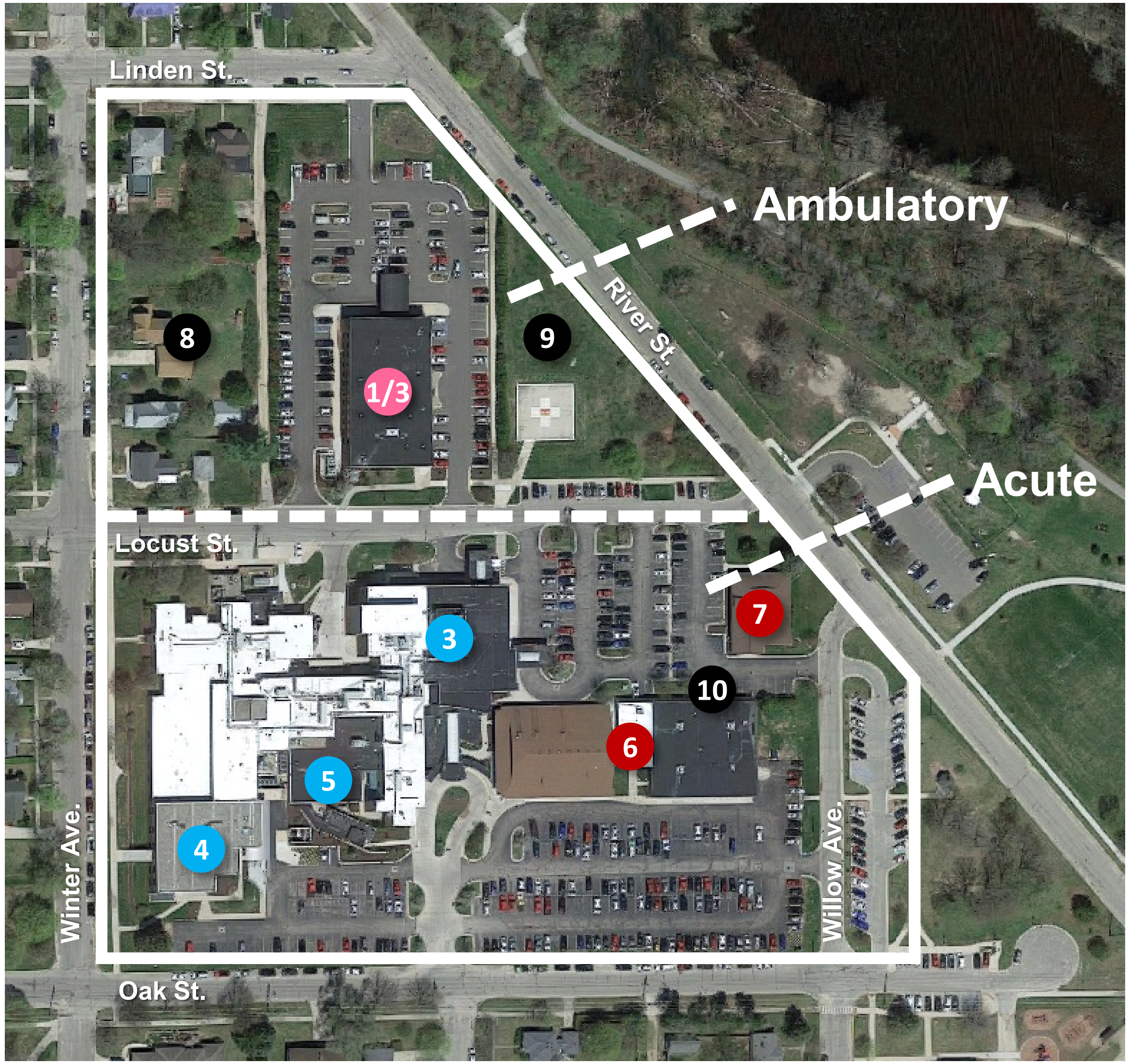
3. OR circulation
4. IP unit cosmetic renovations (depending on projected ADC)
5. Diagnostic imaging cosmetic renovation

Ambulatory Lease/Own*

6. Vacate and Demolish 705 Oak
7. Vacate and Demolish 722 Locust

Parking

8. *Scenario 1a*: Acquire land
9. *Scenario 1b*: Relocate helipad
10. New surface parking on demoed building sites



* Recommendations for other off-site locations will depend on final ambulatory scenario

Reed City Hospital
Facility Master Plan Scenarios

Ambulatory Care

1 *Scenario 1:*
Consolidate in main building

2 *Scenario 2:*
Build new ICC in consumer market (adjacent to Cancer Center with visibility from US-131)

Acute Care

3 *Scenario 1:*
Move volumes to Big Rapids

4 *Scenario 2a:*
Turn into micro-hospital

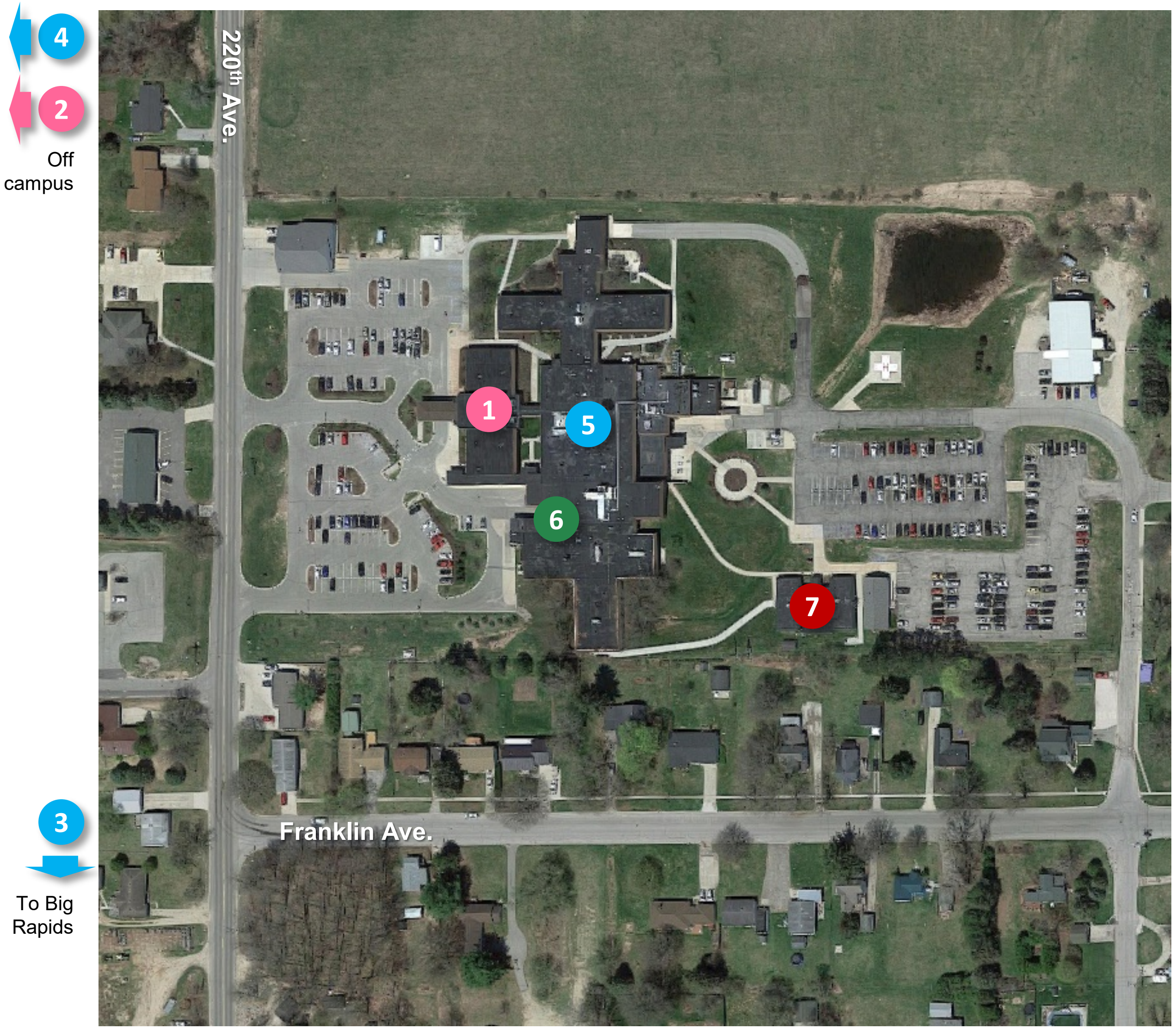
5 *Scenario 2b:*
Build micro-hospital in consumer market

Diagnostics & Treatment

6 Reconfigure Emergency Department

Ambulatory Lease/Own*

7 Consolidate and Vacate 225 N State St



* Recommendations for other off-site locations will depend on final ambulatory scenario

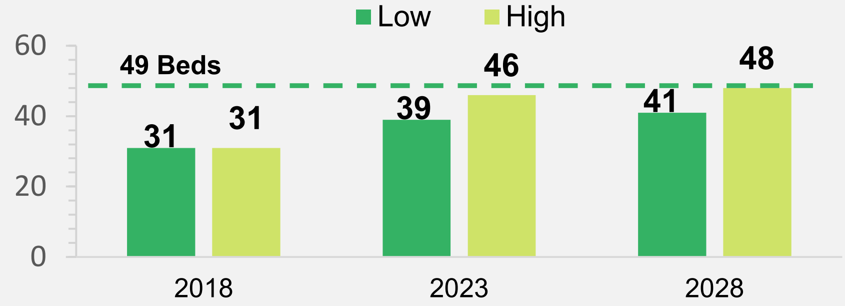
Greenville (United & Kelsey) Summary

Inpatient

Market Context
- 87,027 population, 9,434 Greenville market discharges
- SHUH & KH have 15% IP share in region & 26% UH IP share in Greenville
- Outmigration to SHGR (3,833), Michigan Med. (477) & all others (2,671)

Impact: Plan for 41 Beds
- Repatriate low acuity SHGR admits and reduce outmigration: est. 940 admits (+10% share)

United Bed Need Scenario[1,2]



Assumes 25-50% Repatriation for Non-Tertiary SHGR Discharges

Outpatient

Market Context
- 44% SH OP share in NE region. SH OP share in Greenville is 70%, but less than ½ of OP volume stays in Greenville, the rest goes to SHGR
- Use rate, population increase, and market share adjustment are accretive and could result in 12-15% OP volume increase

Impact:
- Modalities below capacity now and could support additional volume

Physician Recruiting Goal for Greenville

Physician Type	Market Supply 2018[3]	Market Demand 2018[3]	Market Deficit 2018[3]	SH Supply 2018[2]	SH Growth Recruits[3]
Primary Care	73.1	80.6	-7.5	21.8	13
Specialist	26.9	66.6	-39.7	9	7.8
TOTAL	**100.0**	**147.2**	**-47.2**	**30.8**	**20.8**

Physicians

Market Context
- Significant physician deficit in GASH for both primary care and specialists
- SH currently has 21% of provider demand, which will grow to 35%
- Current clinic space has approximately 29% occupancy

Impact
- Available capacity and consolidation opportunity
- While MD growth in commensurate with IP and OP volume increase assumptions, additional specialty support via telemed will be key

Source: (1) SH Internal IP database and State IP database (2) Spectrum Health Physician Roster. Note: Primary care includes OB/GYN and Pediatrics (3) MSDP Full Report; Regional Market Reports from Strategy Group (4) SH Outpatient Data, (5) Strat Facility Planning Exam Room Use Tool

United Hospital
Facility Master Plan Scenarios

AMBULATORY CARE

1. *Scenario 1:*
   Consolidate in main building (3rd Floor vacant space)
2. *Scenario 2:*
   Build new ICC in consumer market (M-57 vs. adjacent to hospital)

ACUTE CARE

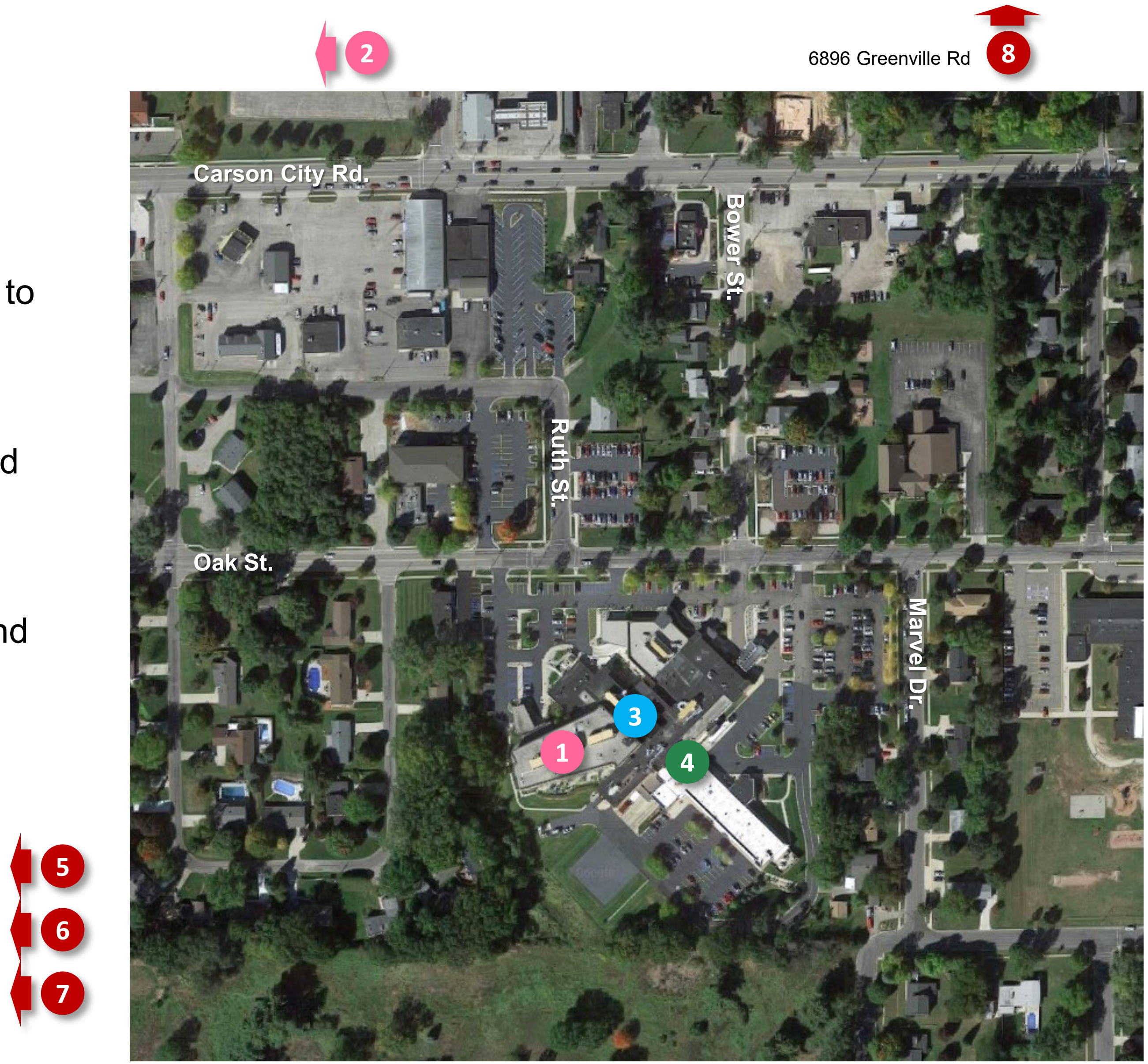
3. To be determined based on final strategic direction and volume projections (ICU, OB, M/S overflow)

DIAGNOSTICS & TREATMENT

4. To be determined based on final strategic direction and volume projections (Imaging)

AMBULATORY LEASE/OWN*

5. 705 S Greenville (OP Specialty)
6. 707 S Greenville (Primary Care)
7. 701 S Greenville (Admin space)
8. 6896 Greenville Rd (OP Rehab)



* Recommendations for other off-site locations will depend on final ambulatory scenario

Kelsey Hospital
Facility Master Plan Scenarios

Ambulatory Care

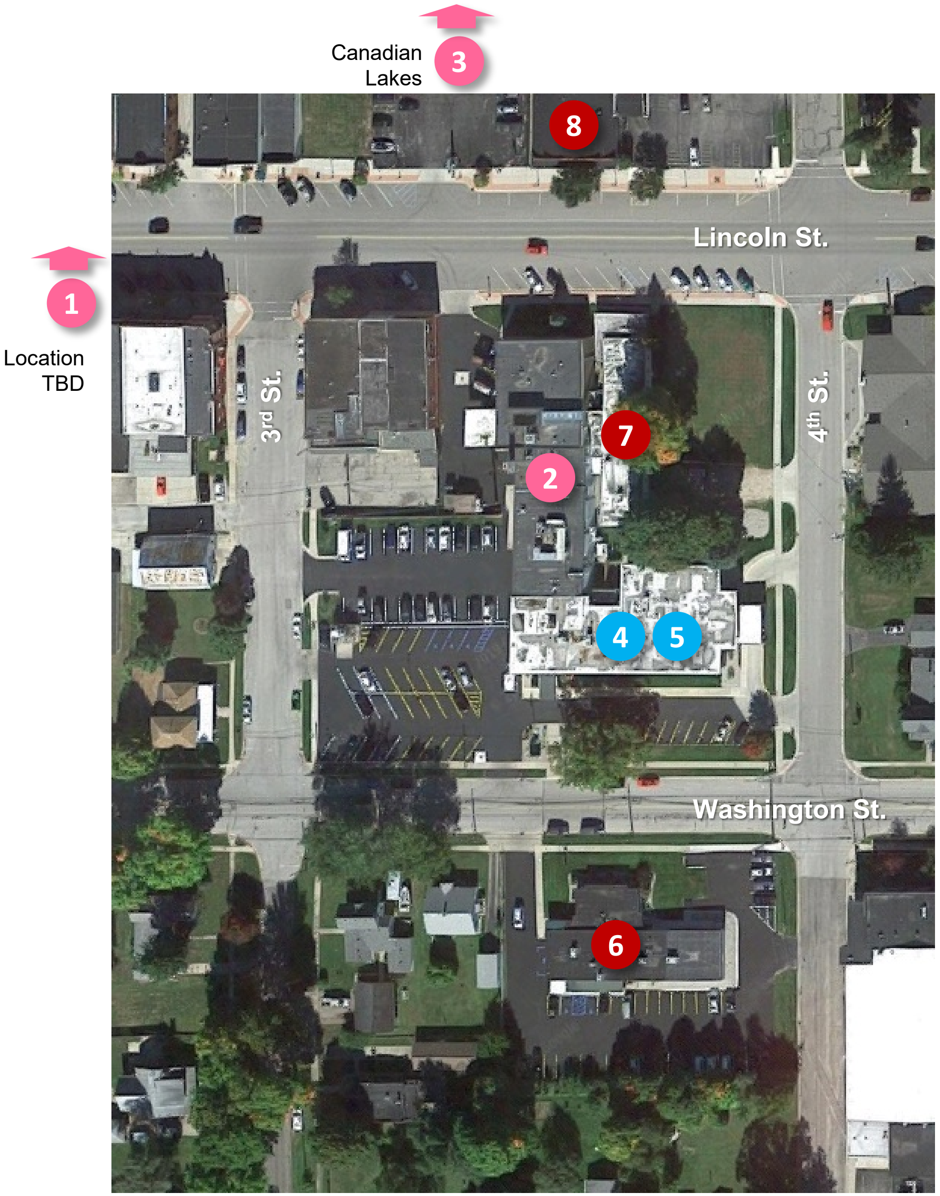
1. *Scenario 1:*
   Consolidate primary care, specialty clinics and rehab in proximate new location
2. *Scenario 2:*
   Consolidate primary care, specialty clinics and rehab in existing hospital building, and renovate imaging, procedure, urgent care
3. Alignment of Services with Canadian Lakes

Acute Care

4. Move volumes to United Hospital and cease IP activity
5. Close Rehab and Nursing Center overtime

Ambulatory Lease/Own*

6. Vacate 418 Washington (Own)
7. Vacate 423 Lincoln (Lease)
8. Vacate 420 Lincoln (Lease)



* Recommendations for other off-site locations will depend on final ambulatory scenario

Market Scenario - Southeast

Ionia

Hastings (Pennock)

Ionia Summary

Inpatient

Market Context

- 55,515 population, 5,369 Ionia market discharges
- SHPH has 19% IP share in region & SHPH has 3.8% IP share in Ionia
- Sparrow Ionia & Carson have 30.8% market share (2,077 discharges)
- Outmigration to SHGR (2,521) and all others (2,847)

Impact: No current plan for beds

Physician Recruiting Goal for Ionia

Physician Type	Market Supply 2018[3]	Market Demand 2018[3]	Market Deficit 2018[3]	SH Supply 2018[2]	SH Growth Recruits[3]
Primary Care	35.9	42.6	-6.7	8.2	3
Specialist	8.9	35.3	-26.4	-	
TOTAL	**44.8**	**77.9**	**-33.1**	**8.2**	**3**

Outpatient

Market Context

- 31% SH OP share in SE region. SH OP share in Ionia is 50%, most goes to SHGR, not Pennock
- Use rate, population increase, and market share adjustment are accretive and could result in minimal growth in at SH Pennock

Impact:

- Modalities below capacity now and could support additional volume

Physicians

Market Context

- Significant physician deficit in GASH for both primary care and specialists
- SH currently has 10% of provider demand, which will grow to 14.3%
- Some planned growth.. Is more warranted?
- Current clinic space has approximately 37% occupancy

Impact:

- Minimal facilities impact unless larger recruitment
- Telemed capabilities will accrue to this region as well

Source: (1) SH Internal IP database and State IP database (2) Spectrum Health Physician Roster. Note: Primary care includes OB/GYN and Pediatrics (3) MSDP Full Report; Regional Market Reports from Strategy Group (4) SH Outpatient Data, (5) Strat Facility Planning Exam Room Use Tool

Hastings (Pennock) Summary

Inpatient

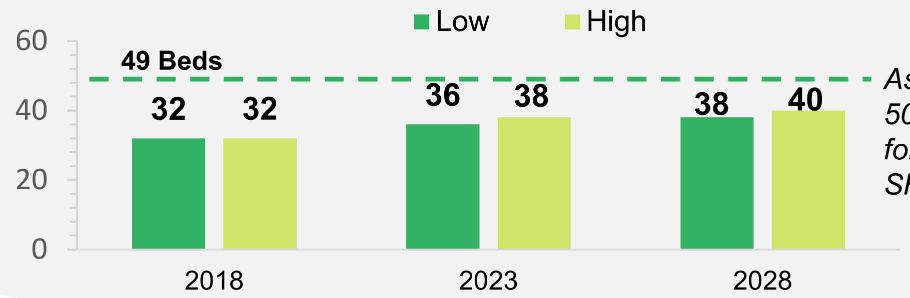
Market Context

- 38,328 population, 4,119 Hastings market discharges
- SHPH has a 19% IP share in region & 36% IP share in Hastings
- Outmigration to SHGR (1,036), Ascension (566) & all others (1,052)

Impact: Plan for 38 Beds

- Repatriate low acuity SHGR admits and reduce outmigration: est. 350 admits

Hastings Bed Need Scenario[1,2]



Assumes 25%-50% repatriation for Non-Tertiary SHGR Discharges

Outpatient

Market Context

- 31% SH OP Share in region. SH OP share in Hastings is 70%, but more than ½ goes to to SHGR
- Use rate, population increase, and market share adjustment are accretive and could result in 10-12% growth in at SH Pennock

Impact:

- Modalities below capacity now and could support additional volume

Physician Recruiting Goal for Hastings

Physician Type	Market Supply 2018[3]	Market Demand 2018[3]	Market Deficit 2018[3]	SH Supply 2018[2]	SH Growth Recruits[3]
Primary Care	24.3	28.9	-4.6	19.6	8.0
Specialist	6.0	23.9	-17.9	7	6.3
TOTAL	**30.3**	**52.8**	**-22.5**	**26.6**	**14.3**

Physicians

Market Context

- Significant physician deficit in GASH for both primary care and specialists
- SH currently has 49% of provider demand, which will grow to 75%.. Which could indicate need for more MD's in Ionia
- Current clinic space has approximately 9% occupancy

Impact

- Available capacity and consolidation opportunity
- While MD growth exceeds IP and OP volume increase assumptions, additional specialty support via telemed will be key

Source: (1) SH Internal IP database and State IP database (2) Spectrum Health Physician Roster. Note: Primary care includes OB/GYN and Pediatrics (3) MSDP Full Report; Regional Market Reports from Strategy Group (4) SH Outpatient Data, (5) Strat Facility Planning Exam Room Use Tool

Pennock Hospital
Facility Master Plan Scenarios

AMBULATORY CARE

1 *Scenario 1:*
Medical Arts Building 3rd Floor major renovation

2 *Scenario 2:*
Build new ICC in consumer market (State St.)

3 *Scenario 3:*
Consolidate with 1230 W State St. Clinic

ACUTE CARE

4 To be determined based on final strategic direction and volume projections

DIAGNOSTICS & TREATMENT

5 To be determined based on final strategic direction and volume projections

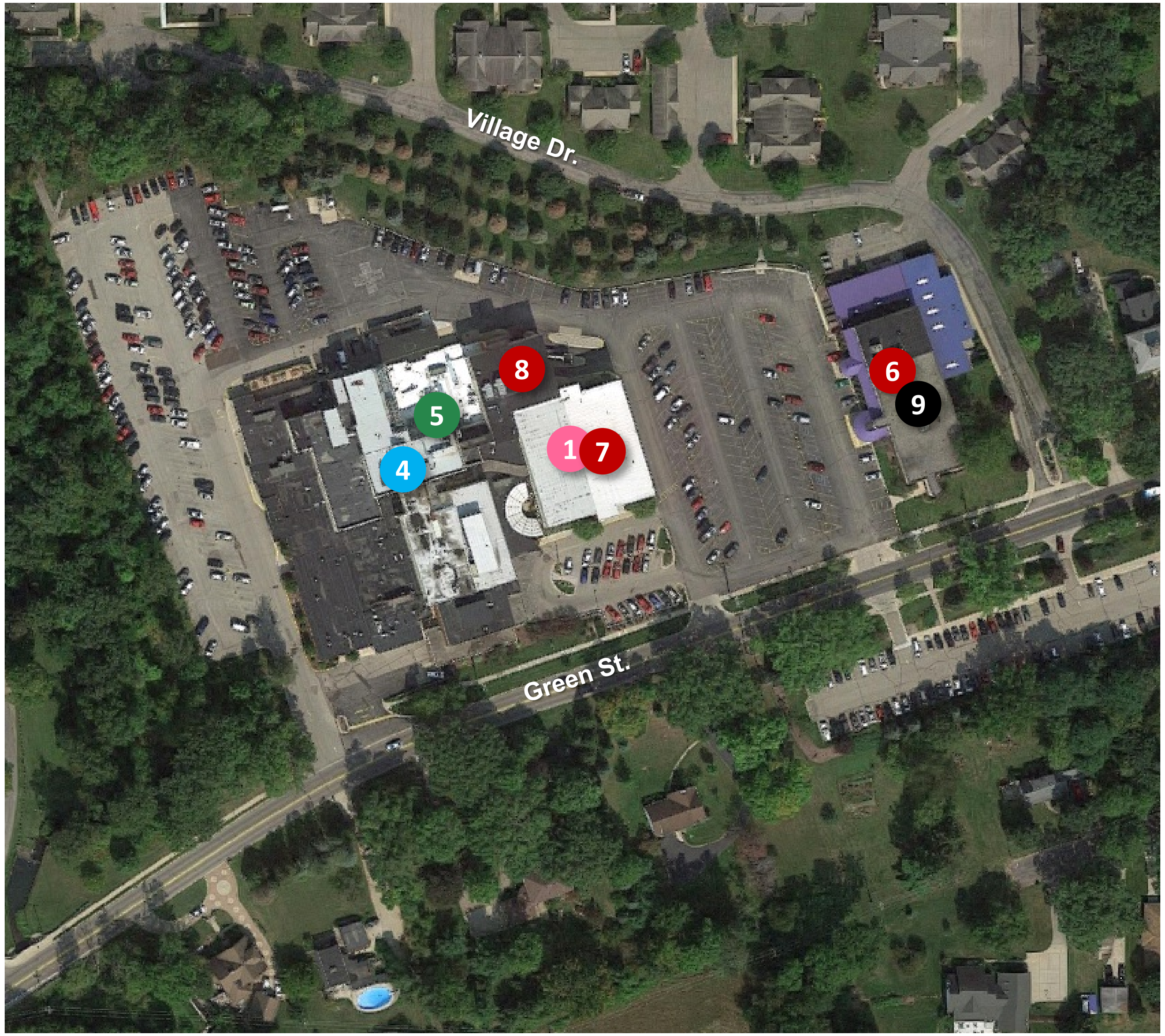
DEMOLITIONS

6 915 Green
7 Medical Arts Building (Ambulatory Scenario 2)
8 Support Building

PARKING

9 Surface parking

2/3
Location TBD



Market Scenario - Southwest

Allegan

Holland (Zeeland)

Allegan Summary

Inpatient

Market Context

- 53,300 population, 5,413 Discharges
- SHZCH has 8% IP share in region; few Allegan patients visit SH regionals
- Ascension has 31% IP market share and Bronson has 26%
- 9.5% outmigrate to SHGR (623)

Impact: No current plan for beds

Physician Recruiting Goal for Allegan

Physician Type	Market Supply 2018[3]	Market Demand 2018[3]	Market Deficit 2018[3]	SH Supply 2018[2]	SH Growth Recruits[3]
Primary Care	36.9	36.4	0.6	0	7
Specialist	18.9	30.1	-11.2	0	0
TOTAL	**55.8**	**66.4**	**-10.6**	**0**	**7**

Outpatient

Market Context

- 31% SH OP Share in region. SH OP share in Allegan is below 20%, much goes to SHGR
- Use rate, population increase, and market share adjustment are accretive and could result in some growth at SH Zeeland

Impact:

- Modalities in Zeeland have capacity

Physicians

Market Context

- Balanced primary care market, some specialty need
- Specific recruiting targets have been identified

Impact:

- Growth in physicians should accrue to Zeeland

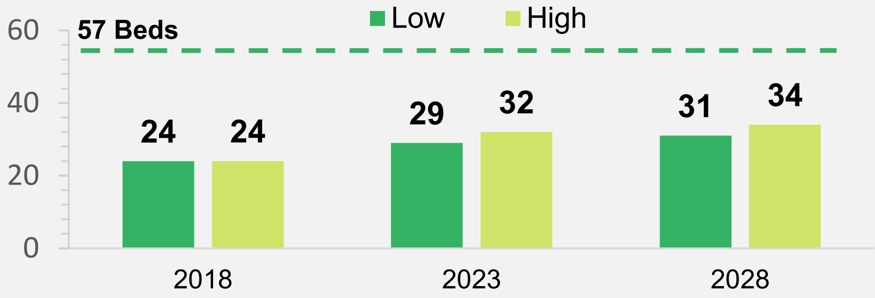
Holland (Zeeland) Summary

Inpatient

Market Context
- 188,279 population, 16,216 discharges
- SH Zeeland has a 8% IP share in region & 9.6% IP share in Holland
- Outmigration to Holland (8,170), SHGR (3,421) & all others (3,062)

Impact: Plan for 33 Beds
- Repatriate low acuity SHGR admits and reduce outmigration: est. 960 admits

Zeeland Bed Need Scenario[1,2]



Assumes 25%-50% repatriation for Non-Tertiary SHGR Discharges

Outpatient

Market Context
- 21.3% OP Share in region; SH OP share in Greenville is 70%, but less than ½ of OP volume stays in Greenville, the rest goes to SHGR
- Use rate, population increase, and market share adjustment are accretive and could result in 12-15% OP volume increase

Impact:
- Modalities below capacity now and could support additional volume

Physician Recruiting Goal for Zeeland

Physician Type	Market Supply 2018[3]	Market Demand 2018[3]	Market Deficit 2018[3]	SH Supply 2018[2*]	SH Growth Recruits[3]
Primary Care	131.0	128.9	2.0	68.8	8
Specialist	67.1	106.7	-39.6	21	4.5
TOTAL	**198.1**	**235.7**	**-37.6**	**84.8**	**11.5**

*Note: includes: Health Pointe

Physicians

Market Context
- Significant physician deficit in GASH for both primary care and specialists
- SH currently has 35% of provider demand, which will grow to 40%
- Current clinic space has approximately 32% occupancy

Impact
- Available capacity and consolidation opportunity
- While MD growth in commensurate with IP and OP volume increase assumptions, additional specialty support via telemed will be key

Source: (1) SH Internal IP database and State IP database (2) Spectrum Health Physician Roster. Note: Primary care includes OB/GYN and Pediatrics (3) MSDP Full Report; Regional Market Reports from Strategy Group (4) SH Outpatient Data, (5) Strat Facility Planning Exam Room Use Tool

Zeland Hospital
Facility Master Plan Scenarios

AMBULATORY CARE
1 MOB Renovation
2 Relocate Urology Clinic

DIAGNOSTICS & TREATMENT
3 Build new C-Section room

SUPPORT SERVICES
4 Increase efficiency of support services in POB

SITE/ROADWAYS
5 Provide left-hand turn into the site from south

BUILDING ACQUISITION
6 Provide left-hand turn into the site from south

Next Steps

Next Steps

- ✓ Summary of workshops and how input was used to finalize scenarios for all regions and division
- ✓ Complete data analysis to support scenario finalization, model of care and post acute care
- ✓ Provide final draft scenario for regions and Lakeland division (including alignment analysis with SMP principles
- ✓ Provide a draft financial impact analysis of SMP initiatives including estimated capital costs and timeline
- ✓ Prioritize SMP initiatives