



Healthcare Finance Overview

Clay Ashdown
Chief Financial Officer

Intermountain by the Numbers



6 Primary States¹
(UT, NV, ID, CO, MT, WY)



**69,000+
Caregivers**



Select Health **1 million
Members**



34 Hospitals
Including 1
Virtual Hospital



**\$18.4 billion²
Total Revenue**



**4,800+
Licensed Beds**

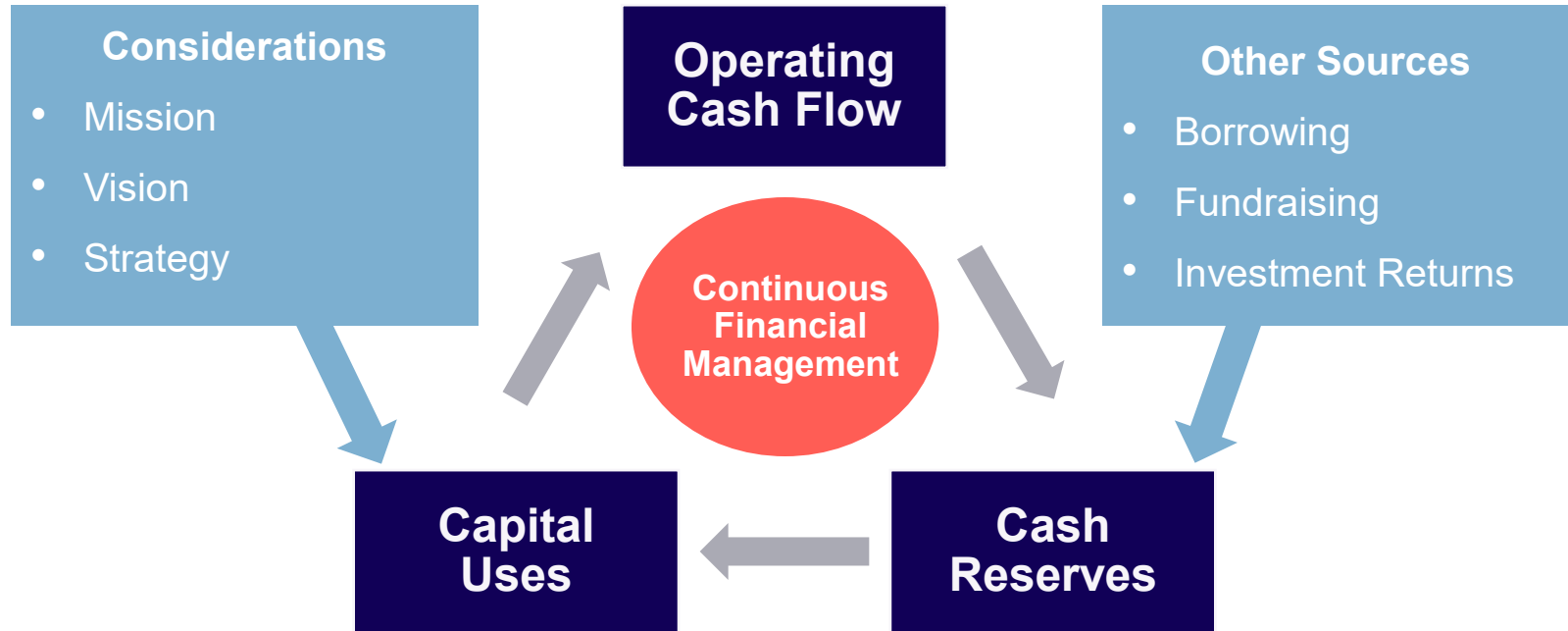


**400+
Clinics**



**5,100+ employed
Physicians & APPs**

Financial Management



Importance of a Margin

- Prudently invest in the future (technology and infrastructure)
- Enable growth to impact the lives of more people in expanding communities
- Remain strong and stable in different market cycles and economic climates
- Invest in our communities through enhanced access and improved determinants of health



Ratios

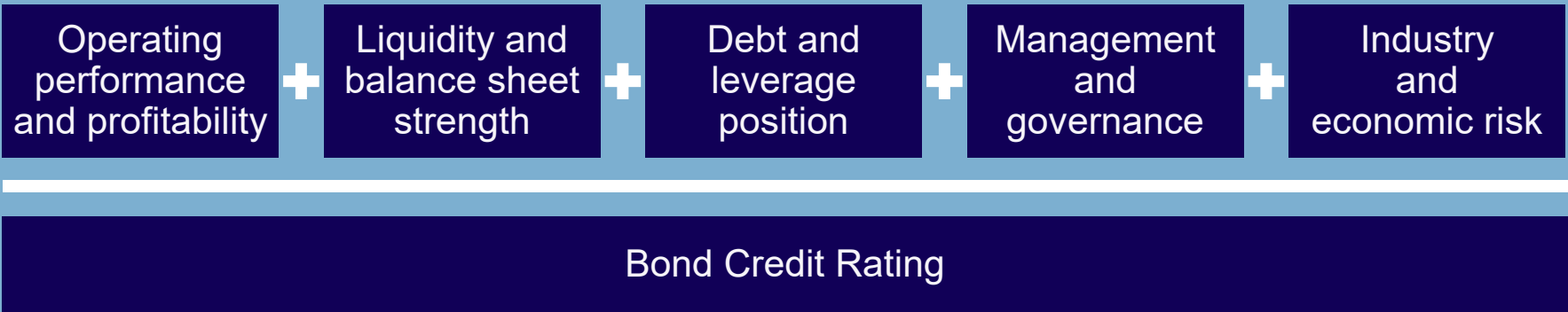
In order to effectively monitor balance sheet strength, we utilize a variety of ratios:

- Days Cash on Hand
- Debt Service Coverage
- Average Age of Plant
- Debt/Capitalization
- Debt/Cash Flow
- Cash/Puttable Debt



Bond Credit Ratings

Rating Criteria



MOODY'S
RATINGS

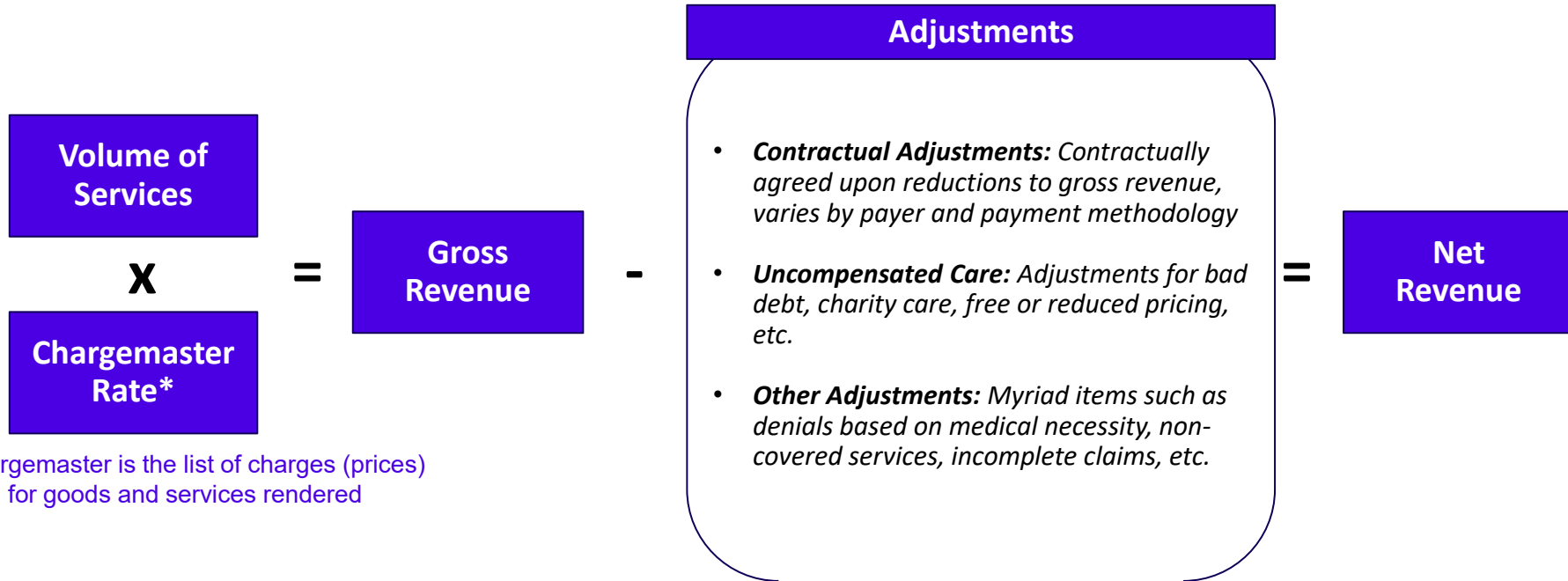


S&P Global
Ratings



Revenue: Fee-For-Service

Gross Revenue vs. Net Revenue



*Chargemaster is the list of charges (prices) for goods and services rendered

Revenue: Continuum of Payment Models

Fee-for-Service Model

Proactive Care (Value-Based Model)



Percent of Billed Charges

Insurance companies pay providers based on negotiated rates of individual **services rendered**

- The most traditional method
- Often results in misaligned incentives
- Risk for *Payer*: **High**
- Risk for *Provider*: **Low**



Bundled Payment

Insurance companies pay providers based on treatment **episodes of care**

- Risk for *Payer*: **Moderate**
- Risk for *Provider*: **Moderate**



Capitation

Insurance companies pay providers a lump sum to **manage the health** of a population

- Should lead to aligned incentives
- Population-based payment
- Risk for *Payer*: **Low**
- Risk for *Provider*: **High**



Fixed Payment (DRG/Fee Schedule)

Insurance companies pay providers a fixed amount based on **groups of** services rendered

- “At-risk” light
- Risk for *Payer*: **High/Moderate**
- Risk for *Provider*: **Low/Moderate**



Shared Savings

Insurance companies share savings when costs are below budget

- One-sided risk, only upside
- Risk for *Payer*: **Moderate**
- Risk for *Provider*: **Moderate**

Current Healthcare Headwinds

