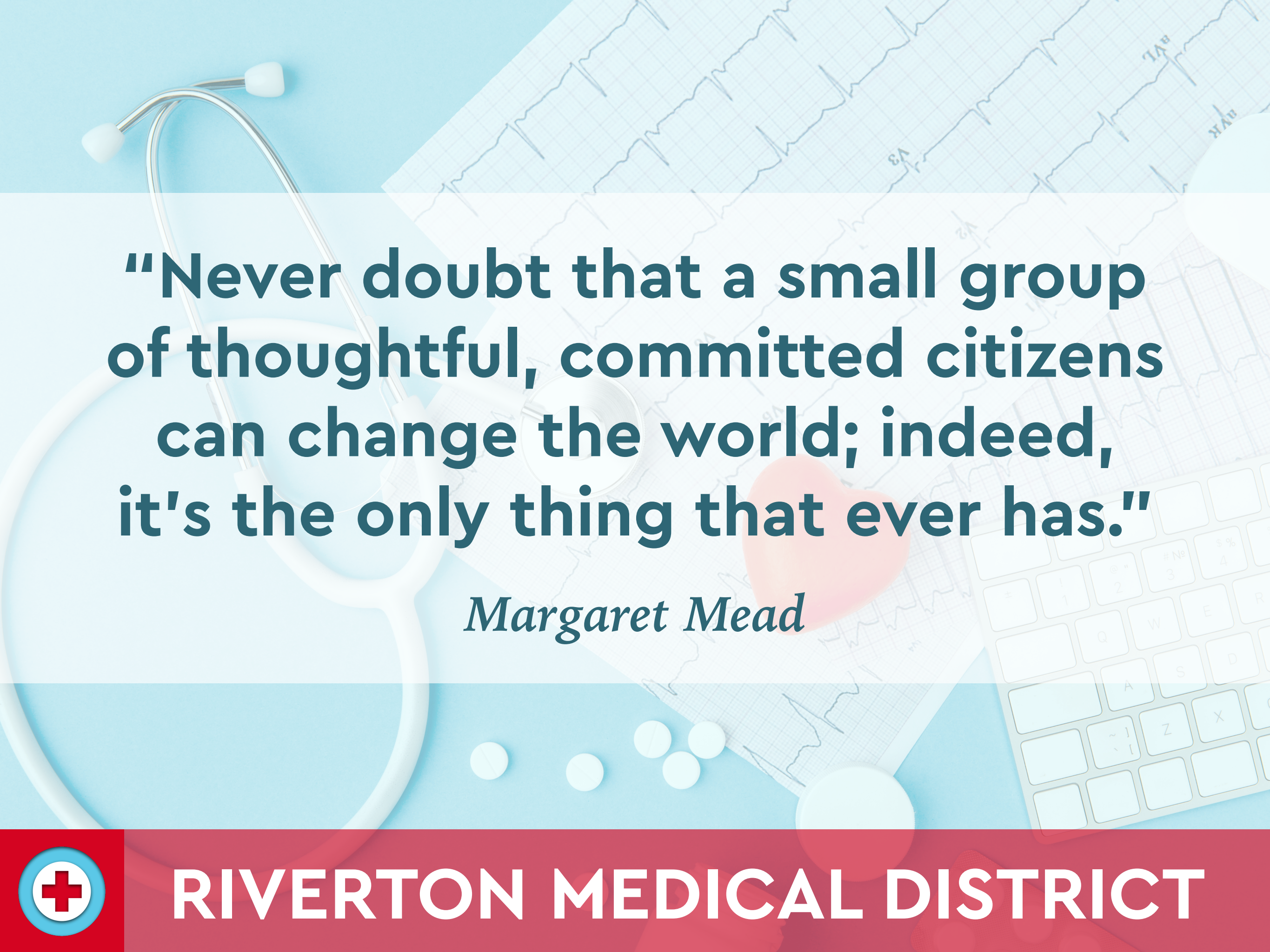


Feasibility Study Presentation

RIVERTON MEDICAL DISTRICT



The background of the image is a collage of medical-related items. A silver stethoscope is positioned on the left side. An ECG (heart rate) line is visible across the top and right. A portion of a white computer keyboard is shown in the bottom right. Several white, round pills are scattered near the bottom center. A semi-transparent white box contains the quote, and a faint red heart is visible behind the attribution.

**"Never doubt that a small group
of thoughtful, committed citizens
can change the world; indeed,
it's the only thing that ever has."**

Margaret Mead



RIVERTON MEDICAL DISTRICT

The background of the slide is a collage of medical-related items. It includes a silver stethoscope on the left, a white ECG (heart rate) line on a grid across the top and middle, several white pills at the bottom, and a portion of a white computer keyboard on the right. A semi-transparent white box contains the text.

Our Mission

**Ensure access to safe, high-quality
primary and secondary healthcare
facilities in Riverton**



RIVERTON MEDICAL DISTRICT



HOW DID WE GET HERE?



FEASIBILITY STUDY



WHAT'S NEXT?



RIVERTON MEDICAL DISTRICT



HOW DID WE GET HERE?

SPRING 2016

Sage West began their consolidation of services to the Lander Hospital.

2018-2019

LifePoint/SageWest rejected several requests to lease or sell the Riverton building to us.

JULY 27, 2018

A group of concerned citizens met to discuss what, if anything, could be done. The **Save Our Riverton Hospital** group was formed.



HOW DID WE GET HERE?

AUGUST 2018

The first of many public meetings was held to keep the community aware of our progress.

NOVEMBER 2018

Reach Foundation donated 8 acres for the construction of the new hospital. Fundraising efforts began.

OCTOBER 2018

We became a Wyoming nonprofit corporation, changing our name to **Riverton Medical District**. We have also received our 501(c)(3) status.



HOW DID WE GET HERE?

JANUARY 2019

We contracted with Stroudwater Associates for a feasibility study to determine if the Riverton area could support a full-service hospital.

THANK YOU!

None of this would be possible without the dedicated support of this community.

JUNE 2019

Stroudwater was paid in full. The completed feasibility study states clearly that the Riverton area can support a full-service hospital.



Riverton Greenfield Hospital Market Study

Riverton Hospital District

May 21, 2019



Eric Shell, MHA
John Downes, MBA, LEED-AP
Daniel Given, CPA



FEASIBILITY STUDY

WHY DID WE CHOOSE STROUDWATER?

- **Rural hospital experts**
- **Familiar with the region**
- **Unbiased report**



FEASIBILITY STUDY



Executive Summary

- Stroudwater used demographic, utilization, market share, throughput, and financial healthcare data to determine the demand for specific healthcare services and the financial feasibility of a hospital with and without full community market share to reach the following conclusions:

The Riverton primary service area contains a sufficient population to support a financially viable rural health system with a range of medical, surgical, and specialty services

- Current SageWest reduction in scope of services at Riverton campus has resulted in a significant outmigration of patient volume from the Riverton primary service area
- Construction of new hospital without full community market share (assumes SageWest to operate as a full-service hospital) is not financially feasible

Current indications point toward further reductions of services at Riverton and potential abandonment of all services as entities have been approached to lease SageWest Riverton campus for non-hospital services

Critical Access Hospital designation enhances reimbursement, it is not sufficient to offset losses in market share and related patient volume from a competitive system in Riverton (assumes SageWest operates as a full service hospital)

Executive Summary

- The Riverton Hospital District representing Riverton, Wyoming and surrounding communities requested a greenfield hospital market study to determine the market demand for healthcare services and the feasibility of a "greenfield" hospital construction
 - Riverton, Wyoming currently has a short-term acute care hospital that is part of a two-hospital system called SageWest Healthcare. SageWest is operated by SageWest Health, a for-profit company based in Brentwood, Tennessee.
 - In recent years, community members of Riverton and the surrounding areas have grown displeased as healthcare services provided by SageWest at the Riverton facility have been reduced in size or discontinued and is no longer a full-service healthcare provider
- The Riverton Hospital District engaged Stroudwater to quantify the demand for healthcare services within Riverton and surrounding communities to answer the following:
 - What are the current demographics of Riverton and the surrounding communities and how does that translate into future healthcare service demand and value?
 - Given the determined set of healthcare services, what would be the estimated hospital revenues associated with medical, surgical, specialty, ancillary, and outpatient services?
- Additionally, the Riverton Hospital District engaged Stroudwater to evaluate the feasibility of constructing a greenfield hospital under varying degrees of market share and hospital designation types to answer the following:
 - Would a greenfield hospital be financially feasible with less than full community market share in Riverton?
 - Are there any unique hospital designations that would provide enhanced reimbursement, making the feasibility of a second hospital in the region sustainable?



FEASIBILITY STUDY

PURPOSE

Determine the market demand for healthcare services

Determine the feasibility of a "greenfield" hospital construction

METHOD

Use demographic, utilization, market share, and financial healthcare data to determine the demand for specific healthcare services

CONCLUSION

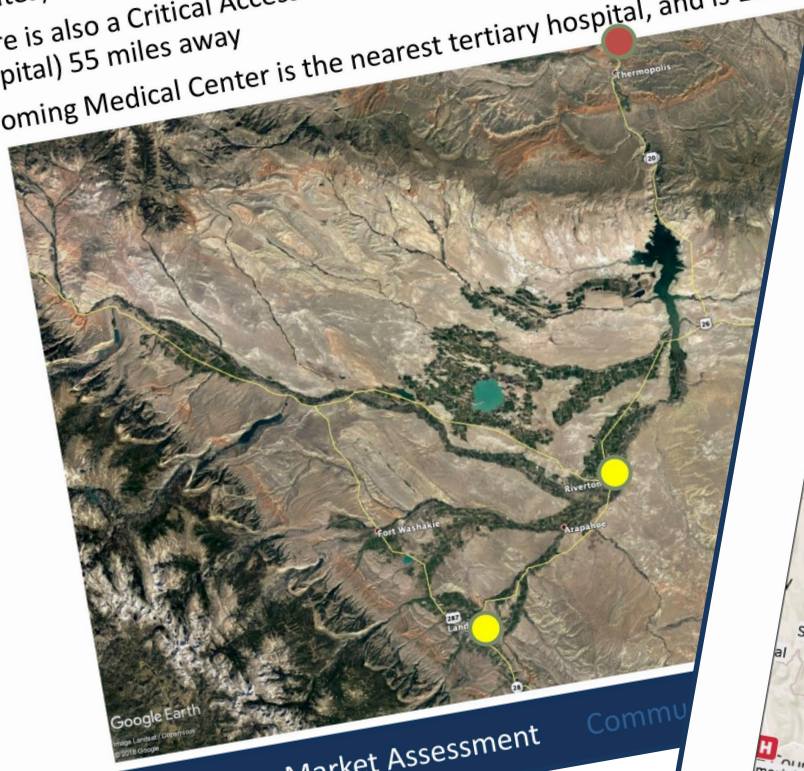
The Riverton area contains a sufficient population to support a financially viable rural health system with a range of medical, surgical, and specialty services



MARKET ASSESSMENT

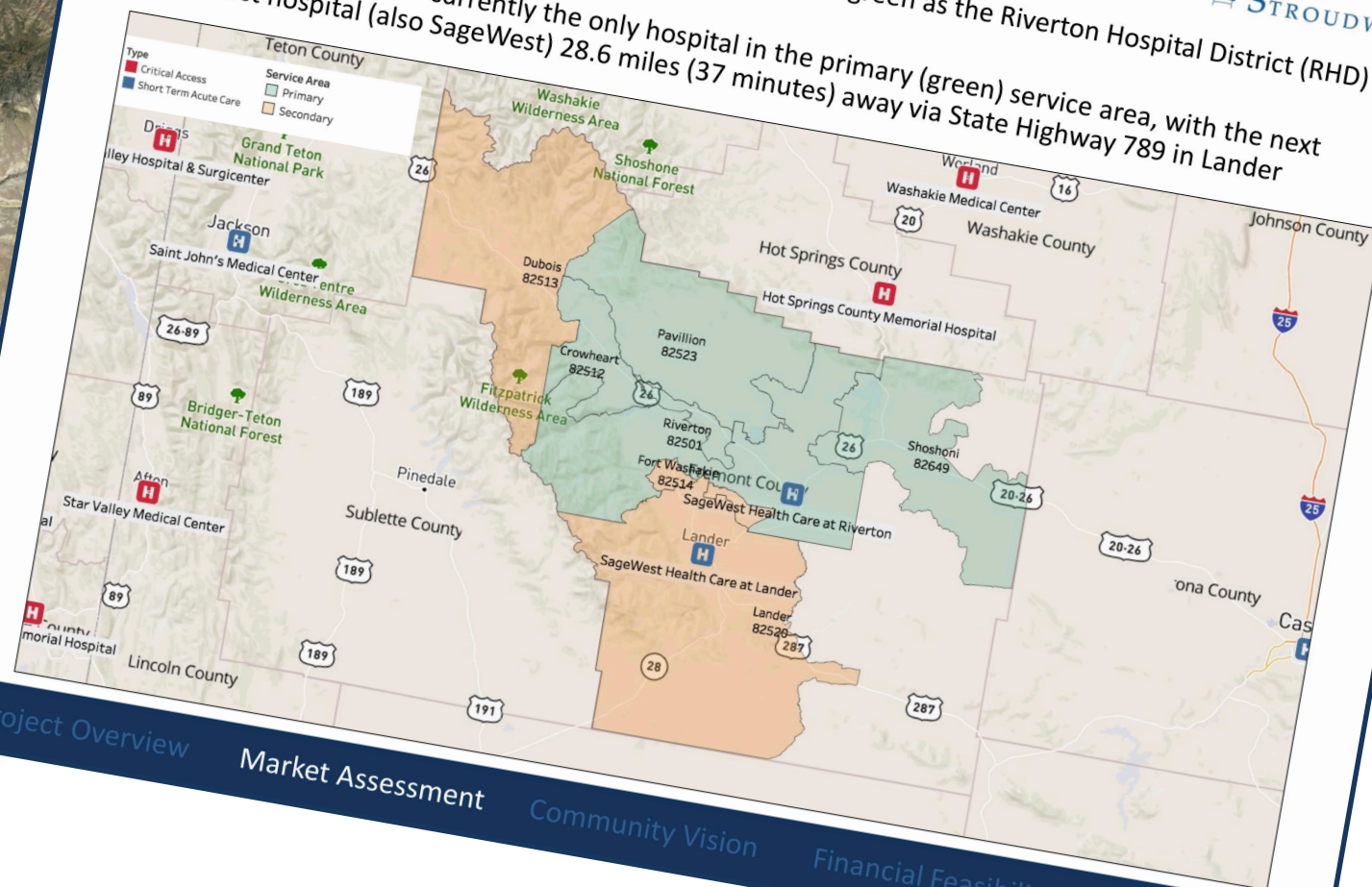
Geography

- Riverton, Wyoming currently has a short-term acute care (STAC) hospital operated by SageWest
- The next nearest hospital, in Lander, Wyoming, is also owned by SageWest (37 minutes) via State Highway 789
- There is also a Critical Access Hospital in Thermopolis, Wyoming (Hot Springs Hospital) 55 miles away
- Wyoming Medical Center is the nearest tertiary hospital, and is 121 miles away



Service Area of SageWest

- The focus of this engagement is in the area identified in green as the Riverton Hospital District (RHD)
- SageWest Riverton is currently the only hospital in the primary (green) service area, with the next nearest hospital (also SageWest) 28.6 miles (37 minutes) away via State Highway 789 in Lander



Project Overview

Market Assessment

Community Vision

Project Overview

Market Assessment

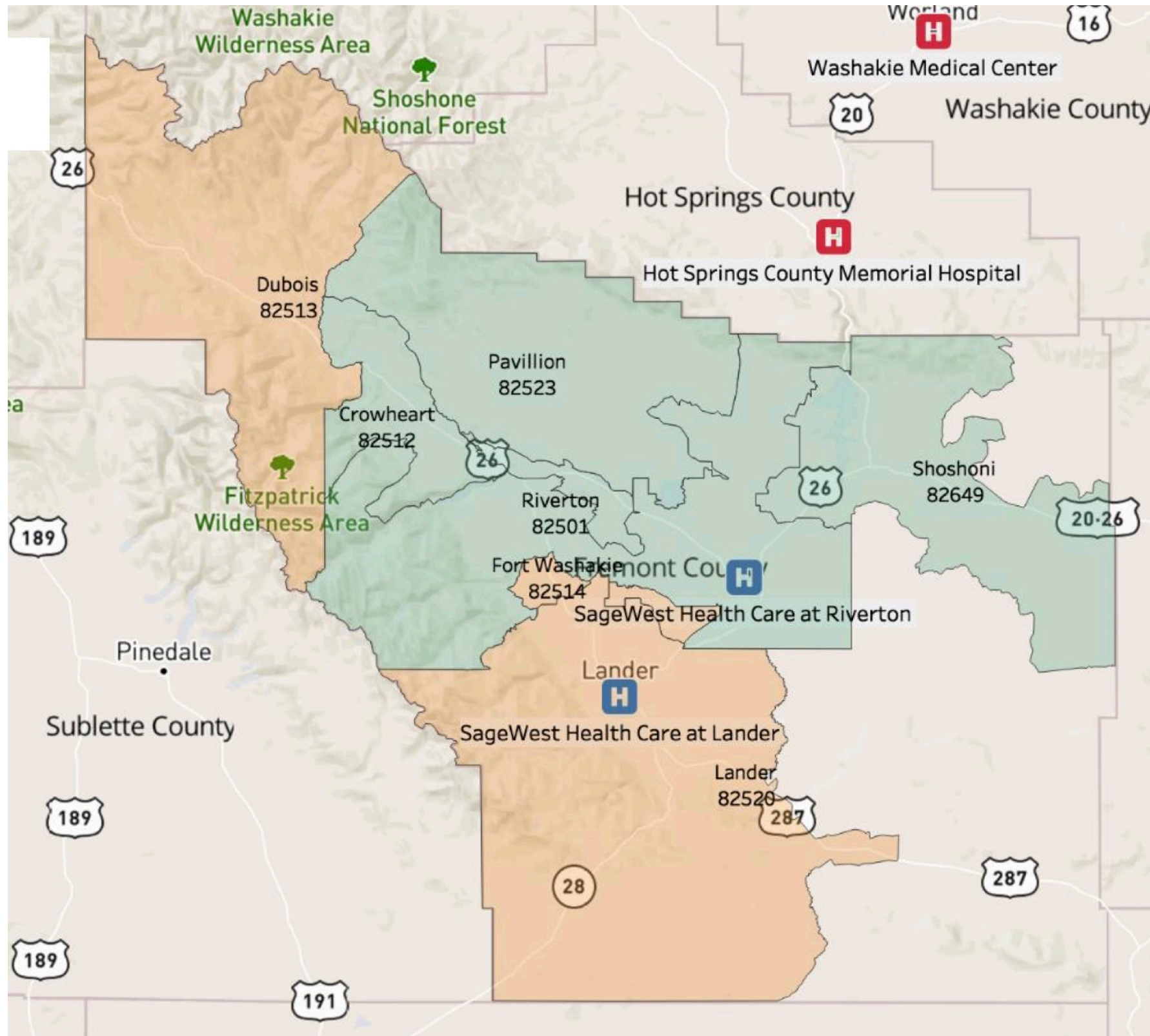
Community Vision

Financial Feasibility

Conclusions



MARKET ASSESSMENT



PRIMARY SERVICE AREA

Riverton
Crowheart
Kinnear
Pavillion
Shoshoni

SECONDARY SERVICE AREA

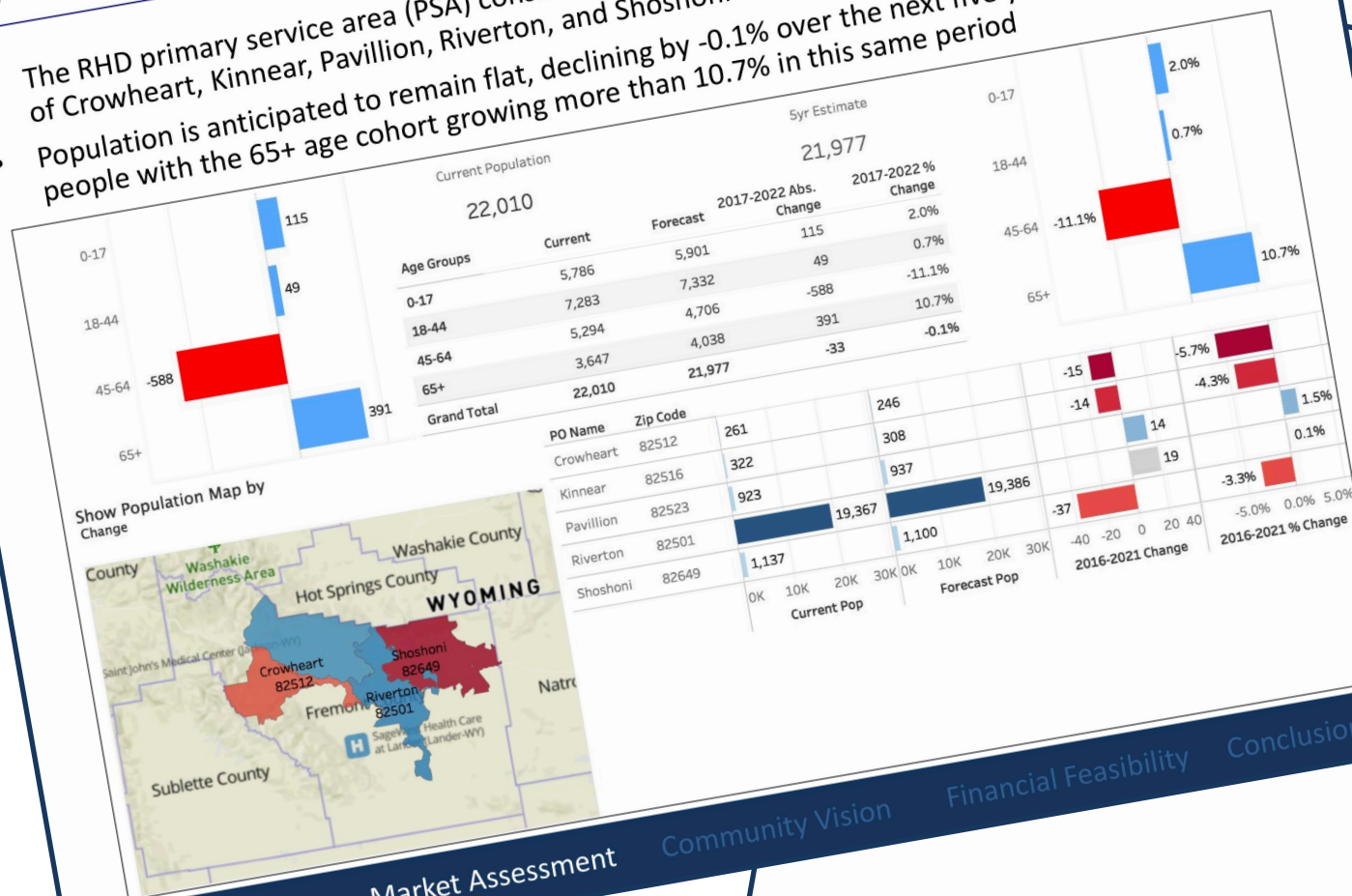


MARKET ASSESSMENT

Population (Primary Service Area Only)



- The RHD primary service area (PSA) consists of a total current population of 22,010 is comprised of Crowheart, Kinneer, Pavillion, Riverton, and Shoshoni
- Population is anticipated to remain flat, declining by -0.1% over the next five years to 21,997
- people with the 65+ age cohort growing more than 10.7% in this same period



Area - Native American Population



2018 Pop PSA service area

MAPZIP	PO Name	Asian	Black	Multi-raci..	Native American	Other race	Pacific Islander	White	Grand Total
82501	Riverton	81	169	747	3,194	361	18	14,832	19,402
82512	Crowheart	1	2	18	96	1	18	202	255
82516	Kinneer	2	2	18	96	1	18	202	333
82523	Pavillion	3	1	55	107	2	18	786	904
82649	Shoshoni	92	187	881	3,582	10	1	16,911	22,064
Grand Total		187	358	1,411	4,776	11	36	16,911	22,064

2016-2021 % Change

PO Name	Asian	Black	Multi-raci..	Native American	Other race	Pacific Islander	White	Grand Total
Riverton	95	242	836	3,165	414	25	14,677	19,454
Crowheart	1	2	20	69	1	18	204	242
Kinneer	2	2	21	88	1	18	204	320
Pavillion	4	1	61	32	3	18	918	1,137
Shoshoni	107	265	985	3,490	453	26	16,737	22,063

Project Overview

Market Assessment

Community Vision

Financial Feasibility

Conclusions

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Project Overview

Market Assessment

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Conclusions

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MARKET ASSESSMENT

PRIMARY SERVICE AREA

Total current population
22,010

FIVE YEAR ESTIMATE

Total decline: 0.1%
Age 65+ growth: 10.7%

NATIVE AMERICAN POPULATION

16% of primary service
area population





MARKET ASSESSMENT

SageWest has already lost 15% inpatient Medicare market share since 2015

Medicare Inpatient Market Share (PSA Only - 2013)



Medicare Inpatient Market Share (Crowheart, Kinnear, Pavillion)



Medicare Inpatient Market Share (Riverton Only)

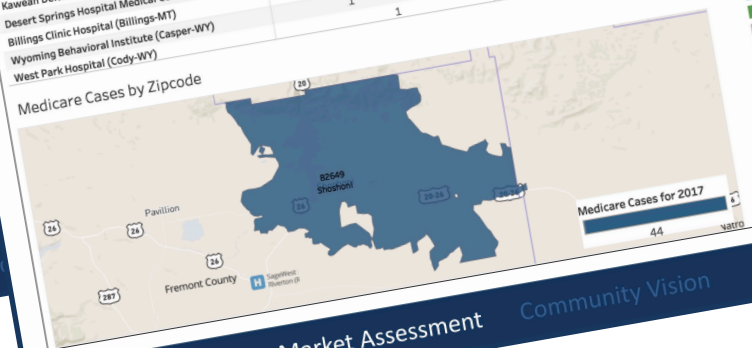


Medicare Inpatient Market Share (Shoshoni Only)



- In 2013, SageWest Riverton had a 34.0% Medicare market share in the Shoshoni ZIP Code, whereas SageWest Lander had a 2.1% Medicare market share of the Shoshoni ZIP Code for a combined share of 36.1%; however, in 2017, the combined facilities had a market share of 22.7% as an increasing number of patients are seeking services outside of the PSA

	Cases (Medicare)					Medicare Market Share				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Grand Total	47	29	40	57	44	100.0%	100.0%	100.0%	100.0%	100.0%
Wyoming Medical Center (Casper-WY)	11	10	13	14	12	23.4%	34.5%	32.5%	24.6%	27.3%
SageWest Health Care at Riverton (Riverton-WY)	16	12	16	28	10	34.0%	41.4%	40.0%	49.1%	22.7%
Hot Springs County Memorial Hospital (Thermopolis-WY)	3	1	2	3	5	6.4%	3.4%	5.0%	5.3%	11.4%
Mountain View Regional Hospital (Casper-WY)	2	1	2	2	2	4.3%	3.4%	5.0%	3.5%	4.5%
Sutter Roseville Medical Center (Roseville-CA)										2.3%
Elkhorn Valley Rehabilitation Hospital (Casper-WY)										2.3%
Washakie Medical Center (Worland-WY)										2.3%
Stanford Hospital (Stanford-CA)										2.3%
Saint Vincent Healthcare (Billings-MT)										2.3%
Saint Vincent Healthcare District (Visalia-CA)										2.3%
Kaweah Delta Health Care District (Las Vegas-NV)										2.3%
Desert Springs Hospital (Billings-MT)										2.3%
Billings Clinic Hospital (Casper-WY)										2.3%
Wyoming Behavioral Institute (Casper-WY)										2.3%
West Park Hospital (Cody-WY)										2.3%



Lost Contribution Margin to SageWest



- Analysis below projects lost contribution margin for market share declines in the Riverton PSA

2017 Financial performance

Transfer Benefits

Total 2017 Est. Discharges for Riverton PSA (Source: Truven Health)	2,110	2,110	2,110
Current SageWest Medicare Market Share (Source: 2017 CMS Data)	44%	44%	44%
Estimated SageWest Discharges from Riverton PSA	937	937	937
Estimated SageWest Net Revenue Per Discharge (Source: AHD.com; 2017 Data)	\$ 10,330	\$ 10,330	\$ 10,330
Estimated SageWest Net Inpatient Revenue from Riverton PSA	\$ 9,677,557	\$ 9,677,557	\$ 9,677,557
SageWest OP Rev relative to IP Revenue (2017 Cost Report WS G-2)	175%	175%	175%
Estimated Net OP Rev From Riverton PSA	\$ 16,894,112	\$ 16,894,112	\$ 16,894,112
Total Net Transfer / Referral Dollars to SageWest from Riverton PSA	\$ 26,571,669	\$ 26,571,669	\$ 26,571,669
Estimated Contribution Margin % (Source: Estimated)	80%	80%	80%
Estimated Contribution Margin on Net Revenue from Riverton PSA	\$ 21,257,335	\$ 21,257,335	\$ 21,257,335
Contribution Margin Per 1% of Inpatient Market Share	\$ 478,769	\$ 478,769	\$ 478,769
Estimated Change in Market Share % with Decline in Riverton Campus Services	10%	15%	20%

CM Loss of existing services from Riverton PSA	\$ 4,787,688	\$ 7,181,532	\$ 9,575,376
------------------------------------------------	--------------	--------------	--------------

Applying SageWest's current market share (44%) against the overall 2017 discharges from the Riverton primary service area (PSA) (2110) and multiplying by SageWest's current net revenue per discharge of \$10,330 (AHD.com, 2017 data), this model estimates that SageWest generates about \$10m in net inpatient revenue from the Riverton PSA today. Assuming an additional 175% of this amount in OP revenues, the total net revenue from the Riverton PSA is approximately \$26.5m.

Given the scale of existing operations at SageWest, it is likely that most of this revenue would fall to the bottom line. Assuming 80% contribution margin, this translates to a \$480k contribution margin for every 1% of incremental market share generated or lost from the service area.

Because SageWest has already lost 15% inpatient Medicare market share from the Riverton PSA since 2015, the potential loss is approximately \$7.2M and could increase to \$10M with further declines in market share.



MARKET ASSESSMENT

Market Assessment Key Conclusions

- The Market Assessment defines the Total Service Area, the PSA, and SSA show a variety of healthcare service expected utilization within the Riverton PSA
 - The +65 age group has the largest projected growth at 1% next 5 years
 - The Northern Arapaho and the Eastern Shoshone populations will need services aimed to meet healthcare needs
 - The River Indian Reservation present a unique opportunity for a hospital that could seek a CAH designation
 - Service offerings that demonstrate a need includes ancillary, medical specialties, and primary care
- The RHD PSA population of approximately 22,000 provides a rural hospital
- SageWest's combined market share of both Riverton and RHD PSA
 - In 2017, the combined SageWest facilities had a market share of 60.5% total combined Medicare inpatient revenue
 - Projected lost contribution margin associated with the loss of Medicare inpatient revenue is \$7.2 and \$10M
 - The next highest share of Medicare inpatient revenue is held by Wyoming Medical Center with 27.0% in 2017



Conclusions

- Stroudwater's Objectives:
 - Quantify the demand for various healthcare services within the RHD service area
 - Based upon the data presented in the Market Assessment section of this report, the RHD PSA has sufficient demand for hospital inpatient and outpatient services including: med/surg, swing bed, OB/GYN, ED, observation, imaging (radiology, ultrasound, CT scans, MRI), gastroenterology, outpatient surgery, rehabilitation services, respiratory therapy, and primary care
- Determine the financial feasibility of a greenfield hospital in Riverton
 - The key determinant for financial feasibility in Riverton is obtaining a dominant market share for hospital services
 - The financial feasibility study does show hospital operations can be sustained in Riverton in the absence of a competing hospital with a variety of healthcare offerings as either a STAC hospital or a CAH





MARKET ASSESSMENT

65+ AGE GROUP

**Has the largest
projected growth &
will need services to
meet healthcare needs**

MARKET SHARE

**SageWest's combined
market share of both
Riverton and Lander has
decreased since 2013**

**THE PRIMARY SERVICE AREA
POPULATION OF ABOUT 22,000
PROVIDES AN ADEQUATE BASE TO
SUPPORT A RURAL HOSPITAL**



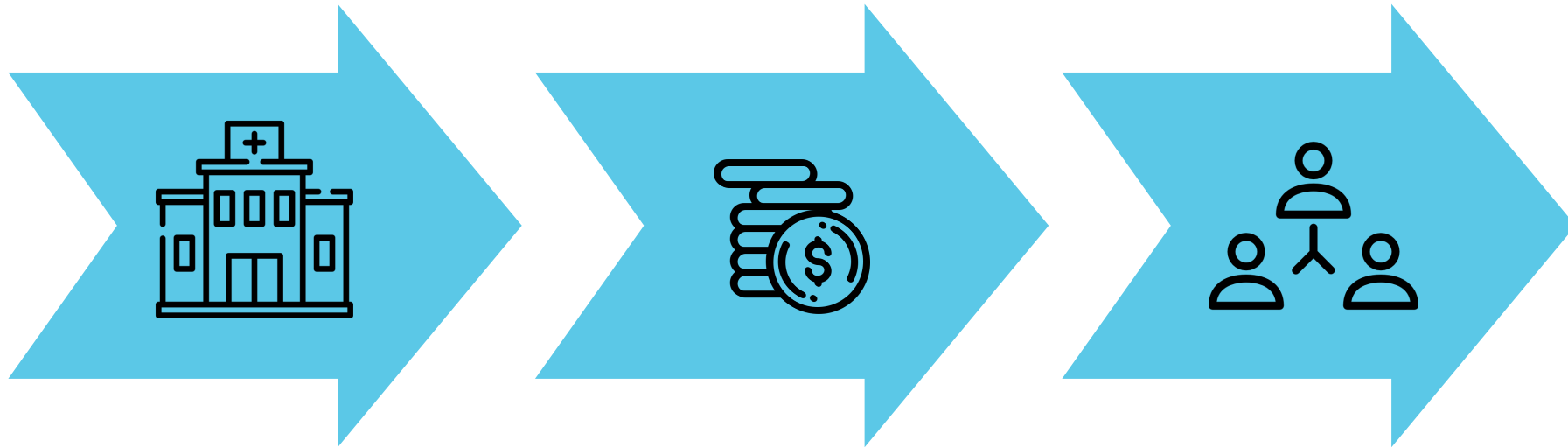
FEASIBILITY STUDY

THE RIVERTON AREA HAS SUFFICIENT DEMAND FOR HOSPITAL INPATIENT & OUTPATIENT SERVICES INCLUDING:

- Med/surg
- ICU
- Surgery
- Swing bed
- Respiratory therapy
- Emergency department
- Rehabilitation services
- Imaging (radiology, ultrasound, CT scans, MRI)
- Attached medical office building with primary care and urgent care
- OB/GYN
- Observation
- Gastroenterology



WHAT'S NEXT?



HOSPITAL LOCATION

Sunset property or Federal property, New Markets Tax Credit

FINANCING OPTIONS: \$35 million

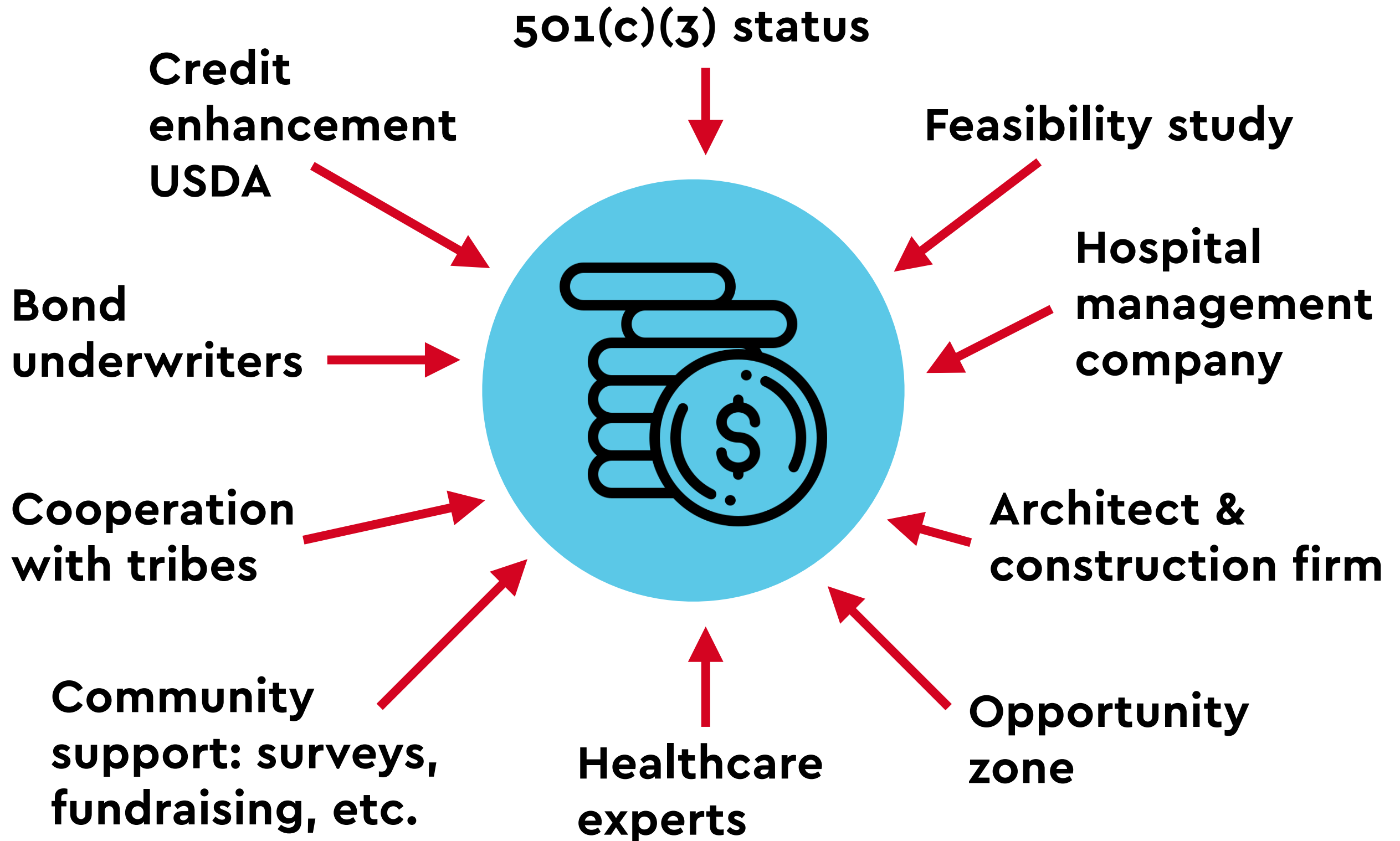
Hospital revenue bonds, USDA Facilities Program, bank financing
Finalize financing package

HOSPITAL MANAGEMENT & CONSTRUCTION

Quorum Health Resources
Erdman

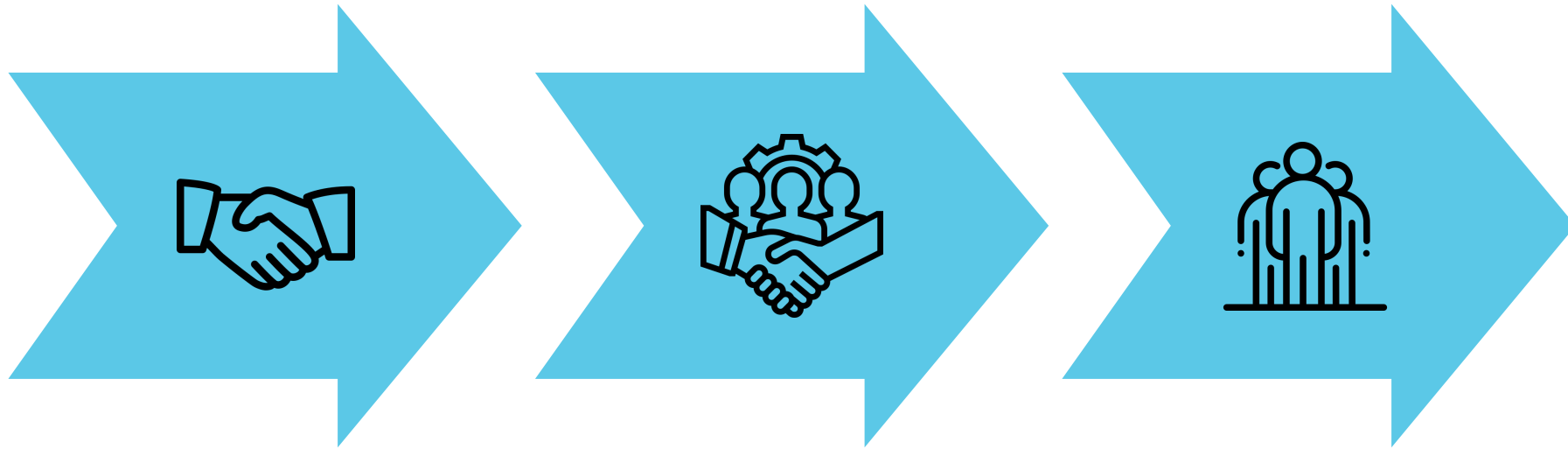


FINANCING PACKAGE





WHAT'S NEXT?



HOSPITAL TRUST

Fiduciary trust ownership of hospital

COLLABORATION WITH PARTNERS

Collaboration agreements

CONTINUED COMMUNITY SUPPORT



HOW TO DONATE

**DROP OFF AT
Wyoming Community Bank**



**FACEBOOK
Riverton Medical District**

**WEBSITE
rivertonmedicaldistrict.com**



RIVERTON'S OWN HOSPITAL

H *helps our town grow*

E *energizes our pride*

A *avoids outsider interference*

L *lowers health costs*

T *terminates most travel*

H *has our own doctors*

IS GOING TO HAPPEN!

The background of the image is a collage of medical-related items. It includes a silver stethoscope with white earbuds, a white ECG (heart rate) line on a grid, a portion of a white computer keyboard, and several white, round pills. The entire background is in a light blue color. A semi-transparent white horizontal band runs across the middle of the image, serving as a backdrop for the main text.

**LET'S BUILD
A HOSPITAL!**



RIVERTON MEDICAL DISTRICT