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Leadership Retreat

Welcome & opening remarks

Janet Smith-Hill, EVP, Chief Human Resources Officer

October 29, 2019

Meeting objectives

Following the retreat, leaders will be able to:

- Identify ways to close our 2019 strong
- Determine how to implement/execute key actions for 2020
- Discuss hiring in a culture of diversity and inclusion
- Share ways to inspire direct reports the remainder of 2019 and throughout 2020

Special housekeeping note – please be mindful of the mic stands placed around the venue!

Agenda

- 8:00 am -- Registration, continental breakfast, networking, door prizes
- 8:30 am -- Welcome & opening remarks: Janet Smith-Hill
- 8:35 am – Our theme for the day: Carl Armato
- 8:45 am – Operations update & celebrate wins: Janet Smith-Hill, Jeff Lindsay
- 9:15 am – Preparing for 2020
 - Scanning the horizons – Fred Hargett
 - Strategic imperatives – Frank Emory
- 10:15 am -- Networking break, door prizes

Agenda (cont.)

- 10:35 am -- Diversity & Inclusion: Cast an eye over the field, Tanya Blackmon
- 12:00 pm -- Lunch
- 1:00 pm – Ownership & possibilities: Carl Armato, Janet Smith-Hill
- 1:20 pm – Exercise debrief and questions
- 1:45 pm – Networking break
- 2:00 pm – Motivation & inspiration: Dr. Bertrice Berry
- 3:30 pm – 2019 Highlights show
- 3:35 pm -- Final Remarks, meeting close, & evaluation

Swing for the fences

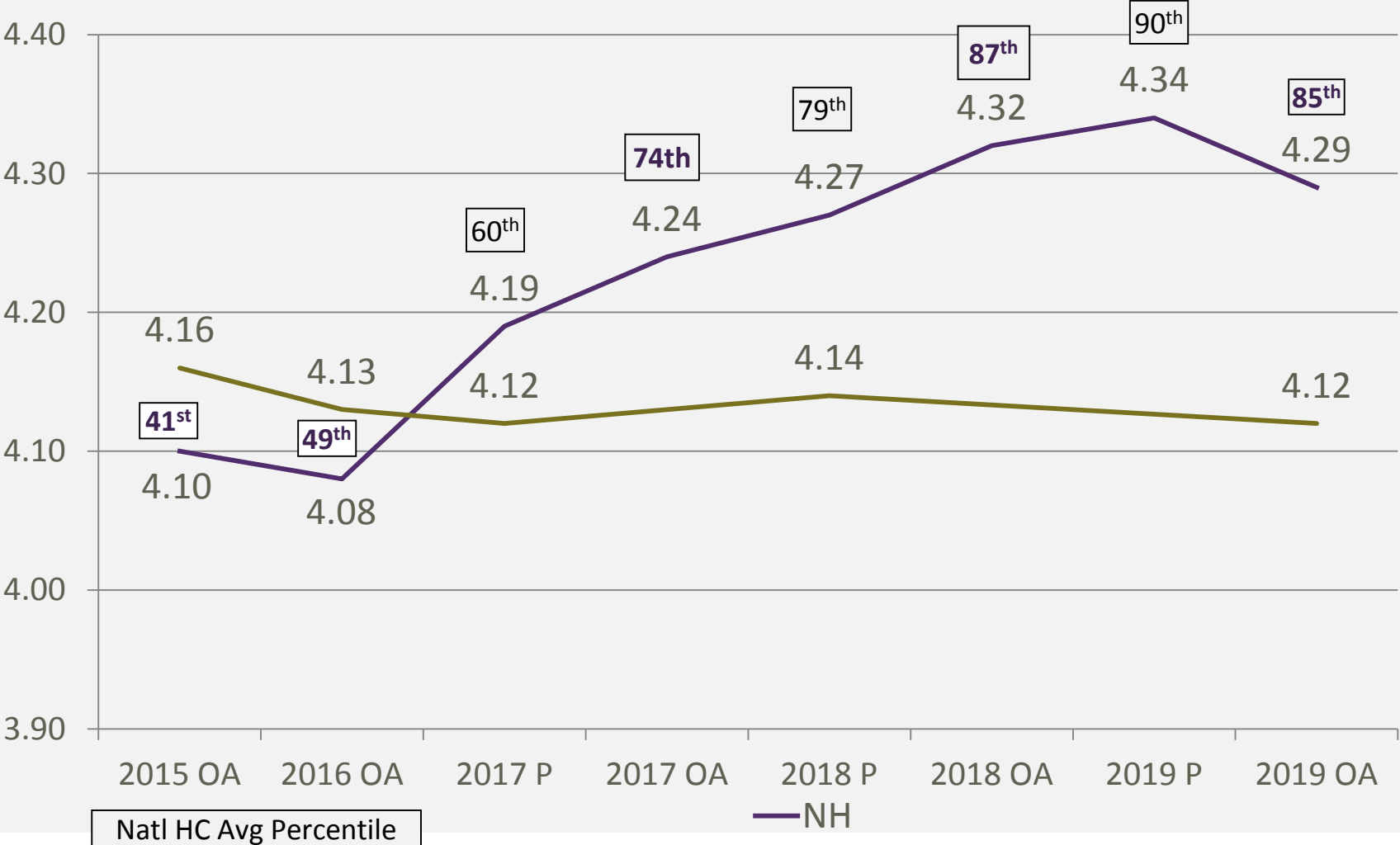
Carl Armato

A league of our own

Janet Smith-Hill

2019 team member engagement results

Engagement Trending

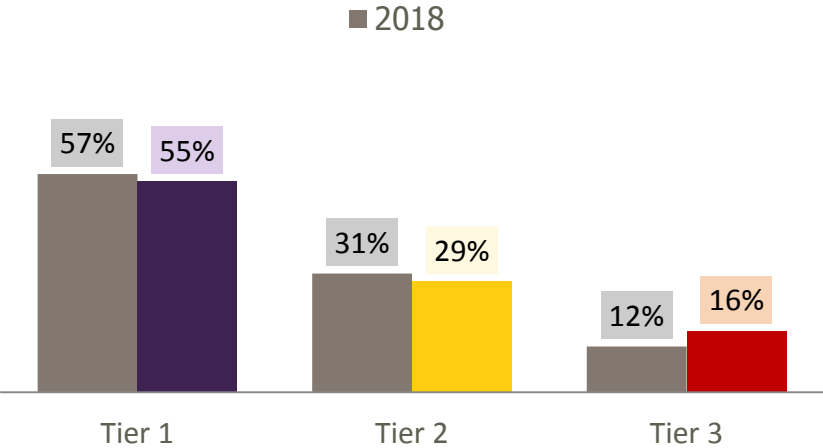


Results at a Glance

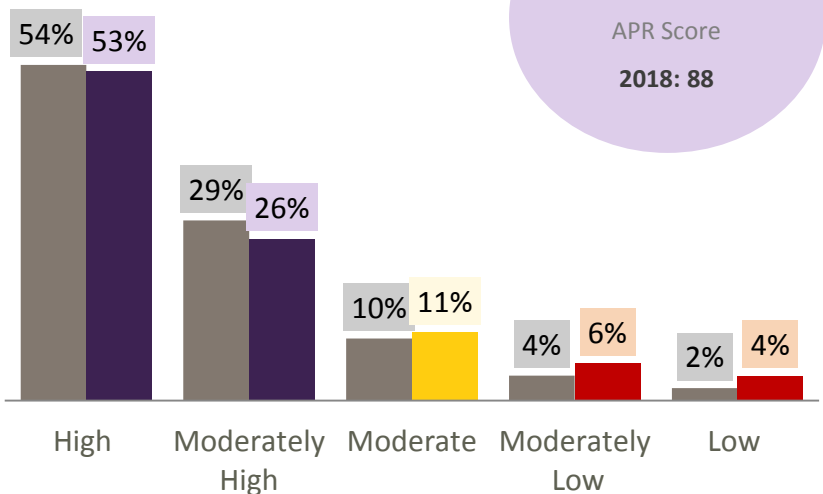
Survey Admin:
September
2019

Year	Engagement Indicator	Natl HC Avg Percentile	AHA-3 Emp Avg Percentile
2019 (n=21417, 81%)	4.29	85th	81st
2018 (n=22,408, 89%)	4.32	87th	91st
2017 (n=19,686, 81%)	4.24	74th	77th

Tier/Team Index



APR/Leader Index



Engagement Indicator items

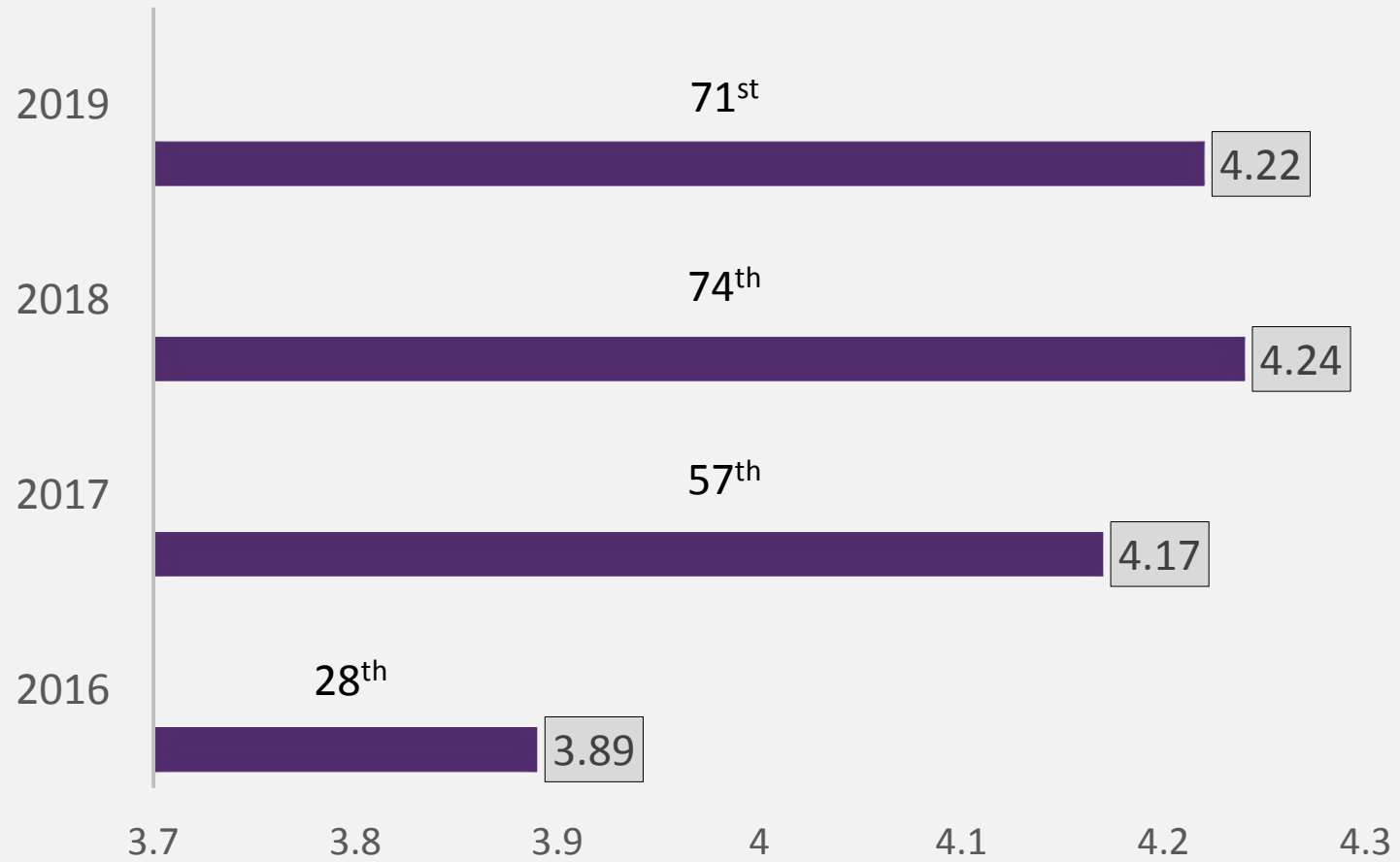
Engagement Item	2019 NH	% Unfav	Difference from:	
			Natl HC Avg	2018 NH
33. I would stay with this organization if offered a similar job elsewhere.	4.15	5%	+.24	-.03
50. Overall, I am a satisfied team member.	4.20	6%	+.18	-.02
42. I would like to be working at this organization three years from now.	4.33	3%	+.18	-.03
49. I would recommend this organization as a good place to work.	4.29	3%	+.18	-.04
32. I am proud to tell people I work for this organization.	4.41	2%	+.13	-.02
67. I would recommend this organization to family and friends who need care.	4.38	2%	+.13	-.01
Engagement	4.29	4%	+.17	-.03

Note – In this presentation **GREEN/RED** notes a statistically significant difference.

Natl HC Avg +/- .03 AHA-3 Emp Avg +/- .03 History +/- .03

Nursing services

NURSING ENGAGEMENT INDICATOR SCORES



Novant Health's Diversity and Inclusion LTG

Team Member Engagement Full Survey One Ask question	Novant Health 2016 baseline score	Novant Health 2016's "Press Ganey national healthcare average ranking" baseline ranking	Year 1: 70 th Percentile "Press Ganey national healthcare average ranking"	Year 2: 80 th Percentile "Press Ganey national healthcare average ranking"	Year 3: 90 th Percentile "Press Ganey national healthcare average ranking"
This organization values team members from different back grounds	4.26	69th	4.27 (based on 2016 ranking requirement)	4.32 (based on 2016 ranking requirement)	4.37 (based on 2016 ranking requirement)

2019 One Ask Score: 4.46 95th percentile ranking

2018 One Ask Score: 4.46 94th percentile ranking

2017 One Ask score: 4.40 91st percentile ranking

Exceeded goal requirements all three years

Take Action: Focus

Responsiveness

Trust

Teamwork

Take Action: Keys for Success

Know Your Survey Results

- Areas of strength
- Areas of opportunity

Do

- Thank team members for participating
- Share results with team
- Set improvement goals with your team
- Monitor progress

Share

- Improvement milestones with your team
- Recognition
- Achievements with your leader

Take Action: Celebrate!

Resilience

Overall resilience theme ranked at the 93rd percentile ranking which demonstrates team member's commitment amidst change

Diversity and Inclusion initiatives

“This organization values team members from different backgrounds” was the highest ranked item on the One Ask survey scoring at the 95th percentile ranking

The connection between engagement and patient outcomes

63% of measured locations exceeded the 80th percentile goal target for engagement

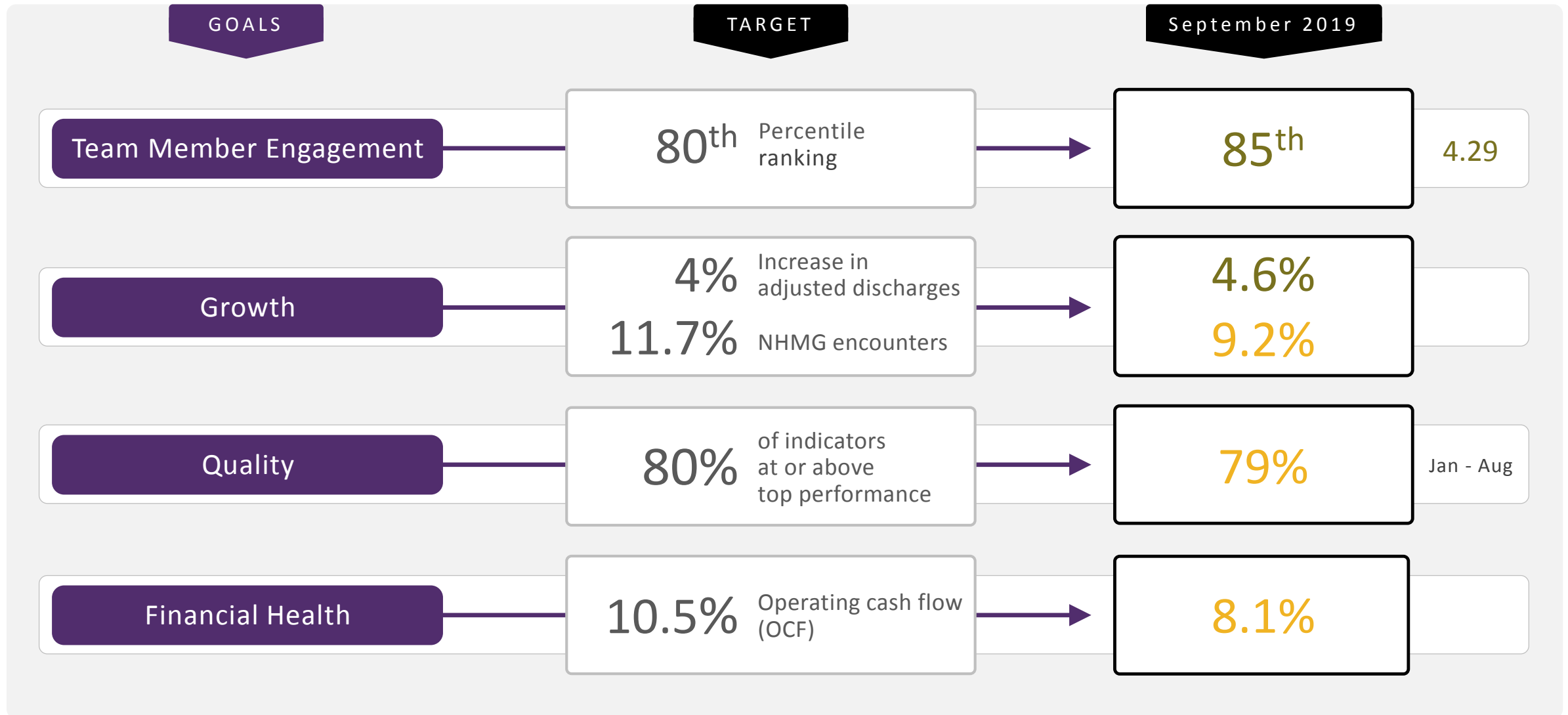
4 locations have met or exceeded goal requirements for quality, experience and engagement

Strategic scorecard

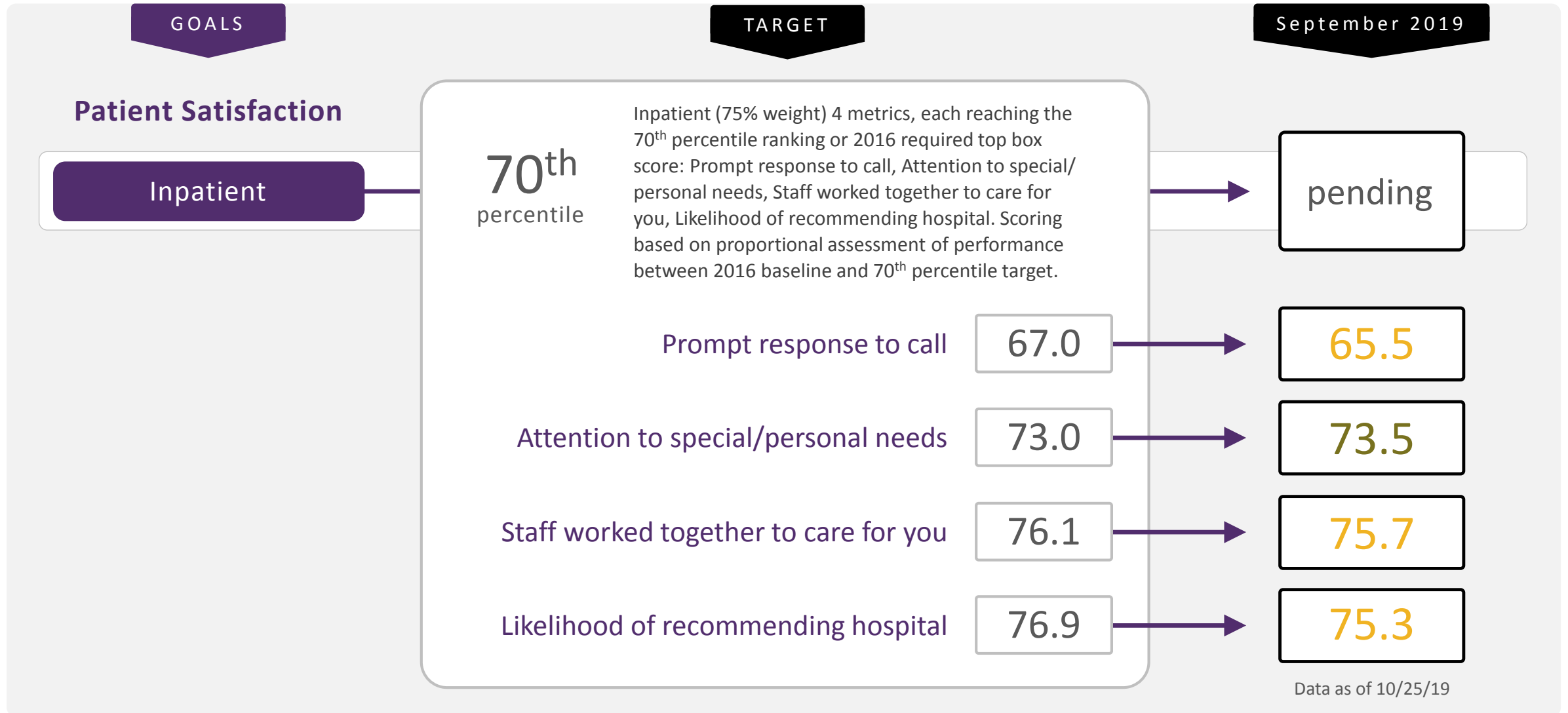
Jeff Lindsay

Strategic Dashboard

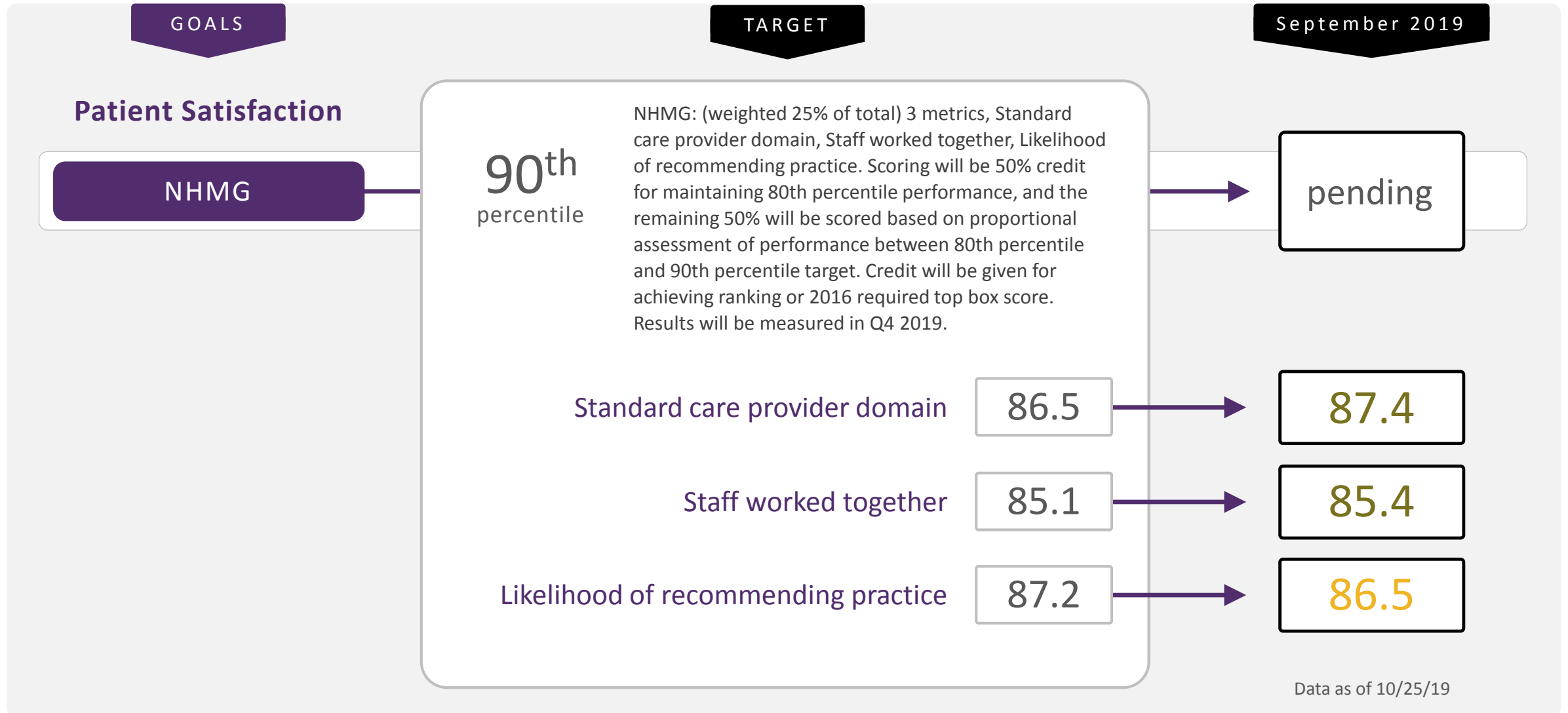
ANNUAL GOALS: 2019



GREEN = Target reached or exceeded • YELLOW = Moving toward target • RED = Target not met or moving away from target



GREEN = Target reached or exceeded • **YELLOW** = Moving toward target • **RED** = Target not met or moving away from target



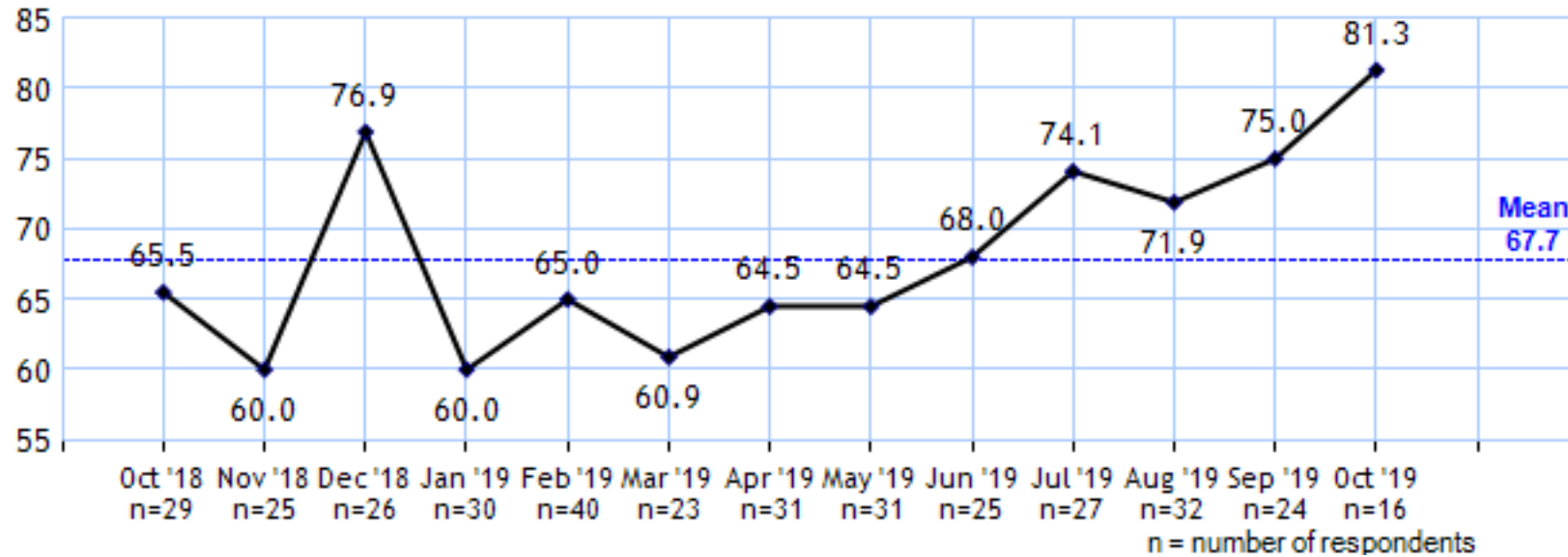
GREEN = Target reached or exceeded • **YELLOW** = Moving toward target • **RED** = Target not met or moving away from target

Top Box Trends

Inpatient - 7GenSurg

NH Forsyth Medical Center

Question - Likelihood recommending hospital



7GenSurg



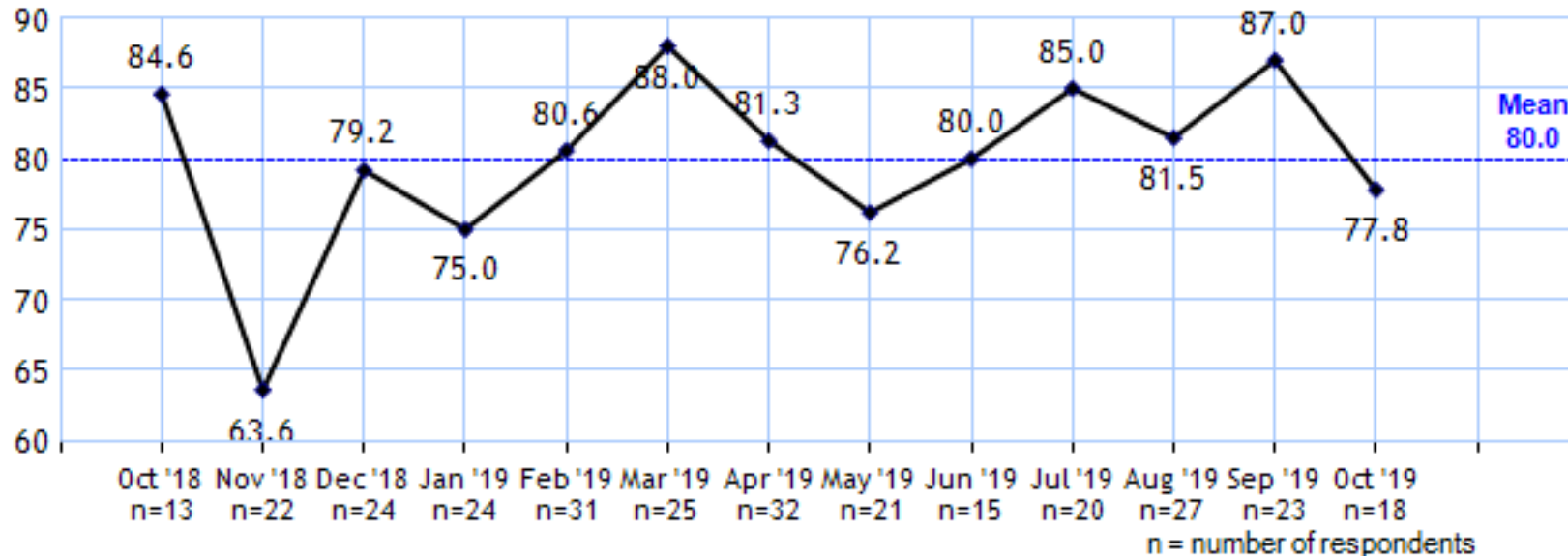
Displayed by Received Date and Total Sample

Top Box Trends

Inpatient - 3A-Surg

NH Presbyterian Medical Center

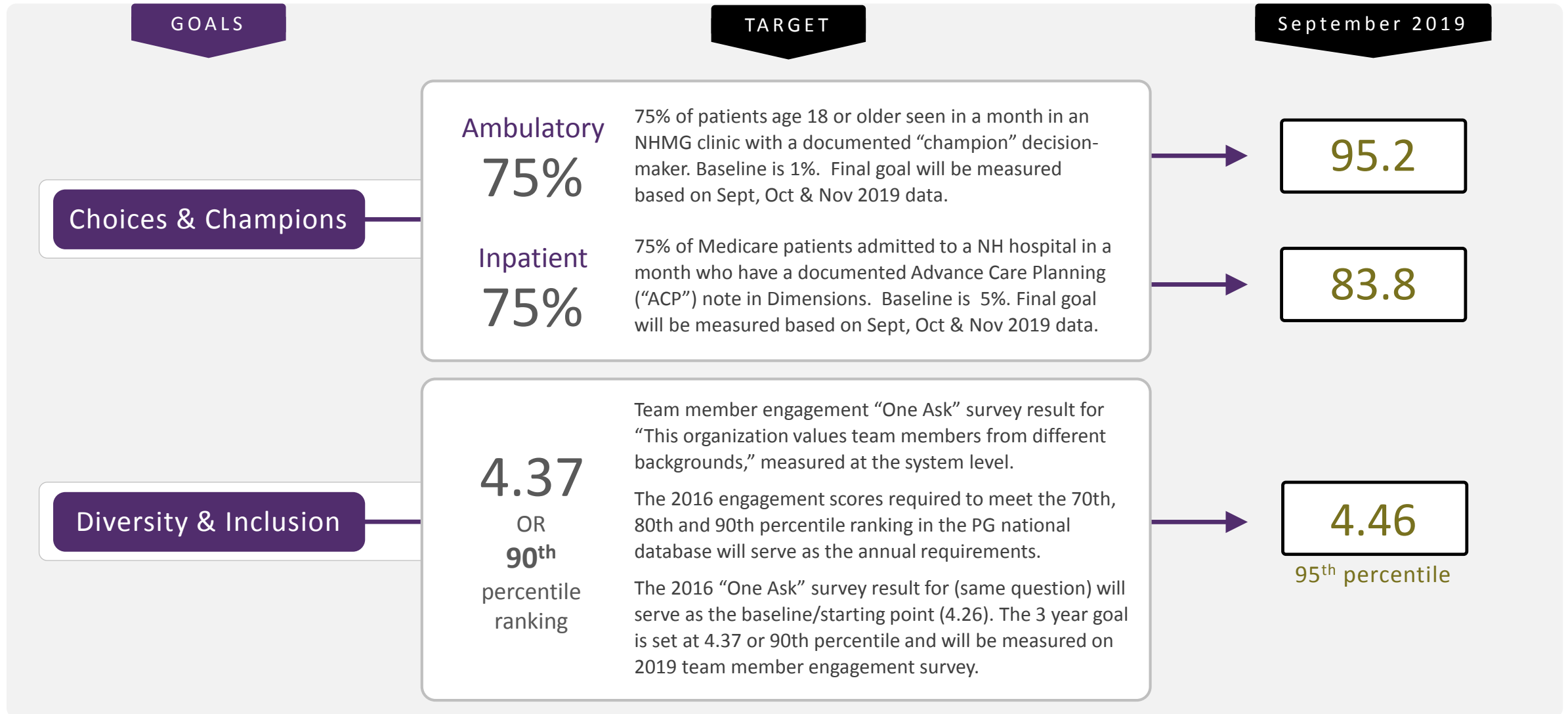
Question - Likelihood recommending hospital



3A-Surg



Displayed by Received Date and Total Sample



GREEN = Target reached or exceeded • YELLOW = Moving toward target • RED = Target not met or moving away from target

GOALS

TARGET

September 2019

Management of Opioid Crisis

Alleviate the opioid crisis in our communities across the continuum of care by focusing in on high impact goals. Success will be measured in four areas: decreasing the amount of opioids prescribed; utilization of an opioid screening risk tool to guide in opioid therapy clinical appropriateness; screening patients suffering from opioid use disorder for hepatitis C and HIV and utilization of a pain contract for chronic pain patients.

Quantity of opioids prescribed for post-operatives patients

90%

94%

Utilization of opioid screening tool

75%

20%

Screening of patients for hepatitis C and HIV

75%

18%

Utilization of opioid treatment agreement

75%

19%

Jun – Aug 2019

GREEN = Target reached or exceeded • **YELLOW** = Moving toward target • **RED** = Target not met or moving away from target

GOALS

TARGET

Diversity & Inclusion

Workforce Representation

Reflect the diversity of the communities we serve by focusing on the racial/ethnic composition of our workforce for populations which are currently underrepresented. Goal will be two-fold (each with a .50 weighting) with focus on: 1) Efforts to establish a culture of inclusion: measured by four Press Ganey Team Member Engagement Survey questions (sense of belonging, valuing team members from different backgrounds, Novant Health's commitment to diversity & inclusion, manager's commitment to diversity & inclusion); goal is to achieve P90 or maintain P90; and 2) Workforce representation: measured by comparing census data of the Hispanic/Latino and Asian populations in the communities we serve to the percentages of those populations in our workforce. Goal is directional improvement measured by 75% of gap closure: 5.8% for Hispanic/Latino and 2.4% for Asian populations when comparing baseline to data collected in the last quarter of 2021.

GREEN = Target reached or exceeded • **YELLOW** = Moving toward target • **RED** = Target not met or moving away from target

GOALS

TARGET

Diversity & Inclusion

Health Equity

Two of the fastest growing patient populations in our markets are Asian and Latino. The goal is to statistically increase the percentage of Asian women and Latinas who receive mammograms. While focusing on this health equity concern, maintain concurrent efforts to increase screening rates for Native American, Pacific Islanders, White/Caucasian, Black/African American and other populations of women who receive screening mammograms. Metrics for percentage of women who receive screening mammograms are as follows: Asian population: 71%; Latina/Hispanic population: 72%; and overall population: 76%.

GREEN = Target reached or exceeded • **YELLOW** = Moving toward target • **RED** = Target not met or moving away from target

Higher Level of Discipline Required for Sustainable Operations

Ownership

- Relentless review of performance
- Individual, team and system accountability

Roles and connectivity

- Clear roles, ownership, and expectations
- Connectivity across system

Focus and prioritization

- Understanding of environment and system needs
- Focus and prioritization of efforts and investments

Leadership to win

- System and operating unit
- Purpose and meaning
- Motivation and inspiration

Building operating capabilities to consistently and reliably deliver expected results

Changing environment

Fred Hargett

Legacy Healthcare Is Under Immense and Multiple Pressures



Payors

Fed up with the increasing costs of healthcare and are determined to change the often inconsistent legacy care models



Patients

Losing tolerance for lack of accessible transparency about cost and quality



Clinicians/ Caregivers

Likely to struggle with incentives as payment and care delivery model evolves and as new models are proven



Disruptive Entrants

Show intense cross-vertical interest in key segments of care delivery, but due to for-profit status typically lack a commitment to care for all populations



Government Agencies

Continue their regulatory scrutiny as transformation marches ahead

Key Takeaways From Other Industry Transformations

The lack of purchaser/consumer flexibility has been at the core of many industry transformations



Payors



Timing/Availability



Location/Site Preference

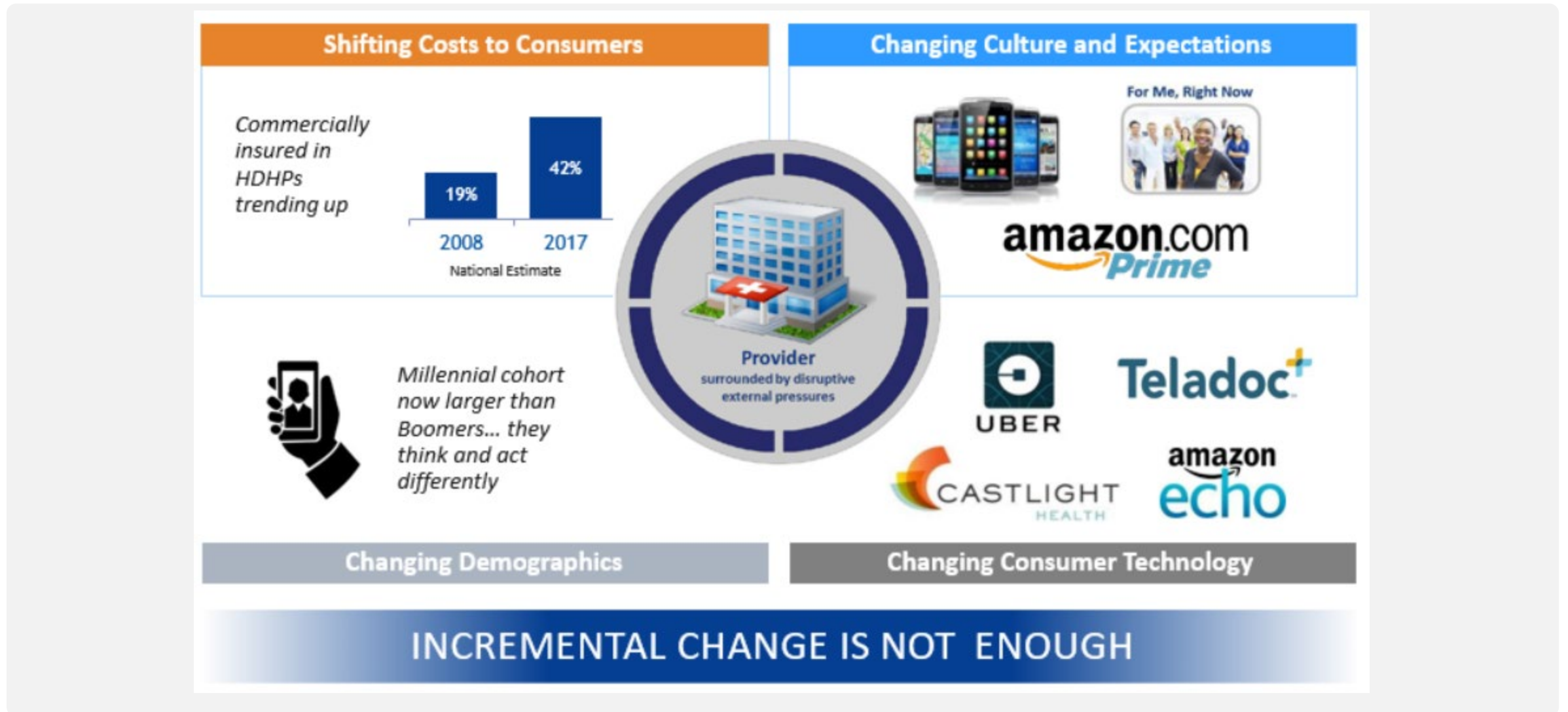


“Friction” of Transaction



Quality and Patient Satisfaction Rating

Traditional Provider Business Model is Under Attack



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Industry Transformations Epitomize the “Fork in the Road”

Managed Opportunities



- Service/product aggregation and disaggregation
- Consolidation of local/retail banking providers
- Consumer initiatives and “frictionless” transactions



- Legacy cost structure and infrastructure
- Disintermediation of travel agency and brokerage
- Transparency of price and availability

Missed Opportunities

NETFLIX



Uber



amazon



New and Powerful Competitors Will Fuel Transformation

Integrated Retail and Risk-Bearing Platform

Integrated retail-level health company with a risk-bearing entity that has scale and infrastructure to manage chronic disease states in a consumer-engaged platform

 **CVS**Health

 **aetna**[®]

“This transaction creates opportunity to rethink and reinvent U.S. healthcare...[it] will create an innovative, new healthcare platform that will be easier to use, less expensive for consumers, and integrated broadly within the marketplace to deliver superior, coordinated care.”

CVS Health Earnings Report

May 18, 2018

Even More Potential Competitors Are Plotting Their Entry



Actively evaluating a collaboration that would combine 5,000 retail stores, a leading online retail platform (140 million weekly transactions) and 14 million health plan members, nationally



Has in-sourced employee health/wellness clinics for its workforce and continues to develop wearable technology with an unprecedented patient database



Has acquired pharmacy licenses and/or operations in 14 states and is a founding partner with JPMorgan Chase and Berkshire Hathaway to develop new healthcare solutions for its workforce

The Largest Providers Are Dwarfed by Emerging Competitors



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“Nonprofit is a tax status, not a business model, every successful organization must have a strategy and must operate with a profit.”

-Dorri McWhorter CEO of YWCA of Greater Chicago



Industry Forces are Reshaping the Basis of Competition

Consolidation is a given: new forms of alignment with unexpected participants and with novel structures will become the norm

The provider space will further disintegrate into more distinct segments of care delivery

New entrants will likely focus on either higher margin services or more consumer-driven elements, ceding the rest to legacy providers

True population health management likely will be beyond the reach of most organizations that opt to ignore collaborations and partnerships

Industry transformation will present the biggest threat to organizations that ignore the fundamental market shift, and provide opportunities to those that embrace it

The Distinction Between Major Industrial Changes

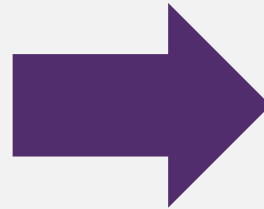
	Historical View	Futurist View
Strategic Focus	Leveraging economies of scale for increasing marginal profits	Use of innovation to materially change industry dynamics
Revenue Strategy	“Buy low, sell high” approach to acquiring revenue	Pursuit of high “quality of revenue” strategic pursuits
Expense Strategy	Intense focus on fixed cost to maximize operating leverage	Total cost evaluation, attacking all sources of waste/excess
Capital Strategy	More likely to be driven by capacity and throughput	Frequently aimed at new channels, markets, or services
Market Posture	Market share, reliant on sheer size and barriers to entry	Market expansion, driven by alignment and collaboration

Business Models Must Evolve as Transformation Is Pursued



Historical Model

- Emphasizes asset acquisition for brand extension
- Siloed and business-unit/facility specific orientation, metrics and structure
- New entities maintain status largely operating as they did pre-merger



Futurist Model

- Emphasizes growth and advancement to build efficiencies and reduce costs
- Organization-wide focus on key competitive factors
- Centralized governance structure to ensure economies of scale and scope

In This Environment, There are a Few “No Regrets” Ideas



Lower costs



Improved access for consumers



Interoperability and connectivity system-wide, and with partner sites



Products that enhance capabilities, and help reduce “friction” of transaction



Products and services that help improve quality and patient satisfaction

What It Takes to Be a Successful Health System in the Future

- Financial resources to invest in new capabilities, particularly for digital health and population health management
- Market presence across a sufficiently broad geography
- Capital and resources for innovation, and research and development
- Internal talent/ability to attract external talent, especially in the digital space
- Ability to attract innovative partners and a strategy to maximize value of those partnerships
- Financial wherewithal to allow time and flexibility to develop the necessary capabilities and test new strategies

Scale plays a major role in achieving these strategic objectives

Attributes once highly valued in healthcare, such as stability, judiciousness, and incrementalism – are becoming increasingly obsolete.

Today, effective leadership teams must be *agile, creative, and foreseeing*.

We must be a high-performing, change-ready and resilient team.

Our playbook

Frank Emory

Why we exist:
Our mission

Mission

Novant Health exists to improve the health of communities, one person at a time.

Vision

We, the Novant Health team, will deliver the most remarkable patient experience in every dimension, every time.

Safety • Quality
Authentic personalized relationships
Voice & choice • Easy for me
Affordability

Values

Diversity and Inclusion
Teamwork
Personal excellence
Courage
Compassion

What guides us:
Our values,
people credo
and promise

Our people

We are an inclusive team of purpose-driven people inspired and united by our passion to care for each other, our patients and our communities.

Our promise

We are making your healthcare experience remarkable. We will bring you world-class clinicians, care and technology — when and where you need them. We are reinventing the healthcare experience to be simpler, more convenient and more affordable, so that you can focus on getting better and staying healthy.



Our vision | Our strategic aspiration

Our vision guides how we measure success for those we serve.

We, the Novant Health team, will deliver the most remarkable patient experience in every dimension, every time.

Safety

A culture and an environment in which both patients and caregivers are not injured by the care delivered and which is guided by the principle: “First, do no harm”

Quality

Healthcare services that deliver superior outcomes as measured against national, state and regional benchmarks, peer data bases, internal standards, and the patient family experiences

It includes prevention, early detection, treatment and ongoing health across all venues of care

Authentic Personalized Relationships

Caregivers who know their patients and see the world from their perspective, delivering personalized care based on each patient’s needs during and beyond care encounters, always from a place of compassion

Voice & Choice

A system that gives patients information necessary to make knowledgeable and confident choices — if they choose to — and caregivers that approach patients as true partners, valuing patient perspectives and engaging in genuine dialogue

Easy for Me

A convenient and seamless experience that integrates our caregivers and services into a system of care where unnecessary waits and hassles are eliminated and necessary waits are filled in ways that add value to the patient

Affordability

Commitment to develop a system of care that provides value, as judged by our patients and their payors, while achieving sustained financial performance

Novant Health will compare favorably to a select group of top performing health systems. Our sustained financial strength will allow us to grow strategically and invest to meet the needs of the communities we serve

How we deliver value | Our strategic imperatives

Novant Health brings unique capabilities, expertise and focus. We commit to building on our strengths to differentiate us and best serve our patients and communities.

High-performing, change-ready and resilient team

Our culture will be known for resilience and innovation. Our diverse and inclusive team will have the mindset, tools and skills to anticipate and manage rapid change, ensuring that we continue to grow and thrive as a system.

Improving health

We will provide the highest quality of care and value through the remarkable patient experience to each individual patient, while partnering with others and developing a system of care that focuses on keeping our communities healthy.

Operational excellence

We will deliver outcomes to exceed our patients' expectations of a remarkable patient experience.

Technology, innovation and advanced analytics

We will optimize and expand our technology and advanced analytics capabilities to provide actionable and secure information and innovate to drive organizational results.

Consumer-driven products and pricing

We will develop products, pricing and partnerships that anticipate and respond to the needs of our patients, employers, communities and payors.

Industry leadership and growth

We will provide industry leadership and advocacy, and build strong community relationships as we grow locally and into a multi-state "super-regional" system.

How we deliver value | Our strategic imperatives

High-performing, change-ready and resilient team

Our culture will be known for resilience and innovation. Our diverse and inclusive team will have the mindset, tools and skills to anticipate and manage rapid change, ensuring that we continue to grow and thrive as a system.

Key actions

- Cultivate a change-ready and resilient culture and inclusive team focused on delivering remarkable patient experiences and responding to environmental shifts
- Balance our culture of caring with our need for accountability
- Leverage our culture even more in the recruitment of talent
- Use data, information and advanced analytics, and digital capabilities to accelerate recruitment
- Develop talent to ensure we have skills for highest levels of performance and leading rapid change necessary to grow and thrive
- Focus on racial/ethnic composition of workforce to reflect diversity of communities we serve
- Ensure we are the employer of choice to win the battle for physician, nursing and key talent

Technology

Consumer-driven products and pricing

We will develop products, and partnerships that create and respond to the needs of our patients, providers, communities and payors

Industry leadership and growth

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How we deliver value | Our strategic imperatives

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Operational

Technology,

Consumer-driven

Industry leadership and growth

Key actions

- Ensure safety and quality are our top priority and target top tier performance
- Invest in new technology and data and advanced analytics to drive even higher levels of safety and quality and support transformation of care
- Transform care delivery through new models of care; expanded use of advanced practice clinicians; virtual health capabilities; artificial intelligence and machine learning; and advanced analytics and comparative databases
- Prepare for transition to greater value based care
- Understand and address health equity
- Continue to invest in an array of physician partnership models to ensure we have an aligned network of primary care and specialty providers for greater consistency of care and coordination across the system

Provide industry and advocacy, strong community as we grow into a multi-state "national" system

How we deliver value | Our strategic imperatives

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Technology,

Consumer-driven

Industry leadership

Key actions

- Accelerate cost reductions to achieve targets for this year, fund new technologies and capabilities, face stronger headwinds on the horizon, and ensure attractiveness with partnership opportunities
- Increase focus, prioritization, and discipline for sustainable operations
- Drive performance with annual priorities of safety and quality, human experience, recruitment and retention, and access
- Address the medical group model and physician compensation to align with current system realities of declining reimbursement and other external changes
- Enhance our clinically integrated network (CIN) and partnerships with independent physicians to reduce clinical variation and accelerate results

How we deliver value | Our strategic imperatives

Key actions

- Use technology to improve patient experience and outcomes by using an omnichannel approach to seamless patient experience, making healthcare extremely personal, and improving quality and speed through emerging and advanced technologies like AI, advanced computing, sensors, and progressive collaboration
- Create a digital health platform to engage patients in their entire health and wellness journey, redefining how our patients think about health management. Build next generation digital channels for care delivery and digitally-enhance traditional (physical) care delivery channels
- Optimize and elevate our advanced analytics capabilities in line with enterprise information management strategies. Build an active cognitive computing capability in support of better patient and team member experiences
- Actively develop innovative solution sets, leveraging an experimentation methodology and our broad partner ecosystem
- Develop differentiating digital products and services to generate revenue streams

Technology, innovation and advanced analytics

We will optimize and expand our technology and advanced analytics capabilities to provide actionable and secure information and innovate to drive organizational results.

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How we deliver value | Our strategic imperatives

High performing,
chang
res

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and growth

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Key actions

- Explore new products, such as integrated senior care and direct to employer services, and execute those contributing to system growth
- Maintain flagship facilities and extend care to the communities to meet unique needs
- Continue to strengthen our brand identity and gain recognition as provider of advanced specialty care in light of the halo effect with our academic medical center competitors
- Leverage data, best practices, AI, and technology to increase consumer digital engagement
- Build infrastructure intentionally to support transition to value based reimbursement
- Partner directly with health plan or other provider with health plan capabilities

How we deliver value | Our strategic imperatives

High
chang
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Our culture
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Our diverse
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Key actions

- Grow at least \$10B within 5 years, with more than \$3B coming from outside core markets
- Continue to grow organically and proactively pursue and evaluate growth opportunities in the not-for-profit provider sector; the for-profit acute, ambulatory, and post-acute areas; joint venture arena; and health plan options, as we believe scale matters long-term
- Explore expanded opportunities associated with our existing markets outside Charlotte and Winston-Salem — coastal and senior market strategies in Brunswick County, NC; greater Virginia market and academic medical center strategy through Northern Virginia presence; outpatient imaging capabilities and private equity opportunities through MedQuest. Consider additional future investments like these, if located in a desirable market with greater future potential
- Evaluate growth and partnership opportunities across the Southeast using market and organization specific factors; require larger synergies for markets outside NC. Consider smaller opportunities in NC with closer proximity to existing facilities
- Build capabilities and readiness for partnerships now, recognizing the need to ensure our position of strength and attractiveness

Industry leadership and growth

We will provide industry leadership and advocacy, and build strong community relationships as we grow locally and into a multi-state “super-regional” system.

How we deliver value | Our strategic imperatives

High-performing, change-ready and resilient team

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What we do | Our solutions



Performance measures

Top performing providers set goals for and routinely monitor results of these key indicators.



Essential strategies

Achieving system success requires that we deliver on our strategic imperatives and address these strategic stakes at the intersection of our performance.

Quality performance

- Safety
- Clinical quality
- Care variation
- Patient satisfaction
- Team member engagement

Market performance

- Market share and growth
- Business model innovation
- Community connectivity

Financial vitality

- Operational efficiency
- Clinical effectiveness
- Operating cash flow



Strategic stakes

- Care delivery transformation
- Data, information, and advanced analytics
- Digital capabilities
- Maintenance of flagship facilities and extension of care to our communities
- Growth

Strategic imperatives

High-performing,
change-ready and resilient team

—
Improving health

—
Operational excellence

—
Technology, innovation
and advanced analytics

—
Consumer-driven products
and pricing

—
Industry leadership and growth

5 year metrics | working draft

The 5 year metrics created as part of the strategy were used as the basis for the multiyear metrics that should be considered as key performance indicators (KPIs) for strategy execution.

		Today	2023
High-performing, change-ready and resilient team	Team members highly engaged	80th percentile	80th percentile
	Team reflects diversity of community served	60%	75%
	System known for resiliency	93rd percentile	90th percentile
Improving health	Reduction of serious safety events	0.22	0.11
	Top performance with Leapfrog	70% A	100% A
	Top decile performance with quality indicators	80%	90%
	Reduction of unwarranted clinical variation	\$0	\$75M
	Health equity improved	74%	76%
Operational excellence	Care delivery transformed	Medium	High
	Patients highly satisfied	70th percentile	90th percentile
	Lower expense percentage of payor neutral revenue	110%	105%
	Reduced total cost of care (Medicare Advantage)	TBD	TBD
	Strong operating cash flow	10%	10%
Technology, innovation and advanced analytics	Advanced analytics incorporated	2 business units	100% business units
	Use of digital health capabilities	1M	2M
	Key partnerships for differentiated care	3	10
Consumer-driven products and pricing	Growth of attributed lives	TBD	TBD
	Increased brand preference	40%	>60%
	Greater market share		5%
Industry leadership and growth	System revenue growth	\$5B	>\$10B
	Increased percentage of value based care revenue	TBD	50%

What We All Need To Do

KNOW

- ❑ Strategic direction and plan
- ❑ Annual priorities and focus

DO

- ❑ Provide system and operating unit leadership
- ❑ Drive ownership and deliver results
- ❑ Stay informed and connected to align across the system and prioritize efforts
- ❑ Continue to build culture of change readiness and resiliency

SHARE

- ❑ Connect with meaning and purpose
- ❑ Inspire and motivate others

Networking break

- Expo/benefits fair
- National Disability Employment Awareness Month & therapy dogs



Casting an eye over the field

Q4 Leader Retreat

Tanya S. Blackmon, EVP and Chief Diversity, Inclusion and Equity Officer
October 29, 2019



Diversity, Inclusion and Equity Defined

Diversity Defined

Diversity is the similarities and differences of people found in our workforce and marketplace (community). Diversity includes many characteristics that may be *visible* such as race, age, gender and appearance, and it also includes *less visible* characteristics such as personality, ethnicity, religion, job function, life experience, sexual orientation, gender identity, geography, ability, regional differences, work experience and family situation – all of which make us similar to and different from one another.

Inclusion Defined

Inclusion is intentionally engaging human differences and viewing such differences as strengths in both patients and team members.

The key to inclusion is that we value the perspectives and life experiences of each person. These actions build an environment that fosters mutual respect, trust and commitment.

Healthy People 2020 Defines

Health equity: “The attainment of the highest level of health for all people. Achieving health equity requires valuing everyone equally with focused and ongoing societal efforts to address avoidable inequalities, historical and contemporary injustices, and the elimination of health and health care disparities.”

Health disparity: “A particular type of health difference that is closely linked with social, economic, and/or environmental disadvantage. Health disparities adversely affect groups of people who have systematically experienced greater obstacles to health based on their racial or ethnic group; religion; socioeconomic status; gender; age; mental health; cognitive, sensory, or physical disability; sexual orientation or gender identity; geographic location; or other characteristics historically linked to discrimination or exclusion.”



- ▶ *I utilize the D&I lens when thinking about the future success of my department and hiring new team members*
- ▶ *I am aware of my biases about race/ethnicity, age, accents, education, geography, gender, ability, LGBTQ, appearance, personality, religion, job function, life experience, regional differences, work experience, and family situation*
- ▶ *I seek input from others who may have different experiences and perspectives*
- ▶ *I am willing to display courage when hiring someone who may not have been “traditionally” hired*

Scale: Always, Often, Sometimes, Never

Driven by strategic business imperatives, NH approaches diversity, inclusion & equity as a ***culture change strategy***

Novant Health Strategic Imperatives

- 1 High performing, change ready and resilient team
- 2 Improving health
- 3 Operational excellence
- 4 Technology, innovation and business intelligence
- 5 Consumer-driven products and pricing
- 6 Industry leadership and growth

Diversity, Inclusion, & Equity is a shared driver

**GOAL 1:
HEALTHCARE PROVIDER
OF
CHOICE**

**GOAL 2:
EMPLOYER OF
CHOICE**

**GOAL 3:
LEADER IN
HEALTH EQUITY**



Employer of choice

GOALS

TARGET

Diversity & Inclusion

Health Equity

Two of the fastest growing patient populations in our markets are Asian and Latino. The goal is to statistically increase the percentage of Asian women and Latinas who receive mammograms. While focusing on this health equity concern, maintain concurrent efforts to increase screening rates for Native American, Pacific Islanders, White/Caucasian, Black/African American and other populations of women who receive screening mammograms.

Leader in health equity—Highlights from a few key areas show gaps are closing and lives are being saved

2018—Implementation of PHQ2 depression screenings

1,906,046

Depression screenings

80,093

Diagnoses of a Major Depressive Disorder episode and started on treatment

900

Estimated suicide deaths prevented

QUALITY INTERACTIONS Cultural Competency Education



Commitment to improving Communication with our physicians

2019 NHICS HCAHPS Outcomes	Baseline: 2018		Post Education: 2Q 2019	
	Top Box Score	PG Natl % Rank	Top Box Score	PG Natl % Rank
COMM W/ DOCTORS	78.6	29th	84.5	77th

Excluding Mother Baby, **80%** of acute patients are seen by NHICS physicians.

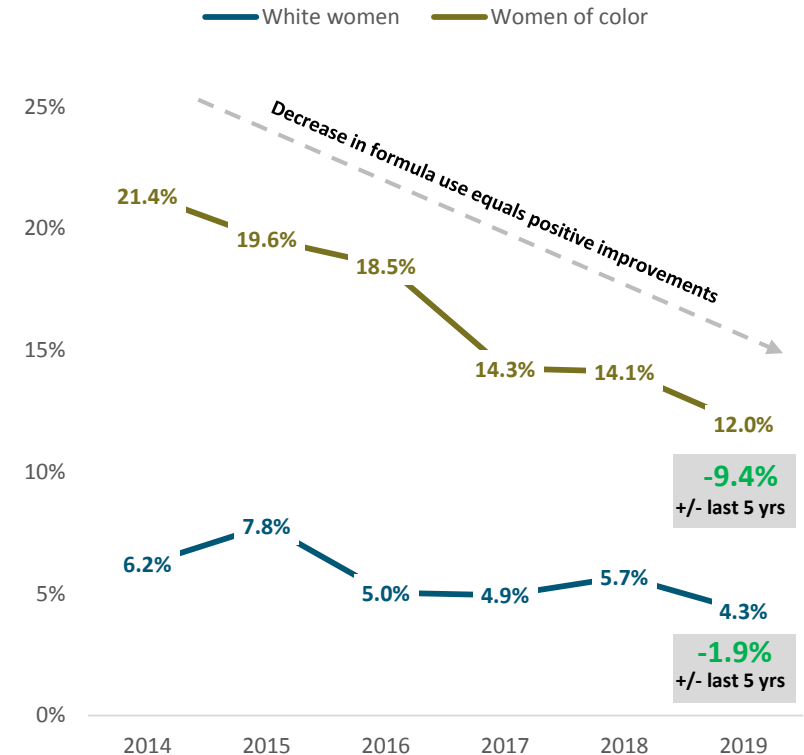


Improvements in communication are a shared driver to improvements in Likelihood to Recommend

NH Top Box Score	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019
NHICS LTR	65.8	66.5	68.6	68.9	65.5	67.8	69

2019—Lactation gap closure: NH Presby. Medical Center

% of moms using formula only is decreasing
Goal is to be as low as possible because of the many benefits of breastfeeding



Quality Interactions abbreviations:

- **NHICS:** Novant Health Inpatient Care Specialists
- **HCAHPS:** Hospital Consumer Assessment of Healthcare Providers & Systems

GOALS

TARGET

Diversity & Inclusion

Workforce Representation

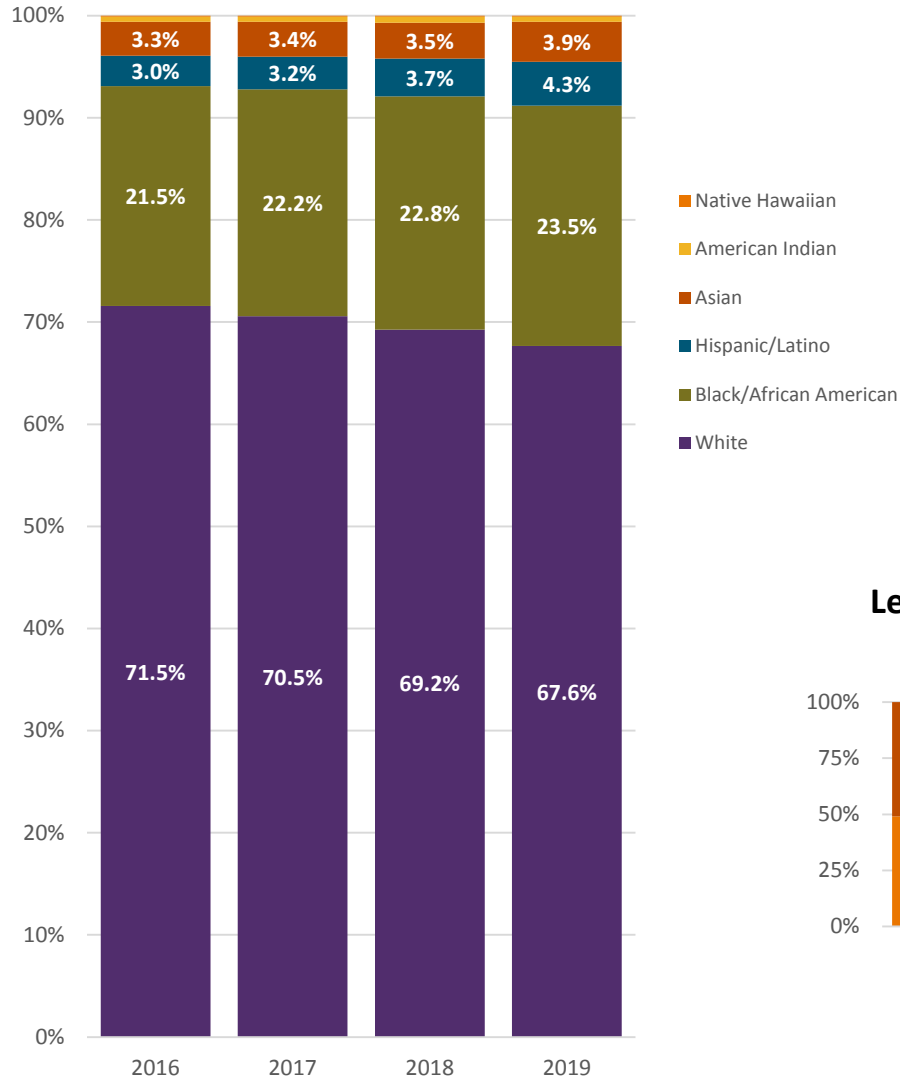
Reflect the diversity of the communities we serve by focusing on the racial/ethnic composition of our workforce for populations which are currently underrepresented.

The goal has two components:

- Efforts to establish a culture of inclusion: measured by four Press Ganey Team Member Engagement Survey questions (sense of belonging, valuing team members from different backgrounds, Novant Health's commitment to diversity & inclusion, manager's commitment to diversity & inclusion)
- Workforce representation: measured by comparing census data of the Hispanic/Latino and Asian populations in the communities we serve to the percentages of those populations in our workforce.

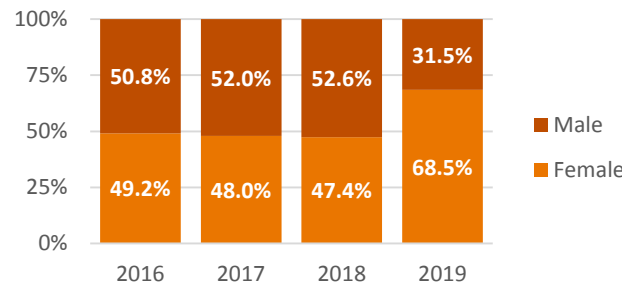
Employer of choice—Diversity & inclusion is a shared driver in impacting recruitment & retention

Team member demographics by race/ethnicity



	Leadership positions		
	Manager	Director	VP & Above
Overall			
Trend vs. '16			
	0.0%	0.0%	0.0%
	0.0%	0.0%	+0.7%
	+0.1%	+0.4%	+2.7%
	+0.3%	+0.8%	+1.3%
	+0.1%	0.0%	+0.9%
	-3.9%	-0.5%	-1.2%
			-5.6%

Leadership positions by gender: VP & above

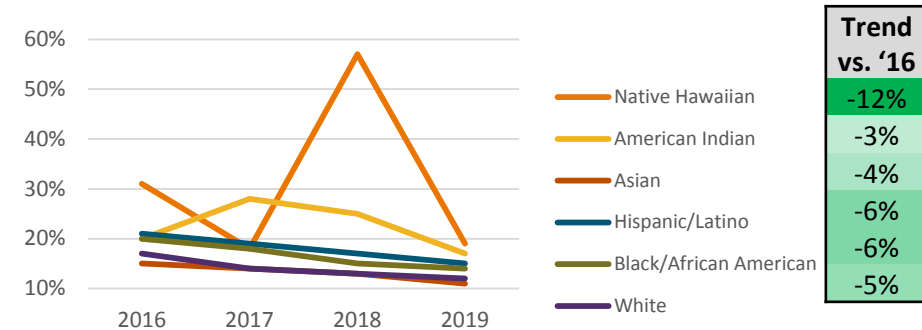


Team member engagement scores: "One Ask" survey inclusion questions

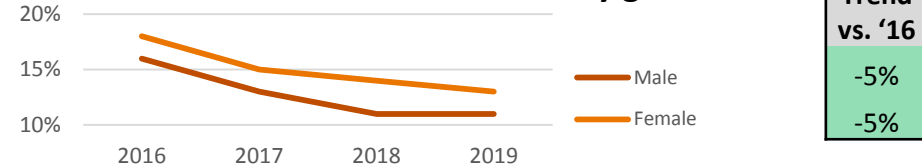
Questions	Percent rankings				Novant Health overall index score		
	2015	2016	2017	2018	2016	2017	2018
• This organization values team members from different backgrounds. (LONG-TERM GOAL)	71 st	69 th	91 st	94 th ↑	4.26	4.40	4.46 ↑
• My ideas and suggestions are seriously considered.	50 th	47 th	73 rd	84 th ↑	3.79	3.91	3.97 ↑
• I feel like I belong in this organization. (KEY DRIVER)	47 th	55 th	81 st	92 nd ↑	4.07	4.22	4.29 ↑
• I am involved in decisions that affect my work.	40 th	43 rd	74 th	85 th ↑	3.65	3.81	3.87 ↑
• *Novant Health demonstrates a commitment to diversity and inclusion. (CULTURE CHANGE)	N/A	N/A	N/A	N/A	4.26	4.38	4.40 ↑
• *The person I report to, demonstrates a commitment to diversity and inclusion. (CULTURE CHANGE)	N/A	N/A	N/A	N/A	4.30	4.39	4.42 ↑

*These are Novant Health added metrics to the Press Ganey survey

Team member turnover by race/ethnicity



Team member turnover by gender





Our remarkable legal team

Brandon Neal, SVP & Deputy Chief Legal Counsel
Mindy Staley, VP & Assistant General Counsel



Frequently Asked Diversity and Inclusion Questions for Legal

Kimya S.P. Johnson
Benjamin R. Holland

October 29, 2019

Atlanta
Austin
Berlin
Birmingham
Boston
Charleston
Charlotte
Chicago
Cleveland
Columbia
Dallas
Denver
Detroit (Metro)
Greenville
Houston
Indianapolis
Jackson
Kansas City
Las Vegas
London
Los Angeles
Memphis
Mexico City
Miami
Milwaukee
Minneapolis
Morristown
Nashville
New Orleans
New York City
Oklahoma City
Orange County
Paris
Philadelphia
Phoenix
Pittsburgh
Portland (ME)
Portland (OR)
Raleigh
Richmond
Sacramento
San Antonio
San Diego
San Francisco
Seattle
St. Louis
St. Thomas
Stamford
Tampa
Toronto
Torrance
Tucson
Washington D.C.

Speakers



Kimya S.P. Johnson
Senior Counsel & Co-Chair, Diversity & Inclusion
Practice Group
Philadelphia



Benjamin R. Holland
Shareholder
Charlotte

FAQ Format

Using a Q & A format and polling software, we will:

- 1) Explore common questions around diversity and inclusion initiatives
- 2) Provide a legal and risk-management perspective
- 3) Offer practical or best practice guidance

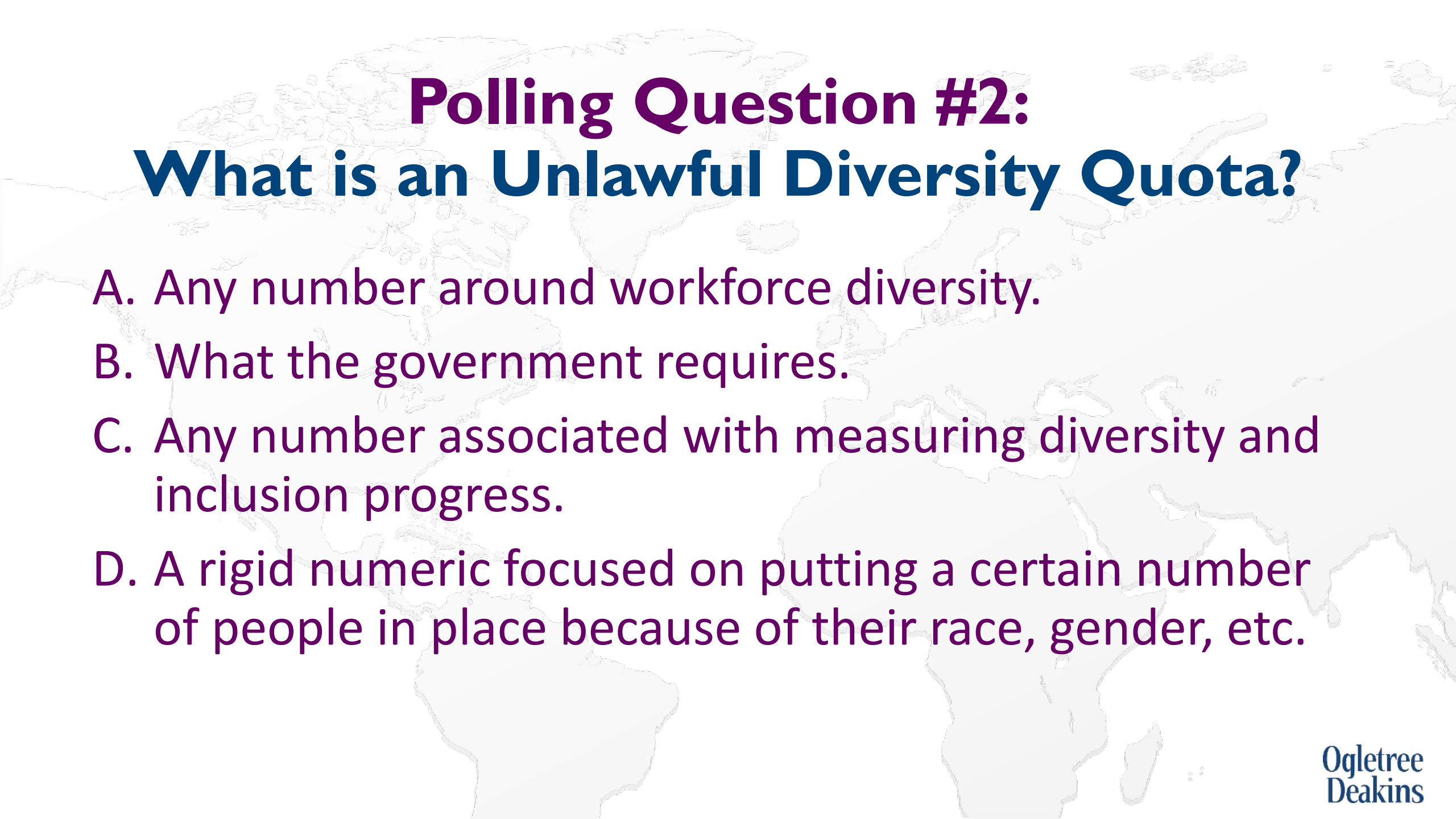
A faint, light gray world map is visible in the background of the slide, centered behind the text.

Polling Question #1: **How Do You Explain Diversity & Inclusion v. Affirmative Action v. Equal Employment Opportunity?**

- A. They all have the same meaning, effect, and purpose.
- B. They are three ways to achieve the same goal.
- C. They are distinct concepts with different purposes.
- D. They are required programs for employers.

D&I v. Affirmative Action v. EEO

- **Equal Employment Opportunity (EEO)**
 - Generally passive and prohibitory; tells us what employers can't do
 - Federal, state and local antidiscrimination laws
- **Affirmative Action**
 - Remedial; requires covered employers who are federal contractors or subcontractors to take specific steps
 - Highly regimented; government-regulated (AAPs and OFCCP)
- **Diversity & Inclusion (D&I)**
 - Voluntary efforts to promote fairness, representation, and integration of all employees
 - **Employer defined, employer directed, and employer regulated** (with some exception)

A faint, light gray world map is visible in the background of the slide, centered behind the text.

Polling Question #2: **What is an Unlawful Diversity Quota?**

- A. Any number around workforce diversity.
- B. What the government requires.
- C. Any number associated with measuring diversity and inclusion progress.
- D. A rigid numeric focused on putting a certain number of people in place because of their race, gender, etc.

Diversity Quotas

- Diversity (e.g., race, gender) should not be ignored, but it is an unlawful basis for the hiring or promotion decision
- Too much emphasis on hitting diversity numbers, and not much else, can be viewed as an unlawful quota
- BUT setting aspirational goals around workforce representation, seeking ways to reduce gaps, ensuring there are staff most sensitive to patient and community needs, and focusing on efforts to be better are NOT unlawful and are NOT a quota system

A light gray world map is visible in the background of the slide, showing the outlines of continents and oceans.

Polling Question #3: **How Can We Measure D&I Progress?**

- A. Set aspirational goals and define efforts to meet them.
- B. Regularly seek and monitor employee, patient and community feedback.
- C. Determine if there is movement in reducing representation gaps.
- D. All of the above.

Measuring D&I Progress

- Consider measuring more than an individual's presence – think about their title, position, ability to influence and make decisions, etc.
- Develop concrete ways in all areas to measure success: representation, retention, recruitment, promotion, development, etc.
- Keep track of year-over-year statistics to track success and identify weaknesses.



Polling Question #4:

It is lawful to hire a candidate because of his/her diversity.

A. TRUE

B. FALSE

Diversity and Hiring Decisions

Lack of Diverse Applicants
(not enough applicants)

Lack of Diverse Interviewees
(not moving past recruiters)

Lack of Diverse Hires
(not being hired)

- It is lawful for employers to create new ways to attract and to consider qualified diverse applicants, among all candidates
- It is lawful to expand the pool of qualified diverse candidates and reduce bias at applicant, screen, and interview stages
- BUT hiring decision should not be based on diversity; focus is on whether individual had qualifications that made them best candidate for the job (or not)

A faint, light gray world map is visible in the background of the slide, centered behind the text.

Polling Question #5:

What Are Some Best Practices for Sourcing Diverse Candidates?

- A. Focusing, traditional pipelines for the best talent captures everyone we should consider.
- B. Broader recruiting, at schools with very diverse student bodies.
- C. Nothing, because it is unlawful to seek out qualified diverse candidates.
- D. Nothing, because qualified diverse candidates aren't out there.

Best Practices for Sourcing

Go to the source.

Colleges/
Universities

Organizations
in the
community

Job
boards/Career
Fairs

Contests/
Internships

Pipeline
Programs

Establish
Diversity
Brand

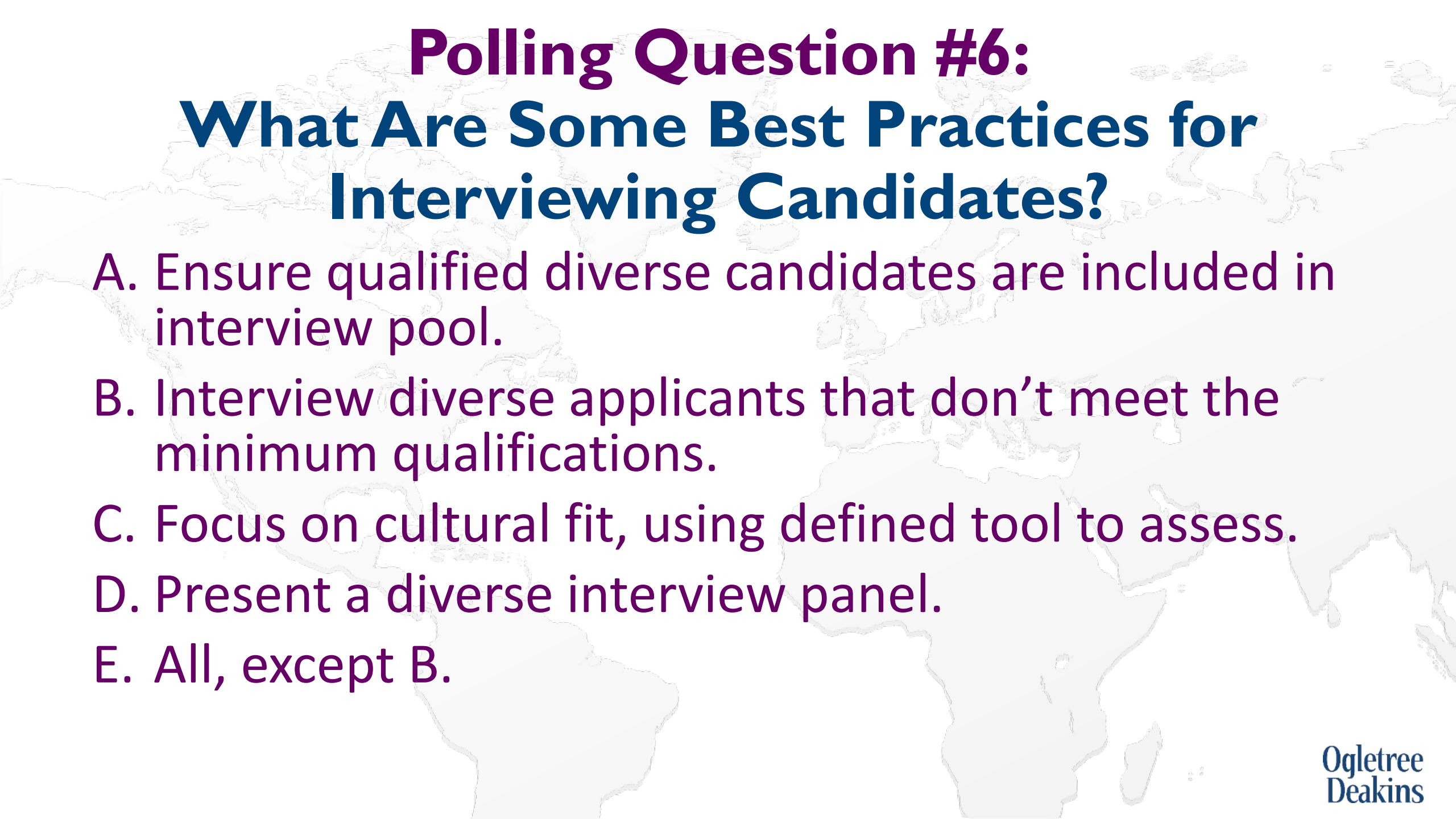
Employee
Referral
Program

Social Media

Philanthropic
Activities

ERG's

Monitor

A faint, light gray world map is visible in the background of the slide, centered behind the text.

Polling Question #6: **What Are Some Best Practices for Interviewing Candidates?**

- A. Ensure qualified diverse candidates are included in interview pool.
- B. Interview diverse applicants that don't meet the minimum qualifications.
- C. Focus on cultural fit, using defined tool to assess.
- D. Present a diverse interview panel.
- E. All, except B.

Best Practices for Interviewing

- Offer bias training for interviewers
- Use “cultural fit” tool
- Implement diverse slate initiatives, e.g., Rooney Rule
- Require all interview panels for new hires to include diverse viewpoints and people
- Don’t always use the same diverse employees



Polling Question #7

D&I efforts are really about excluding white, heterosexual men.

A. TRUE

B. FALSE

Exclusion v. Inclusion

- Unlawful to discriminate – do not discriminate against men, white people, women, people of color, LGBTQ, etc.
- D&I designed to address gaps in the workforce and develop an inclusive working environment which affects everyone
- D&I is about including diverse people and perspectives – bringing people in
- D&I is not about excluding the perspectives of those who have been here – not pushing people out

A light gray world map is visible in the background, showing the outlines of continents and oceans. The map is centered on the Atlantic Ocean.

Polling Question #8

**All Leaders Can Be Held Accountable
for D&I Progress.**

A. TRUE

B. FALSE

Leadership Accountability

- Assign responsibility/ownership.
- Create means to monitor data and progress around talent acquisition, promotion, compensation, turnover, participation in BRGs, patient/community feedback, etc.
- Set aspirational goals and track gap reduction.
- Provide awareness through training.
- Incentivize leaders to be involved in the ongoing efforts.



Table Top Activity

Table top instructions



**Identify your table
facilitator**

**Review and reflect on
question provided by
table facilitator**

**As a leader, discuss how
you would respond to
the question. Think
about what your team
members need to hear
from you.**

**Document talking
points and provide
them to table facilitator**

Creating an Inclusive Environment

Diversity and Inclusion at Novant Health

We need every team member's commitment to create a culture of diversity and inclusion. This includes how you interact with patients, team members and visitors. Here's how you can help.

Be open. Don't assume you understand people just because of their birthplace, sexual orientation, skin color, religious beliefs or other aspects of diversity. Share your own story and invite those of others.

Be inclusive. Think of all the ways you can include your team members. Ask for input and different ideas.

Talk about diversity and inclusion. Discuss relevant topics, such as gender bias or cultural differences, without getting upset. If views differ, agree to disagree and continue to hear each other's perspectives.



Get to know someone who is different from you.

Share a cup of coffee. Learn about your differences and similarities by sharing your stories.

Seek first to understand. Assume nothing. Don't jump to conclusions based on what you think you know about someone. Don't assume how others may be thinking without talking with them first.

Speak out about concerns. Don't tolerate offensive comments or behaviors that are counter to inclusion. Let the commenter know that such comments are not appropriate and, if necessary, walk away.



Engage your leaders. Ask to have a one-on-one or team discussion related to diversity and inclusion topics.



Diversity and inclusion must be integrated into all of our strategies and community partnerships, just as we do with compassionate care. They must be reflected in the way we use the strengths of all team members and in all we do — from hiring to contracting with vendors; from addressing patients to creating a welcoming culture. Diversity and inclusion must be fully embedded in how we do our work every day.

- Carl S. Armato, Novant Health president and CEO

Plus One Pledge



Two people with equal talent should have equal access to opportunity.

The Plus One Pledge is about sharing time, talent, and connections with people who don't have a strong professional network.

We've made it easy for you to get started. Each of these cards is good for a 12-month subscription to LinkedIn Premium.



Share these cards with talented individuals outside of your network.

Use the hashtag **#PlusOnePledge** to share your story. Read more at: lnkd.in/plusone



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Lunch

- Benefits vendors
- Learning & Development
- Flu shots
- Therapy dogs

Carl's story: Ownership and possibilities

Carl Armato, President and Chief Executive Officer, Novant Health

Table exercise: Ownership and possibilities

Instructions: At your tables, select a facilitator to guide your discussion. Each facilitator will ask the following two questions, allowing 5 minutes of discussion for each question. After 10 minutes of discussion, we will ask for 2-3 tables to report out on themes identified.

1. What excites you about 2020?
2. What actions will you take as owners to effectively navigate and create success in 2020?

Networking break

Change, transformation and purpose

Dr. Bertrice Berry

Sociologist, author, lecturer and educator

A photograph of three people in a hospital hallway. On the left, a Black man in a tan suit jacket and blue tie is looking towards the center. In the middle, a woman with blonde curly hair wearing a white lab coat is looking towards the right. On the right, a white man in a dark suit jacket and blue tie is looking towards the center. The background shows a hallway with a door and other people in the distance.

Final remarks & meeting close

Carl Armato, President and Chief Executive Officer, Novant Health

Janet Smith-Hill, EVP, Chief Human Resources Officer

Evaluate today's retreat so that may continue to bring you the best retreat experience.

Type the following address into a browser address bar (**not search**): <https://nh.team/OctRetreat>

OR

Scan the **QR code** on your table agenda handout

Next Novant Health leader retreat dates for 2020:

- June 4, 2020 – Charlotte
- October 21, 2020 – Winston-Salem