



Community Update From Ray Grady, President and CEO



August 25, 2017

Franciscan Partnership Exploration Update #3: Impact on Methodist Hospitals' Employees and Physicians

In a recent update on the Franciscan Alliance partnership process, I outlined some of the very significant improvements in our health care facilities and services that a proposed partnership would bring to the residents of Gary and Merrillville. This week, I will discuss what becoming a part of Franciscan Alliance would mean for Methodist employees and physicians, who not only play crucial roles in providing the care our patients expect and deserve, but also are members of our community.

As you know, Methodist Hospitals evaluated options with a number of health care organizations before ultimately deciding that a partnership with Franciscan Alliance would best allow us to meet our commitment to enhancing health care in our region over the long run. Throughout the evaluation process, we adhered to the Board's direction to prioritize the interests of our patients, medical staff and employees. The Franciscan Alliance is not only committed to providing quality care to the communities we serve, but also to the growth and development of our medical staff and the safety and security of all Methodist Hospitals' employees.

Once Methodist Hospitals forms a new partnership with Franciscan, all Methodist employees will retain their seniority for the purposes of their compensation and benefits. Employee compensation and benefit packages will be comparable to, if not better than, Methodist's current offerings. Methodist employees will also have access to a wider range of opportunities for jobs, growth, and advancement within the organization. In addition, the Methodist SEIU bargaining unit at both campuses will remain in place.

With respect to Methodist Hospitals' physicians, merging our operations with Franciscan will enable us to execute a more robust physician alignment strategy and allow us to more quickly adapt to population health and value-based reimbursement models. In addition, Franciscan is committed to the prompt re-establishment of Methodist Hospitals' Medical Residency Program. As I discussed in my last update, the extraordinary investments in a new Gary hospital and upgraded Merrillville campus will not only benefit our patients, but also will support the growth of our hospital organization and our physician practices.

The partnership will be overseen by a new regional Board of Directors with representation from both Methodist Hospitals and Franciscan Alliance. A majority of the regional Board will consist of current Methodist Board members. Current Methodist Hospital leadership also will be retained, helping to ensure that the culture of Methodist Hospitals becomes an integral part of the partnership.

Partnership with Franciscan will combine two mission-driven systems with proven track records of providing quality care to the communities we serve. We are confident that this partnership will give Methodist Hospitals the resources needed to not only meet the health care industry's evolving demands, but also to grow and enhance the services that we are able to offer to the communities of northwest Indiana. We are continuing to evaluate all aspects of the potential partnership during the ongoing due diligence process. Any final decision we make on a partnership will be guided by a commitment to our patients, employees and physicians.

I look forward to sharing more information about the partnership process and progress in a future letter and via the Methodist Hospitals website.

Sincerely,

Raymond Grady, President and CEO