



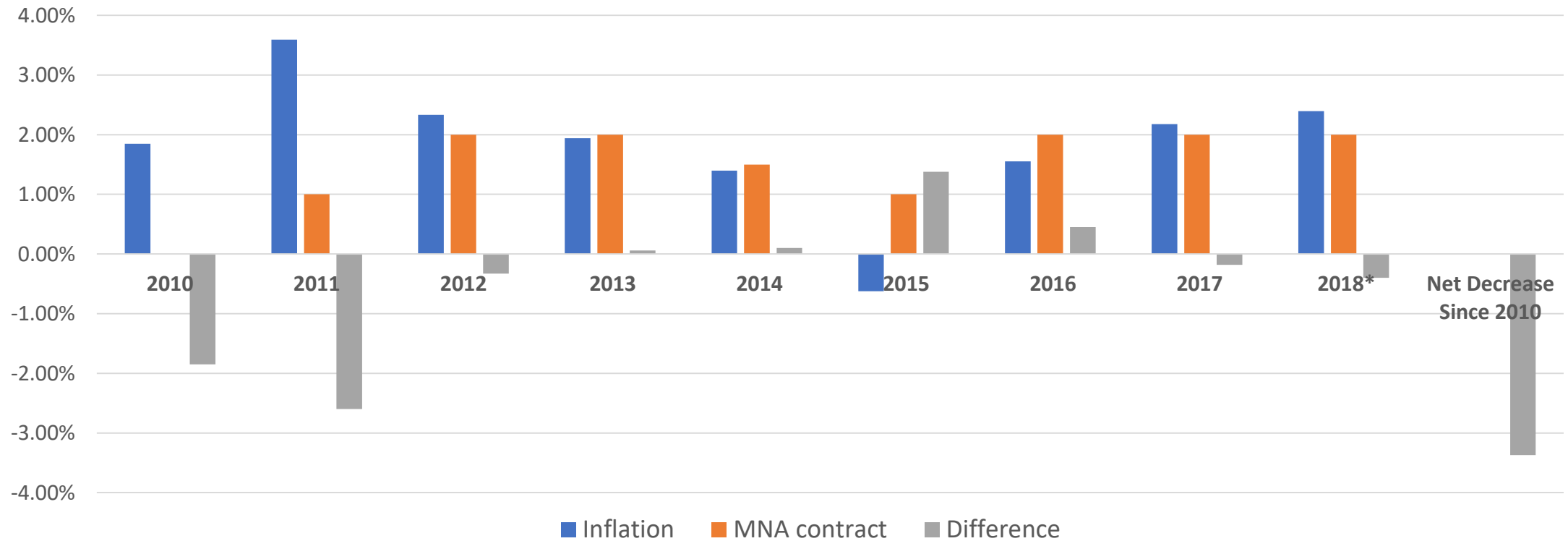
Minnesota Nurses Association

FINANCIAL PRESENTATION TO FAIRVIEW HEALTH SERVICES

Wednesday, May 15, 2019

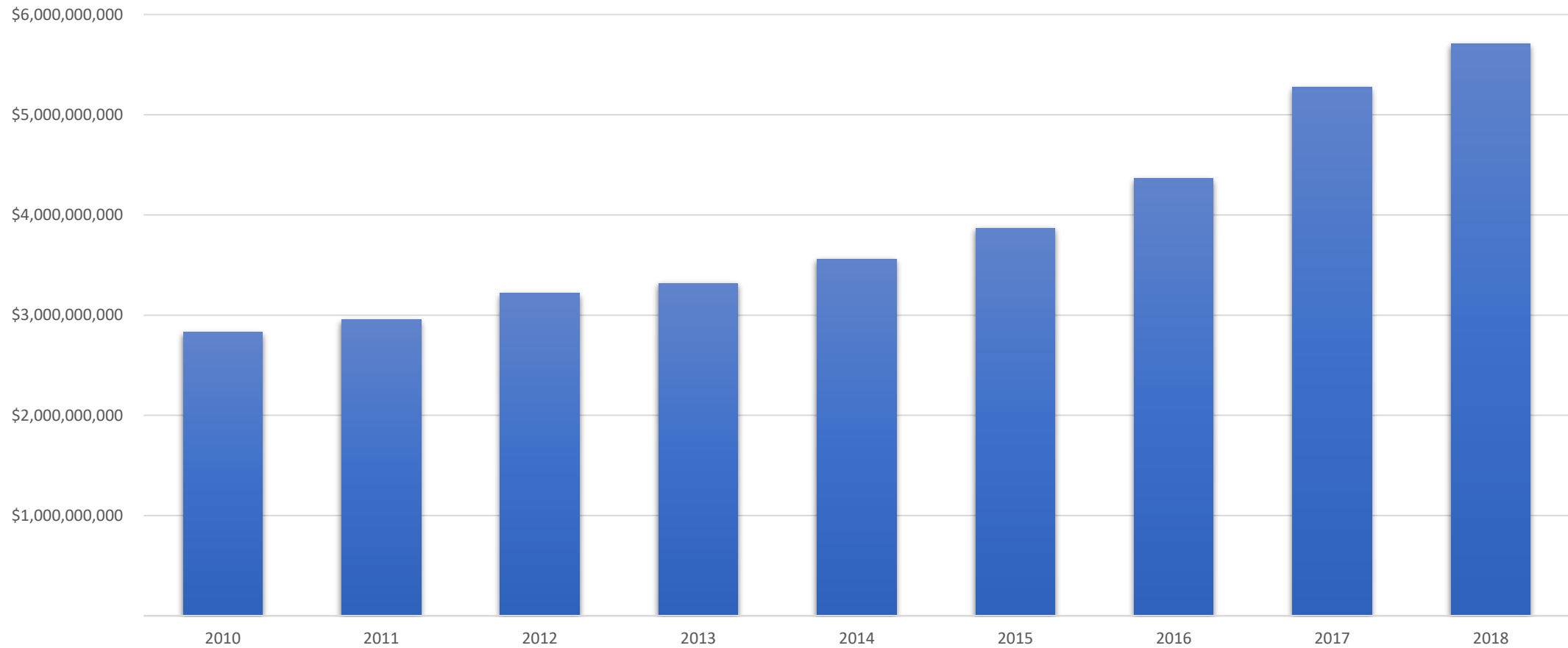
NURSE WAGES FALL BEHIND: 2010-2019

MNA Nurse Metro % Increases vs Inflation



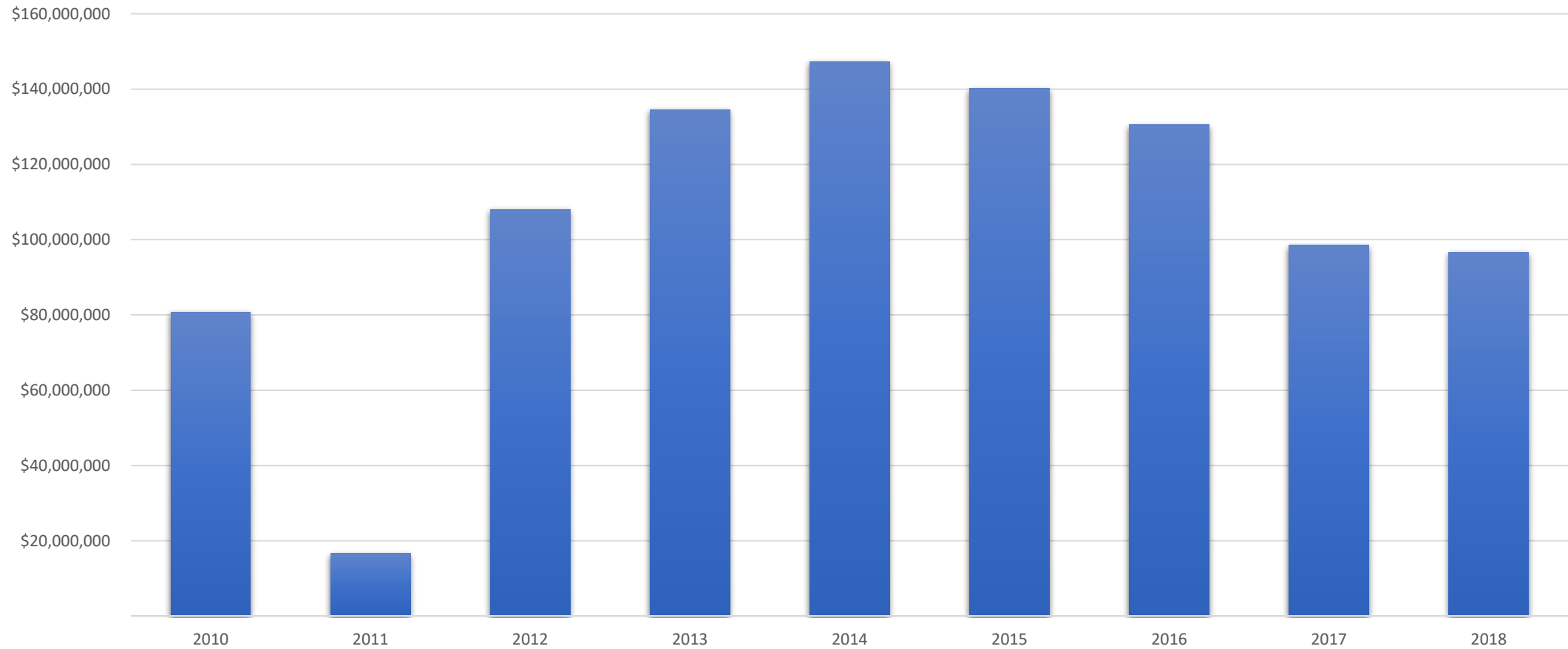
FAIRVIEW'S REVENUES GROW

Fairview Revenues, 2010-2018

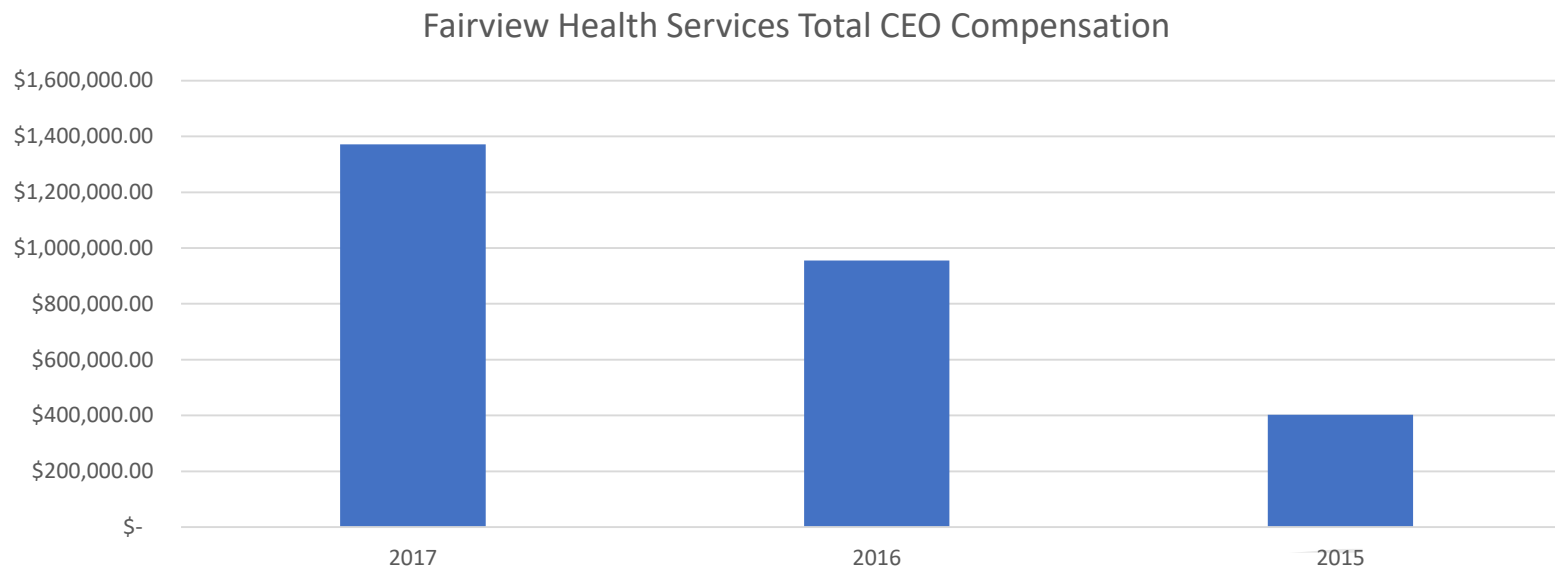


NURSES CONTRIBUTE TO FINANCIAL SUCCESS OF FAIRVIEW

Fairview Operating Income, 2010-2018



FAIRVIEW CEO PAY



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Fairview Health Services

Fairview Health Services (fairview.org) is a Minneapolis-based nonprofit health system driven to heal, discover and educate for longer, healthier lives.

Healthcare | 2017 ranking: **6** ↑ | Minneapolis | fairview.org | [Footnotes](#) ▼



\$5.6B in revenue

62% ↑ change from 2017

\$5.2B in expenses

\$456.9M in excess



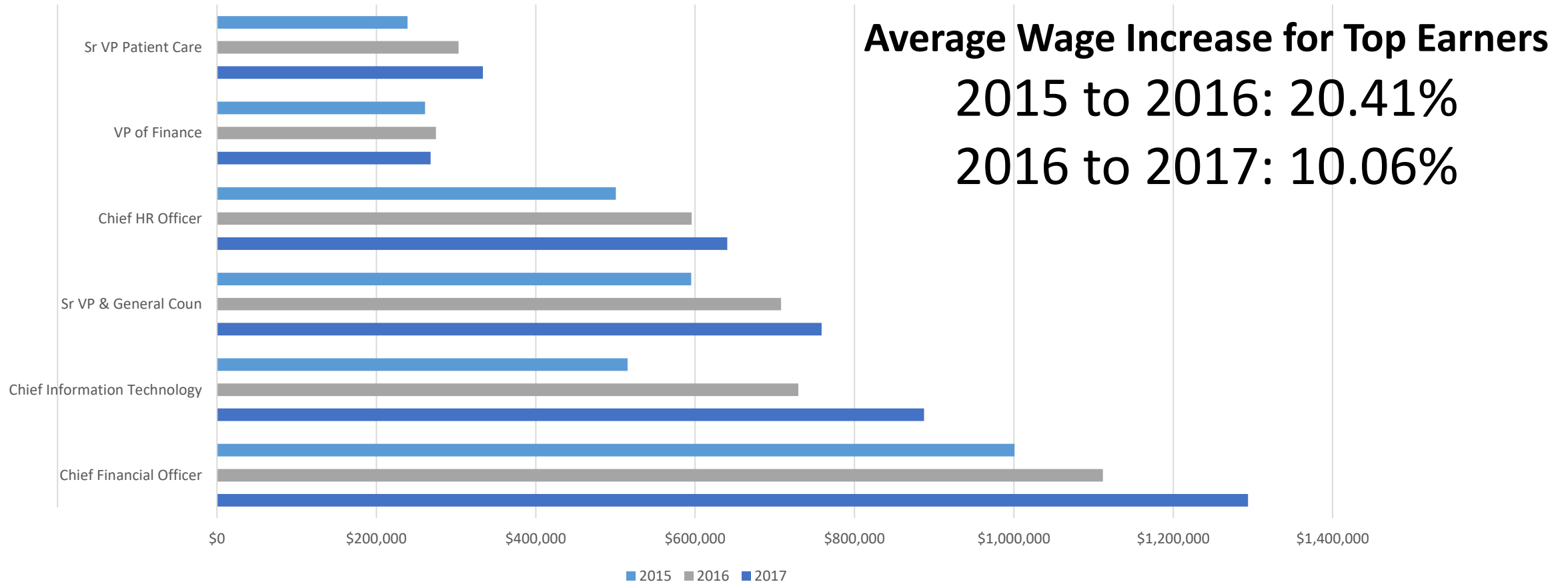
James Hereford

President & CEO

\$1.4M in compensation

0.03% of expenses

FAIRVIEW WAGE INCREASES AT THE TOP



Fairview, HealthEast plan merger to form Twin Cities biggest hospital network

Leaders of the two health systems said merging would create efficiencies and save money.

By Jeremy Olson Star Tribune | MARCH 8, 2017 — 10:11PM

The merger

- Fairview Health Services owns Ridges Hospital, Fairview Southdale and the University of Minnesota Medical Center, plus other facilities.
- HealthEast Care System owns St. Joseph's Hospital, St. John's Hospital and Woodwinds.
- Together, they will run 11 hospitals and 56 clinics.

Fairview owns the U's medical center, in addition to Fairview Southdale in Edina and Ridges in Burnsville, among other hospitals. HealthEast owns St. Joseph's in St. Paul, St. John's in Maplewood and Woodwinds in Woodbury. Based on operating revenue of \$3.9 billion for Fairview and \$965 million for HealthEast in their 2015 fiscal years, the merged system would be the largest in the Twin Cities. Allina Health currently rivals Fairview with 14 hospitals and \$3.8 billion in revenue in 2015.

FAIRVIEW LEGACY COSTS & REVENUE

- Integration efforts with HealthEast drove **\$17.3 million** and **\$10.7 million** of reduced expenses and net margin growth through June 30, 2018
- HealthEast acquisition drove **\$397 million** of revenue for Fairview in the first six months of 2018
- Following the merger, Fairview has **28.9%** of inpatient market share in the metro

M Health Fairview Costs

Short Term Costs

- Rebranding to M Health Fairview and enhanced marketing plan
- \$111 million dollars in capital improvements to UMMS flagship hospital

Long Term Costs

- Continues through December 31, 2026 with option for 10-year extension in 2023
- Increased financial support for the academic mission to improve UM med school rankings
 - **\$40 million** in 2019
 - **\$45 million** in 2020
 - **\$50 million** in 2021 AND 2022
 - Opportunity for additional support payments based on financial performance of the system
- After 2022, Fixed Academic Support Payments shall be increased by most current consumer price index

M Health Fairview

Fairview plans \$111 million renovation at University of Minnesota hospital

New and renovated spaces for ER, surgery patients are planned for U Medical Center.

As part of the new agreement, Fairview is providing more academic support to the University of Minnesota Medical School, including \$40 million this year, \$45 million in 2020 and \$50 million in each of the following two years. There's also an agreement to further integrate clinical operations.

The health system also committed to providing \$40 million or more per year in clinical revenue to support research. That was an increase from the current amount of \$8.7 million annually, and the agreement calls for an additional variable amount of up to \$8 million per year in research spending if Fairview generates excess clinical revenue.

NURSES CONTRIBUTE TO FINANCIAL SUCCESS OF FAIRVIEW



1. Operating income was close to **\$18 million** higher last year than it was in 2010 (\$17,694,000)
2. Since 2010, Fairview has made nearly **\$1.5 billion** in “profit” (\$1,427,827,000)
3. Since we last negotiated, Fairview has made almost **\$700 million** in “profit” (\$698,168,000)
4. **Fairview** has seen profits of **\$451,928,000** in 2017 alone



Our
Expectations

MNA Nurses want a fair and equitable agreement that:

Addresses the sacrifices nurses have made on behalf of Fairview

Recognizes the economic value of nurses' work as professionals