

# Transforming the Future of Health Care: **Cone Health + Sentara**

## **GENERAL FAQS**

### **The Partnership**

#### **1. What is happening?**

Cone Health and Sentara Healthcare have signed a letter of intent to merge. The combined organization will bring together the best of two nationally recognized, high-performing organizations. Together, we will offer a unique approach to value-based care that is focused on keeping people healthy and well while providing high-quality, accessible and affordable health care in more ways and in more places.

It is important to know that, right now, nothing changes. Even after our merger, you will still be able to receive outstanding care from the same doctors and nurses in the same locations, using the same insurance plan that you do today.

#### **2. What is the nature of the pending agreement between Cone Health and Sentara Healthcare?**

The two existing organizations will integrate to form one combined organization. Upon this integration, Cone Health and Sentara will consolidate their finances. This will strengthen both organizations and preserve our viability to support the communities we serve and ultimately transform health care.

#### **3. What are the key reasons Cone Health is doing this?**

This is a unique opportunity to shape a bold future for value-based health care in the Triad, across North Carolina and beyond. It is about ensuring the best possible health and health care in our communities long into the future and serving as a model for others across the nation. Through the merger, care will be better, more accessible and more affordable while sustaining a vibrant, flourishing organization for generations to come. After extensive exploration with Sentara Healthcare about combining our organizations, we are fully confident that our similar cultures and visions of what health care could look like make us ideal partners in shaping this future.

By merging with Sentara, which brings its own health insurance plan to our area, we become a model for health care that is rooted in, and specific to, the needs of local communities. A fully integrated non-profit payer/provider network of this scale, and one that is committed to value-based care, will improve community health and wellness, and create a powerful new way of controlling costs for people across our area. This will make us more competitive, provide more consumer choice and improve affordability.

With America's health care system changing rapidly and facing growing challenges, affordability has become a central political and economic issue. How much health care we use, how it is delivered and

how it is financed are questions we must resolve. Health care now is about a fully integrated, innovative system that includes virtual visits for both primary care and specialty care. It is about a wide variety of services — not just at a hospital — but at clinics and offices in neighborhoods and close to home. It is about providing a comprehensive, trusted resource for the health of your family and your community. We believe our combined organization will have the ability to meet these needs and address these challenges in ways neither Cone Health nor Sentara Healthcare could do on its own.

**4. Why undertake this merger now? Is this happening because the pandemic has hurt health systems financially?**

No. Cone Health is a stable and strong organization, despite the challenges the pandemic has posed to all health care systems. We were exploring options long before COVID-19, and if anything, the pandemic has only amplified the importance of bringing true sustainable value to all those we are privileged to serve. Our Board of Trustees and executive management are convinced we have found the right organization to take us into the next exciting stage of the bold future we have been building. Our plans are not built on the demands of today, but on the needs of tomorrow.

**5. What are some of the key benefits?**

This merger brings three big benefits across the communities we serve.

- The first is a **significant capital investment** over the next decade. This will provide critical funding for needed facilities and programs, expanded and improved access to care for people across our region, and innovative approaches for the future in virtual and digital health. All of this will build on Cone Health’s tradition of excellence, bringing care into more neighborhoods and improving the health of people in our area.
- The second is an **approach to health insurance** that is affordable and tailored to the local needs of consumers and businesses. Our objective is to build on Sentara’s current Optima Health insurance plan combined with Cone Health’s HealthTeam Advantage (Medicare Advantage) plan to provide more options to those in our region. This fully integrated approach will be focused on providing value to members, improving wellness and keeping costs manageable. The North Carolina health plan division headquarters will be in Greensboro.
- Third, the consolidation of Cone Health and Sentara finances will allow significant funds to be freed up from Cone Health’s current investment portfolio, after coverage of debt, to **enhance our existing foundations and to create an additional locally headquartered foundation** to serve community health care needs and design new innovative initiatives in our region.

## Sentara

### **6. Who is Sentara and why choose to merge with them?**

Because of Cone Health's strength and success, many organizations have been interested in partnering with us. We have been deliberate and highly selective in considering what would be best for us and our communities. We found that Cone Health and Sentara are both committed to improving patient choice, access and affordability. We share a similar culture and mission as not-for-profit health systems, along with a vision for value, quality, growth and innovation. In recent years, both health systems have had among the very highest measurable quality scores in the nation. As we got to know each other better in recent months, we became increasingly excited about the possibilities of what we could achieve together.

Sentara Healthcare is an integrated, not-for-profit system of 12 hospitals in Virginia and northeastern North Carolina. It features a Level I trauma center, the nationally ranked Sentara Heart Hospital, two orthopedic hospitals, the accredited Sentara Cancer Network and the Sentara Neurosciences Institute. With more than 30,000 employees, Sentara is focused on high-quality, value-based care, innovation and excellent health care experiences. The organization also includes the Sentara College of Health Sciences (an accredited, not-for-profit higher education entity). The health insurance division of Sentara Healthcare (inclusive of Sentara Health Plan, Inc.; Optima Health Plan; and Virginia Premier Health Plan, Inc.) serves more than 880,000 members.

The merger of Sentara Healthcare and Cone Health will emphasize health and well-being, while providing our communities with more places and more ways to get great health care. Expanding the number of health insurance plans in North Carolina will increase choice, improve value for consumers and businesses, and help minimize costs.

## Headquarters, Governance & Branding

### **7. Where will the headquarters and top executives of the combined organization be located? Who will be CEO?**

Howard Kern, CEO of Sentara Healthcare, will oversee the combined organization and the corporate headquarters will be in Norfolk, Virginia. Greensboro will serve as the regional headquarters for the Cone Health division. Terry Akin will remain in Greensboro as the president of the Cone Health division. Key leadership from both organizations will be in Virginia and North Carolina.

### **8. What will the board look like going forward, and what representation will there be from people who know our communities?**

Cone Health representatives will join the Sentara Healthcare board, with membership on all board committees and meaningful roles in all aspects of governance. Current Sentara Board Chair Dian Calderone will be Chair initially, with board leadership rotating over time and a Cone Health legacy member assuming the Chair role in the near future following the merger. Additionally, there will

continue to be a Cone Health Regional Board that will be composed of community, medical staff and Sentara representation.

**9. What will the name of the combined organization be? Will Cone Health still be in the name?**

This has not yet been decided. Both the Sentara and Cone Health brands enjoy strong reputations in our respective areas, and we want to find ways to maximize the impact. The approach to naming and branding will be part of our ongoing discussions.

**Timing**

**10. When will the change take place?**

It is important to know that, right now, nothing changes. Now that we have signed a letter of intent, we will take the coming months to complete the due diligence process until the definitive agreement. During this time, we will operate as separate organizations. The merger is subject to state and federal regulatory review and customary closing conditions. We expect to close the merger by mid-2021. Following that, it is expected to take up to two years to fully combine and integrate our organizations.

**Jobs & Benefits**

**11. Cone Health is the largest employer in our area. What will be the impact on our people? Will there be job losses? What levels and how many?**

From now until the transaction closes, it will be business as usual. At the same time, teams will be formed within both organizations to develop an integration plan to be launched after closing. This will not be unlike the process undertaken several years ago when Cone Health and Alamance Regional Medical Center came together. Our team members are, and will continue to be, our most valuable asset and play an integral role in delivering on our promise to be “right here with” the communities we serve every day. While it’s too soon to determine if any changes are necessary to specific positions, both organizations maintain a philosophy of having no employee layoffs as we work to achieve our shared objectives. It is also important to reiterate that this merger is intended to bring new job opportunities for people in our region through such initiatives as outpatient care site development and access growth, virtual care and telehealth development, and the location of Optima Health Plan and other corporate functions in our region. As a merged organization, we aspire to offer even more exciting professional opportunities and career pathways and be the employer of choice within our communities.

**12. Will compensation/benefits of employees at Cone Health change?**

From now until the transaction closes, it will be business as usual. We do not anticipate pay or benefits changing for the foreseeable future. Our goal is to preserve and enhance competitiveness and attractiveness as the employer of choice for those in our region.

**Endowment/Foundations**

**13. What happens to Cone Health’s considerable investments (sometimes referred to locally as an endowment)?**

When we merge, Cone Health and Sentara will consolidate finances — including our investment portfolio, sometimes referred to as our endowment, and our outstanding debt. Combining these two high-performing companies will strengthen both of our organizations because we can do more together — the whole will be greater than the sum of its parts. As noted above, this also will allow existing net Cone Health investment funds to provide significant foundation support.

**14. What happens with our existing foundations in Guilford, Alamance and Rockingham counties?**

The consolidation of Cone Health and Sentara finances will allow significant funds to be freed up from Cone Health’s current investment portfolio, after coverage of debt, to enhance our existing foundations, and to create an additional locally headquartered foundation to serve community health care needs and design new innovative initiatives in our region.

**15. Cone Health has been a big supporter and financial sponsor of economic development locally as well as many community events and initiatives. Will that change?**

No. We will remain a vital and engaged partner, heavily involved in the North Carolina communities we serve with the same, or even increased, levels of support.

**16. What about charitable care for which Cone Health has historically been known? Will that change?**

No. Our commitment to providing charitable care will remain steadfast. This is a strong part of the history and heritage of both Cone Health and Sentara Healthcare — each has a longstanding commitment to their respective communities for uncompensated care and overall support for those in need.