2022 Supplier Conference
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The Reva and David Logan Center For The Arts

Housekeeping

Housekeeping Items
• Masking
• Social Distancing
• Restrooms
• Exits
• Microphones

WIFI: UChicago Guest
User name: 08220828@uchicago.edu
Password: svay3
9th Annual UCM Supplier Conference

**Purpose:**
- Orient key supplier leadership to UCM critical business objectives, expectations, and distinct business practices.
- Update on progress and changes from last year’s conference.

In order to ....
- Engage suppliers to work continually, passionately and collaboratively to deliver needed improvements and value to our patients.

**Format:**
Presentation with Q&A opportunities
## Agenda

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<tr>
<th>Topic</th>
<th>Presenter</th>
<th>Title</th>
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<tr>
<td>Welcome</td>
<td>Eric Tritch</td>
<td>Vice President, Supply Chain and Support Services</td>
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<td>Strategic Planning Update</td>
<td>Amy Ross</td>
<td>Senior Vice President, Strategic Planning and Service Lines</td>
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<td>Organizational Priorities</td>
<td>Jason Keeler</td>
<td>Executive Vice President and Chief Operating Officer</td>
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<td>Financial Environment</td>
<td>Ivan Samstein</td>
<td>Executive Vice President &amp; Chief Financial Officer</td>
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<td>Exec Panel Question and Answer Session</td>
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<td>Supply Chain Strategy</td>
<td>Eric Tritch</td>
<td>Vice President, Supply Chain and Support Services</td>
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<td>Pharmacy Strategy</td>
<td>Denise Scarpelli</td>
<td>Vice President &amp; Chief Pharmacy Officer</td>
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<td>Clinical Sourcing and Value Analysis</td>
<td>Ian O'Malley</td>
<td>Director, Strategic Sourcing, Clinical</td>
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<td>Non-Clinical Sourcing Update</td>
<td>Osvaldo Torres</td>
<td>Director, Strategic Sourcing, Non-Clinical</td>
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<td>Business Diversity</td>
<td>Joan Archie</td>
<td>Exec Director Business Diversity &amp; Compliance</td>
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<td>Operations Update</td>
<td>Rob Martin</td>
<td>Director, Supply Chain Operations</td>
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<td>Procure to Pay Systems Update</td>
<td>Anurag Jaiswal &amp; Sam Gonzalez</td>
<td>Exec Director, Supply Chain Systems and Analytics Sr. Manager Accounts Payable</td>
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<td>Question and Answer Session</td>
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<td>Closing Remarks</td>
<td>Eric Tritch</td>
<td>Vice President, Supply Chain and Support Services</td>
<td>3:30pm</td>
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## Health System at a Glance

### Facilities

#### Ambulatory Care Facilities
- Chicago: Duchossois Center for Advanced Care, River East, South Loop
- Orland Park
- Harvey: Professional Office Building
- Calumet City, Flossmoor and Tinley Park: Family Care Centers
- Crestwood and South Holland: Care Centers
- Comprehensive Cancer Center at Silver Cross
- Care Network/off-site clinics in Chicago and suburbs

#### Licensed Beds
- 1,296
  - 821 Med Surg
  - 171 ICU
  - 67 OB-GYN
  - 60 General Pediatrics
  - 53 NICU
  - 78 Acute Mental Illness
  - 46 Rehabilitation

#### Operating Rooms
- 4
- Center for Care and Discovery
- Bernard M. Mitchell Hospital
- Comer Children’s Hospital
- Ingalls Memorial Hospital

#### Inpatient Facilities
- 4

### People

- **11,857 Employees**
  - Including:
    - 1,400 Physicians
    - 3,328 Nurses
    - 1,010 Residents and Fellows

### Financials

- **$2.79B** Operating Revenue
- **$2.33B** Net Patient Service Revenue

### Volume

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Executive Leadership Update

Amy Ross  
Senior Vice President, Strategic Planning and Service Lines

Jason Keeler  
Executive Vice President and Chief Operating Officer

Ivan Samstein  
Executive Vice President and Chief Financial Officer
Summary: UCM Vision 2025

Create an excellent experience for our patients, clinicians and employees to deliver the highest quality, coordinated and efficient care. We aim to build a digitally enabled organization for patients and support ease of practice for our clinicians and employees.

Elevate signature clinical programs to integrate discovery and delivery of novel therapies; provide high-quality care delivery; offer innovative clinical trials and training program; and continue to build capabilities for treating complex care.

EXCEL in Patient & Clinician Experience

Deliver exceptional value through high quality care with greater cost efficiency; focusing on building a foundation for value based care.

EXPAND our Health System Network

Enhance and integrate patient care across the care continuum to expand access and elevate care coordination throughout the network in the UChicago Medicine health system.

ENHANCE the Health of our Local Community

Build and strengthen partnerships with local community and proactively advance local, state, and federal advocacy efforts to achieve improved access and care delivery in South / Southwest Chicago.

GROW Signature Specialty Programs

UChicago Medicine Vision 2025
UCM Primary and Secondary Service Area – Greater Chicago Area and Northwest Indiana

- 95.5% of UCMC’s inpatient discharges come from the Greater Chicago Area & NW Indiana
- 85.4% come from the primary service area, which includes the South Side of the city, S and SW Suburbs, and much of NW Indiana
- There are ~120 inpatient hospitals in the region including 5 AMCs
UCM Footprint Has Expanded Significantly in Recent Years

Over the past several years, we have made meaningful progress in building out our geographic footprint to better serve patients in our Primary Service Area.
UCM Vision 2025

1. Key Service Line Growth and Initiatives
2. Network Expansion
3. Joint Ventures and Partnerships
1 UCM Vision 2025: Focus on Service Line Growth

Cancer
Digestive Diseases
Heart & Vascular
Musculoskeletal
Neurosciences
Solid Organ Transplant

Growth in Primary Care, Referrals & Partnerships
- Drive referral volume for sub-specialty programs
- Increase ability to perform in bundled payments

Clinical Trials & Research
- Forward program eminence
- Differentiate programs to referring clinicians and providers

Strategic Faculty Investments
- Develop bench strength, breadth, and eminence to address program gaps and drive elective growth
- Expand capacity to grow in volume, revenue, and margin

Off-Campus Network Expansion
- Provide access and convenience through system care coordination
- Distribute signature specialty care throughout network
UCM Vision 2025: Network Expansion

Overview of Current System Footprint

Northwest Indiana Expansion

Summary of Crown Point Specs & Programming
130,000 SF, including:
- Micro-hospital, with an ED
- Imaging center
- Ambulatory Surgery Center
- Comprehensive Cancer Center & MOB, with clinics
- Infusion and Laboratory Services
Network Growth: Primary Care – UCM Medical Group

Our number of Care Network PCPs more than quadrupled in 6 years.

Recent Growth of Care Network Primary Care

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<th>FY22</th>
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Care Network Primary Care Presence

New Location Last 2 Years
Existing Locations
Joint Ventures and Partnerships

1. UChicago Medicine
2. UChicago Medicine
3. UChicago Medicine
4. UChicago Medicine
5. Chicagoland Children’s Health Alliance
Future Opportunities and Challenges

The evolving landscape in Chicagoland and in Primary Care will continue to impact our strategic planning for the future...

✓ Recent Market Consolidation and Growth

✓ Continue shift to value based care and penetration of Medicare Advantage...pressure on cost of care

✓ New entrants and new delivery care models for primary care and consumer focus
  • Concierge care
  • Medicare Advantage Sites targeted to aging populations
  • On-Site Employer Clinics targeted to large employers

Key Success Drivers

• Timely Access to services for right care, right time, right place
• Enhancement of Infrastructure Investments/Digital
• Continued Expansion of Network
• Nimbleness to adapt to changing market
• Stay the course...creating an Academic Health System of care...
UCM Update and Priorities for FY23
Similar to other healthcare providers nationally, UCM finances were challenged in 2022 with vastly higher expenses, especially in labor expense.

Inpatient Capacity constraints challenge our system; thus, created opportunities with post-acute care to drive LOS improvements. Achieved approval to pilot UCM Hospital at Home in January 2022.

Ingalls Inpatient and Ambulatory went live on EPIC in August 2022. This will help further clinical integration and seamless care across the system.

Selected new senior UCM Leaders: Chief Digital Transformation Officer and Chief Experience Officer that will drive UCM forward in patient centric models of care.

Received national recognition for Quality and Safety: 21st consecutive Grade A rating for Leapfrog and ranked in top 10 hospitals by the Lown Institute for most inclusive hospitals in the country.
Rankings Improvements: USNWR 2022-2023 Journey to Honor Roll

Source: US News & World Report (USNWR) Hospital Data Insights (HDI) tool

Rankings may be subject to change during the embargoed period.

Source: US News & World Report (USNWR) Hospital Data Insights (HDI) tool
Overview of Cancer Center Building in Hyde Park

A $633M Investment on the South Side to Reimagine Cancer Care

• The first freestanding and dedicated comprehensive cancer center and hospital in Chicago

• A unique approach to thinking and caring about the whole person, from addressing the financial matters of living with cancer to managing life after a cancer diagnosis

• Multidisciplinary, technologically advanced care with access to the newest diagnostics and treatment innovations anchored by pioneering basic and translational research

• Deep community engagement: screening and prevention services

UChicago Medicine’s Commitment to Clinical Research & Innovation

THE FOCUS ON CANCER RESEARCH WILL:

- Put science on display and in play for patients
- Embed research & discovery in the fabric of the center
- Foster digital innovation & technology to enhance patient and provider experience
South Side Healthy Community Organization Overview

• The South Side Healthy Community Organization (SSHCO) is a new non-profit organization established by thirteen healthcare partners across the South Side, including UChicago Medicine, to improve access to quality health care on the South Side of Chicago

• Each collaborative partner elects a voting member of the SSHCO Board of Directors. For UCM, Brenda Battle serves and is Treasurer of the Board of Directors

• The organization is funded through the Illinois Department of Healthcare and Family Services Healthcare Transformation Collaborative program

• It is set to receive $26M in Year 1 (January – December, 2022) and $30M annually for up to four years
UCM Key Priorities and Focus for 2023

**Facilities Expansion**
- NWI Site Construction (opening spring 2024)
- Continued Cancer center planning
- River East Imaging Center (MRI, CT, XRAY, and US)
- Expansion of Orland Park
- Urgent care launch at Dearborn Station, River East, and Homewood
- Friend Family Site reopened as Family Medicine and Pediatrics clinic

**Creating Integration and System Alignment**
- SOAR enterprise resource planning system go live in October
- Continued enhancement to online scheduling
- Referral management process improvement
- Implementation of Beaker lab information system

**Operations Management**
- Enhancement of Patient Experience through digital framework
- Optimizing LOS and inpatient capacity
- Focus on Quality and Safety through an equity lens
- Continued focus on recruitment and retention of staff
- Budget challenges and capital constraints
Executive Summary

• UCM is investing heavily in our core administrative systems to create more synergies, data accuracy and automated workflows to enhance system functionality and enable the UCM Strategic Vision.

• Significant industry headwinds like labor shortages and drug and supply costs were exacerbated by the pandemic and further support the critical need for improved administrative processes.

• System Optimization And Reorganization (SOAR) is our Enterprise Resource Planning (ERP) project for adoption of Oracle ERP, Kronos Workforce Dimensions, and StrataJazz Cloud.

• OneEpic is the implementation of Epic at Ingalls to create a unified Electronic Health Record (EHR) across UCM.
• While December 2021 earnings were strong, this trend was reversed by the Q1 data, which manifested in April stock performance.

• Earnings disappointed in three out of four acute care stocks and the one anomaly (Tenet) was a result of large one-time items.

• -2.3% average compression in EBITDA Margin between 2021 Q4 to 2022 Q1.

• Three of four companies indicated they were negatively adjusting annual earnings guidance with the fourth indicating such a change was possible.

• While the Omicron variant in late December caused an increase in revenue per discharged patient, expenses increased at a faster pace resulting in a net negative margin impact during the first half of CY2022.

• Labor expenses, particularly contract nursing, remain the largest driver of expense pressures followed by increased cost of drugs and supplies.

* The KaufmanHall Hospital Operating Margin Index is comprised of the national median of more than 900 Hospitals adjusted for allocations to hospitals from corporate, physician, and other entities.
The tight labor market caused significant increases in labor costs through agency and premium pay.

The cost of supplies and drugs as a % of revenue continues to grow significantly despite consistent year over year chargemaster rate increases indicating cost is growing faster than revenue.
Project SOAR Overview

System Optimization And Reengineering (SOAR) includes three critical technology implementations that will support our vision of strengthening and unifying our organization to support continuous growth, operational efficiency, and quality patient care. These three implementations include:

- **Oracle ERP**, which will become our centralized core data and information system. It will support and increase collaboration among Finance, Human Resources, Payroll, and Supply Chain teams.

- **Kronos Workforce Dimensions**, our centralized time and attendance tool, will enhance scheduling and timekeeping functionality for our UCM staff.

- **StrataJazz Cloud**, which will become our centralized financial planning and budgeting tool. This will provide data analytics to support strategic growth opportunities and decisions.

**Why is SOAR important?**

- As UCMC continues to be at the forefront of medicine, it is critical to enable our teams to deliver industry-leading processes across the enterprise, including finance, human resources, and supply chain operations.

- The implementation of these technologies will help ensure the delivery of leading practices and provide a common set of business processes, chart of accounts, policies, and reporting capabilities across the organization.
Three Primary Benefits of SOAR

**OneUCM**
More synergies and collaboration; Increased transparency and accuracy of data

**Innovation**
Improved technology minimizing manual tasks and increasing automated workflows

**User Experience**
Enhanced system functionality creates one simple and modern platform across the UCM enterprise

---

**Oracle:**

- Standardized talent management module across Ingalls and UCMC
- Standardized manager & employee self-service for end users
- Employees can update their own profiles and add their degrees, licenses, and certifications
- All employees will have enhanced end-user centric mobile device access
- An easier online onboarding offboarding experience for all employees and managers
- Managers can directly submit applicable work data changes through manager self service

**Kronos:**

- Improved business processes allow for standardization between Ingalls and UCMC
- Kronos will minimize administration and create support efficiencies with a single instance
- Embedded analytics and personalized visualizations provides real-time visibility into timekeeping
- New and improved advanced scheduling feature provides the foundation for future scheduling optimization
- Managers can manage their schedule, punch/timecards and request PTO
- Integrated accruals experience available in timecards with visibility into balances, pending grants and approved time off
## ERP Business Efficiencies

- **Reduced Cost of Ownership**
- **Overall Efficiency**
- **Improved User Experience**
- **Technology and Innovation**

<table>
<thead>
<tr>
<th>Finance</th>
<th>Human Resources</th>
<th>Supply Chain</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Finance" /></td>
<td><img src="image2" alt="Human Resources" /></td>
<td><img src="image3" alt="Supply Chain" /></td>
<td><img src="image4" alt="Technology" /></td>
</tr>
<tr>
<td><strong>Unified</strong> Chart of Accounts</td>
<td><strong>Modernized</strong> Human Resource organizational hierarchy</td>
<td><strong>90+</strong> automation and improvement opportunities identified</td>
<td><strong>Single UCM/Ingalls</strong> integrated platform</td>
</tr>
<tr>
<td><strong>Elimination of 220+</strong> manual processes</td>
<td><strong>Improved efficiencies and productivity</strong> through mobile usage for employee and manager self service</td>
<td>Identification of SCM Business Units for purchasing</td>
<td><strong>Scalability for growth</strong> through out of the box Oracle Cloud capabilities</td>
</tr>
<tr>
<td><strong>Enterprise structure optimization</strong></td>
<td><strong>Oracle Digital Assistant</strong> will help HR users <strong>to pivot toward strategic work</strong></td>
<td><strong>Supplier collaboration</strong> through Portal capability</td>
<td><strong>Enhanced user experience &amp; self-service</strong></td>
</tr>
<tr>
<td><strong>Improved speed, accuracy, and reduction of manual work</strong> as related to chargebacks, allocations, and intercompany transactions</td>
<td><strong>Refined</strong> job architecture</td>
<td><strong>Integrated receiving</strong> between University &amp; Medical Center</td>
<td></td>
</tr>
</tbody>
</table>
One Epic Supports the Vision for “One UCM”

- A unified EHR reflects our commitment to research, innovation, clinical excellence, growth and data use to drive health equity.
- Epic system functionality streamlines processes and enables vendor optimization.
- A unified EHR is a key next step to help drive our strategic aspirations, grow the enterprise through a consistent care delivery model and deliver a seamless patient experience.
- One Epic provides patients with a unified platform to easily interact with the healthcare system to manage their health conditions while improving patient quality and safety.
Executive Q&A Session

Amy Ross
Senior Vice President, Strategic Planning and Service Lines

Jason Keeler
Executive Vice President and Chief Operating Officer

Ivan Samstein
Executive Vice President and Chief Financial Officer
Eric Tritch
VP Supply Chain & Support Services
UCM 2025 Supply Chain Vision

Be an eminent supply chain team recognized for innovation & problem solving, that delivers exceptional value and enables UCM to be At the Forefront of discovery, advanced education, clinical innovation, and the delivery of transformative health care.

This vision will be achieved by implementing the following priorities:

**Care Experience**
- Ensuring the Right Product/Service/Equipment, is in the Right Place at the Right Time, at the Right Quality, and the Lowest Total Cost
- Supporting acquisition & implementation of the latest technologies across the care continuum to improve access, experience and value for patients and clinicians
- Engaging and developing our team members in support of delivering an exceptional patient and caregiver experience

**Growth**
- Driving robust Value Analysis & motivated problem solving that supports a sustainable financial future of highly differentiated clinical services and fosters a culture of continuous improvement and cost efficiency
- Enabling signature clinical programs to integrate discovery and delivery of novel therapies, provide high quality care delivery, and offer innovative clinical trials and training programs
- Providing consistent high value supply chain services across the expanding the health system, ambulatory, physician network, and joint venture & affiliate partners
- Driving business development and partnership with local and diverse organizations that support growth & sustainability in the communities that we serve

**Value**
- Delivering exceptional value for patient care through the highest quality performance with greater cost efficiency
Strive to be the best Healthcare Provider Supply Chain & one of the best in any industry

“Supply Chain People do Supply Chain Work”

- **Efficient** – minimize waste/non-value add, improve flow, consistent, standard work
- **Responsive** – quick, nimble, good service to customers
- **Cost Effective** – competitive pricing, effective spend management, value analysis

Advances the mission of the organization: Heal, Teach, Discover

Drive Value for our patients

Across both source to pay transaction cycle & total lifecycle for: Equipment, Supplies/Implants, Services
This is a challenging time…but our core principles remain…

Quality – zero defects

Cost – best in market

Delivery – 100% on-time & complete

Technology – At The Forefront

Service – best in class
Key Themes Today

- Supply chain disruptions – short & long term mitigations
- Labor challenges – actions to mitigate
- Inflationary pressures – partner to mitigate
- IT systems transformation
- UCM growth & innovation
- Community investment
Denise Scarpelli
VP & Chief Pharmacy Officer
COVID has caused a growth in telehealth for behavioral health and other physician appointments that do not require hands on care

- Increase need for digital health, devices, diagnostics to allow for virtually visits
- Out-of-pocket costs in aggregate increased $4Bn in 2021 to $79Bn
- New age of healthcare transition from treatment to prevention, early detection, curative therapies, digital therapeutics, and personalized medicine that will occur over the next 20 years
- Ambulatory Pharmacy focus on Population Health- value based treatment
- Growth in mail-order Pharmacy and 90 day supply
- Amazon and PBM’s moving into Primary Care
- Payers continue to emphasize outcomes-based care contracting for high cost therapies
- Growth in cell & gene therapies in the pipeline- Sickle Cell and Hemophilia
- Many biologics facing loss of exclusivity in 2023
Pharmacy Challenges

- Staffing shortages
- Drug Shortages
- Payers shifting patients to lower sites of care or mandating white/clearing bagging
- 340B challenges with manufacturers pulling out of the program
- Drug prices increasing
- Home Infusion Companies shifting their strategy to support just Specialty and moving away from acute patients
- Impact of the Inflation Reduction Act – Medicare negotiating drug prices
White bagging not allowed at UCMC

- Medical staff policy prohibits white bagging
- Offer lower cost sites of care as an alternative
- Have done white bagging before and it was prone to unacceptable error
- Violates our safe medication mixing and dispensing systems
- Labor intensive for staff and requires additional storage
- Peer-to-Peer discussions with Insurer CMOs have resulted in their accepting a variance
- In addition, we require first dose infusion in an HOPD location with a rapid response team to respond to any infusion reactions
- We do allow clear bagging
Increases in WAC, Payer Net, Manufacturer, and Out of Pocket Spending Over the Past Five Years

Exhibit 17: Medicine spending at selected reporting levels, US$Bn

- **Spending at prices (WAC)**: 5.9%
- **Payer net including patient OOP**: 4.8%
- **Manufacturer net**: 4.6%
- **Patient out-of-pocket**: 1.5%

Source: IQVIA Institute, Mar 2022; CMS National Health Expenditures (NHE), Dec 2020.
UCMC Inpatient Drug Cost / IP Admissions

![Bar chart showing inpatient drug cost from 2016 to 2022 May YTD]
UCMC Outpatient Drug Cost / Script

UCMC OUTPATIENT STORE COST/SCRIPT

FY18 Q1 FY18 Q2 FY18 Q3 FY18 Q4 FY18 Q1 FY19 Q2 FY19 Q3 FY19 Q4 FY19 Q1 FY20 Q2 FY20 Q3 FY20 Q4 FY20 Q1 FY21 Q2 FY21 Q3 FY21 Q4 FY21 Q1 FY22 Q2 FY22 Q3 FY22 Q4 FY22
Out-of-pocket costs in aggregate increased $4Bn in 2021, mostly driven by retail pharmacy drugs

Source: IQVIA Xponent, IQVIA LAAD Sample Claims Data, Dec 2021; IQVIA Institute, Mar 2022; CMS National Health Expenditures, Dec 2020.
Impact of losses of exclusivity of biologics has increased dramatically in the past 3 years

Exhibit 42: U.S. impact of brand losses of exclusivity 2017-2026, US$Bn

Source: IQVIA Market Prognosis, Sep 2021; IQVIA Institute, Mar 2022.
Pharmacy Department Plans FY 2023
Expansion Plans: Central Fill & Home Infusion

- Location: Calumet City, IL
- 30,000 square feet
- Automation to support up to 4,000 prescriptions/day
- Using iA central fill solution
- Also includes infusion suites

Total cost estimated at $11 million and operational by 2023
Outpatient Script Growth - Mail-order

Count of Rx #

| FY18 Q1 | FY18 Q2 | FY18 Q3 | FY18 Q4 | FY19 Q1 | FY19 Q2 | FY19 Q3 | FY19 Q4 | FY20 Q1 | FY20 Q2 | FY20 Q3 | FY20 Q4 | FY21 Q1 | FY21 Q2 | FY21 Q3 | FY21 Q4 | FY22 Q1 | FY22 Q2 | FY22 Q3 | FY22 Q4 |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
Other Key Pharmacy Strategies for FY23

- Hospital @ Home
- Telehealth services around Population Health- support Medicare Advantage plans
- Reporting to 340B ESP
- Apprenticeship program to address hiring challenges
- Expansion of Infusion services- Home Infusion and Lower sites of Care
Expansion Plans: Cancer Center

Planned investment including construction and equipment is ~$600M over 5 years.
Biosimilar Pipeline
## Biosimilar Pipeline for Adalimumab

<table>
<thead>
<tr>
<th>Biosimilar Name</th>
<th>Manufacturer</th>
<th>Potential Launch Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amjevita</td>
<td>Amgen</td>
<td>Jan 2023</td>
</tr>
<tr>
<td>Hadlima</td>
<td>Samsung Bioepis</td>
<td>Jun 2023</td>
</tr>
<tr>
<td>SB5 HC</td>
<td>Samsung Bioepis</td>
<td>Jul 2023</td>
</tr>
<tr>
<td>Yusimry</td>
<td>Coherus BioSciences</td>
<td>Jul 2023</td>
</tr>
<tr>
<td>AVT02</td>
<td>Alvotech</td>
<td>Jul 2023</td>
</tr>
<tr>
<td>Yuflyma</td>
<td>Celltrion</td>
<td>Jul 2023</td>
</tr>
<tr>
<td>Cyltezo</td>
<td>Boehringer Ingelheim</td>
<td>Jul 2023</td>
</tr>
<tr>
<td>Hulio</td>
<td>Mylan/Biocon</td>
<td>Jul 2023</td>
</tr>
<tr>
<td>Hyrimoz</td>
<td>Sandoz</td>
<td>Sep 2023</td>
</tr>
<tr>
<td>Abrilada</td>
<td>Pfizer</td>
<td>Nov 2023</td>
</tr>
<tr>
<td>MSB11022</td>
<td>Fresenius</td>
<td>Sep 2023</td>
</tr>
</tbody>
</table>
## More Biosimilar Pipeline Drugs

<table>
<thead>
<tr>
<th>Drug</th>
<th>Brand Name</th>
<th>Approval</th>
<th>Launch</th>
<th>Number of potential biosimilar approvals or launches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pegfilgrastim on-body Injector</td>
<td>Neulasta Onpro</td>
<td>2022-2023</td>
<td>NA</td>
<td>5</td>
</tr>
<tr>
<td>Natalizumab</td>
<td>Tysarbi</td>
<td>2022-2023</td>
<td>2022-2023</td>
<td>1</td>
</tr>
<tr>
<td>Tocilizumab</td>
<td>Actemra</td>
<td>2022-2023</td>
<td>2023</td>
<td>2</td>
</tr>
<tr>
<td>Ustekinumab</td>
<td>Stelara</td>
<td>2023</td>
<td>2023-2025</td>
<td>7</td>
</tr>
<tr>
<td>Golimumab</td>
<td>Simponi</td>
<td>2023-2024</td>
<td>2023-2024</td>
<td>1</td>
</tr>
<tr>
<td>Omalizumab</td>
<td>Xolair</td>
<td>2024</td>
<td>2025</td>
<td>1</td>
</tr>
<tr>
<td>Denosumab</td>
<td>Prolia</td>
<td>2024</td>
<td>2025</td>
<td>5</td>
</tr>
<tr>
<td>Eculizumab</td>
<td>Soliris</td>
<td>2024</td>
<td>2025</td>
<td>1</td>
</tr>
</tbody>
</table>
Summary

- Staffing challenges in healthcare will continue in FY23
- Patients are transitioning to telehealth and at home care
- New biosimilars coming to market in FY23
- 250 new drugs within next 5 years, contributing $100B in new spend
- Outpatient script growth with more patients shifting to mail order
- Home Infusion potential with national home infusion companies leaving the acute business
- Continue growth in Specialty Pharmacy with the new drugs hitting the market- oncology and neurology
- Drug shortages will be a challenge
- Value-based care top priority to the plans


Ian O’Malley
Director of Strategic Sourcing, Clinical
Strategic Sourcing Overview

Building Resiliency

Value Analysis & Cost Controls

Notisphere & Surgery Exchange
Cara Eason
Strategic Sourcing Manager - Perioperative Services

John Mayer
Asst. Director, Strategic Sourcing

Jordan Schleyer
Strategic Sourcing Manager-PCS, Lab, Pharmacy

Brooke Lenderink
Strategic Sourcing Category Leader - Ingalls Memorial Hospital

Abigail Kinzel
Strategic Sourcing Category Leader - Women's & Children's, Ambulatory

OPEN - Strategic Sourcing Category Leader

Ian O'Malley
Director, Strategic Sourcing

Tim Garrett
Strategic Sourcing Manager - Heart & Vascular, Digestive Diseases, Anesthesia

Matt Danhof
Construction Equipment Sourcing Manager - Radiology, Rad Onc

Alan Holmgren
Strategic Sourcing Category Leader

Peter Brewster
Strategic Sourcing Analyst

Louis Firmstone
Strategic Sourcing Analyst
Strategic Sourcing Overview

**What we do:** Strategic Sourcing is an organized and collaborative approach to leveraging targeted spend across a system with select suppliers that are best suited to optimize value for our patients and our organization.
Strategic Sourcing - What We Manage

Value Analysis
- Procedural Analytics
- ECRI HTAIS
- VAT Meetings and Clinical Relationships
- VAT Approved Clinical Trials
- Implementation Coordination
- Gartner

Capital Equipment
- Trimedx
- ECRI
- IT Coordination

Contract, Pricing & Category Management
- GHX
- Vizient Actualyzer
- ECRI
- Valify
- Oracle
- iValua
- Scout
- Surgery Exchange

Supplier Relationship Management
- Vendormate
- Supplier Scorecarding
- Badge Access
- Supplier Gateway
Strategic Sourcing Overview

Building Resiliency

Value Analysis & Cost Controls

Notisphere & Surgery Exchange
Global Supply Chain Risks: Ongoing and Future

- **North America**
  - Port congestion
  - Trucker shortages
  - Rail congestion and rail worker’s contract

- **North America**
  - Hurricane/Storm
  - Labor shortages
  - Covid outbreaks

- **Europe**
  - Geopolitical Concerns
  - Energy shortages

- **China**
  - Mandated lockdowns halting manufacturing
  - Forced labor concerns
  - Export bandwidth
  - Container shortages

- **North America**
  - Covid outbreaks

- **China**
  - Export bandwidth
  - Container shortages
Building Resiliency: Supplier Expectations

1. Transparency
   
   Our supplier representatives need to be prepared to answer and provide documentation on product/device origin.

2. Proactive Communication
   
   Sales needs direct lines of communication with their Operations teams and provide data with alternative options before disruption hits our shelves.

3. Built in Resilience
   
   Suppliers need to invest in their resiliency plans. Diversify sites of production, invest in near/onshore capabilities, expand inventory positions and don’t outsell your operational capability. Work with our distributor (Cardinal) on communications and inventory.

4. Resiliency Tools
   
   We are partnering with Vizient on piloting a Supply Risk Solutions tool. Suppliers need to be able to partner with Vizient in providing manufacturing data.
Strategic Sourcing Overview

Resiliency Planning

Value Analysis & Cost Controls

Notisphere & Surgery Exchange
Driving Out Costs – Value Analysis

**Value Analysis** is: our process to effectively **remove cost** and **improve quality & outcomes** through supplies & services spend management & utilization optimization.

\[
\text{Value} = \frac{\text{Quality}}{\text{Cost}}
\]

- **New Technology**
- **Utilization & Waste**
- **Service Line Goals**
Driving Out Costs and Optimizing Outcomes - CSI

- Elements of traditional VA and PPI Centric VA carry over to CSI
- Allows for true Service Line Level Support
Value Analysis– Procedural Analytics

- Benchmark procedural costs across Vizient nationally
- Includes quality metrics
- Goal to include Ingalls post Epic Go Live
## Category Management-Off Cycle Projects

- While we maintain a bid calendar tied to contract timelines there are many scenarios where a category may require off cycle assessment.

- Inflationary pressures are increasing this cadence and price increases are becoming the primary initiation for projects off cycle along with supplier performance due to disruption.

<table>
<thead>
<tr>
<th>01 Initiation</th>
<th>02 Planning</th>
<th>03 Execution</th>
<th>04 Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Price Increase</td>
<td>• VAT Review</td>
<td>• Issue RFP</td>
<td>• Monitor Performance</td>
</tr>
<tr>
<td>• Tech Change</td>
<td>• Clinical Champion</td>
<td>• Negotiate Contract</td>
<td>• Track qualitative data if available</td>
</tr>
<tr>
<td>• Benchmark Alignment</td>
<td>• Market Assessment</td>
<td>• Coordinate Trials</td>
<td>• VAT Updates</td>
</tr>
<tr>
<td>• New Service/Surgeon</td>
<td>• Bid/No Bid</td>
<td>• Clinician Support</td>
<td></td>
</tr>
<tr>
<td>• Supplier Performance</td>
<td>• Establish Timeline</td>
<td>• Award Contract</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Communicate to Market</td>
<td>• Systems Updates</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Supplier Performance Data</td>
<td>• Operational Updates</td>
<td></td>
</tr>
</tbody>
</table>

### Off Cycle Projects

- While we maintain a bid calendar tied to contract timelines there are many scenarios where a category may require off cycle assessment.

- Inflationary pressures are increasing this cadence and price increases are becoming the primary initiation for projects off cycle along with supplier performance due to disruption.

### AT THE FOREFRONT

UChicago Medicine
Strategic Sourcing Overview

Resiliency Planning

Value Analysis & Cost Controls

Notisphere & Surgery Exchange
**Notisphere**

- Platform to communicate & manage recalls electronically between suppliers & providers
  - Reduce Waste - Removes paper & mailing time
  - Streamlines communication across all facilities

**Surgery Exchange**

- Platform to manage the Bill Only Process
  - Expedite payment cycle
  - Ensure pricing accuracy by using contract price validation

- **Implants not on contract will have delayed payment**

- **Reps need to be aware of what is on contract. You are responsible for ensuring pricing is agreed to before product is brought on site.**
Finally-Thank You To Our Supplier Partners
Non-Clinical Sourcing Team

Robbie Brown
Assistant Director, Strategic Sourcing

Ryan Malone
Sr. Sourcing Category Leader
• Support Services
• Facilities
• IT Technology
• Finance

Deona Hasimllari
Sourcing Category Leader
• One Epic Project – Clinical Applications + T Staffing
• Support Services

Allison Ross
Sourcing Category Leader
• HR
• Marketing
• Supply Chain
• Print Services

Enrique Lam
Sourcing Category Leader
• Revenue Cycle
• IT Applications (Clinical + Non-Clinical)
• Information Security
FY23 Priorities – Continue Supporting Vision of One UCM

Margin Improvement – Continue to execute strategies that reduce non-labor expenses to help support our system growth

Supporting Implementation of Enterprise Systems – Implementation of single instance of key enterprise systems will enable the system to drive operational efficiencies

Continued Enablement of Shared Services - Expansion of shared services and best practices allow the system to provide a consistent experience for patients and staff
FY23 Project Outlook

In Flight Initiatives
- Records Retention RFP
- EVS Supplies RFP
- Regulated Medical Waste Services RFP
- Revenue Cycle RPA/AI Solutions RFP
- Executive Search RFP
- Telecom Audit

Upcoming Initiatives
- Office Supplies RFP
- Mobile Phone Audit
- IT VAR Review
- Hardware Maintenance Review
- Offsite Housekeeping RFP
- Courier Services RFP
- Virtual Card Campaign

Target Start in FY23 Q2/Q3

Identified Initiatives
- ACH Processor
- Benefits Administration Platform Review
- Elevator Services Review
- Coding Services Review
- HVAC Maintenance Review

Target Start FY23 Q4+

Key FY22 Accomplishments:
Staffing and Application Support Contracting for Epic and Oracle Implementation
Healthcare Technology Management Contract
Freight Management Renewal
Ongoing Review of Payment Term Strategies

UChicago Medicine Payment Options

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>Payment Terms</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wells Fargo Virtual Card</td>
<td>Net 30 Days</td>
<td>Payment through virtual Wells Fargo Visa card Immediate Payment from Wells Fargo</td>
</tr>
<tr>
<td>Wells Fargo Electroni Fund Transfer via ACH</td>
<td>Net 45 Days</td>
<td>Only available to suppliers that participate within the GHX SPS Network</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>UCM is evaluating ACH processing partners</strong></td>
</tr>
<tr>
<td>Check</td>
<td>60 Days</td>
<td>Standard Check Payment</td>
</tr>
</tbody>
</table>

Freight Management Program

- Cardinal Optifreight is our Freight Management partner through FedEx
- Suppliers should be registered to ship through Optifreight when shipping to the Medical Center
- Ongoing review from supplier partners to optimize the number of packages shipped to UCM – fuel surcharges are accounting for 20% of UCM freight expenses
Clinical Engineering Partnership - Trimedx

- In FY22, UCM extended our partnership with Trimedx for Healthcare Technology Management Services to include the Hyde Park campus.
- This partnership allows us to scale Clinical Engineering services as our system continue to grow

**Supplier Dependencies**
- Responding to Trimedx calls/tickets in a timely manner – this includes making parts available for repairs
- Providing support/training to our UCM Trimedx techs
- Partnering with Trimedx to improve equipment uptime and mean time between failures
Supporting our FY23 Priorities

Supporting Implementation of Enterprise Systems
- Sharing the benefits from being an easier client to transact with
- Compliance to Security and Privacy Standards
- Support sunsetting of applications – data retrieval and potential access

Continued Enablement of Shared Services
- Working with our Enterprise Partners (Trimedx HTM Services, Cardinal Optifreight)
- Compliance to Master Agreement Terms

Margin Improvement
- Supporting Operational Expense Reduction Targets (5-7%)
- Payables (Virtual Card Program Participation, Electronic Payments)
Changes to Supplier Registration & Contracting

- Supplier Registrations moving from iValua to Oracle Cloud
- Working with iValua to update our current version to further leverage their Contract Management tool to complete full cycle contract reviews within their application
  - Integration with Office 365 to improve the redline/review experience
  - Improved Team chat functionality between UCM team and Supplier team to reduce email traffic related to contract reviews
University Collaborative

- Collaborative effort between 4 operating entities under the University of Chicago
- Identify opportunities across the 4 institutions to leverage synergies and optimize value
- Monthly meetings with updates on key initiatives
- Launch joint RFPs, address supplier performance issues, optimize contracts

UCM and UChicago are going through Oracle Cloud implementation that includes Points of Intersection around Construction Projects, Receiving, Suppliers, and Spend Reporting.
Supply Chain Affiliates

- Additional layer of UCM affiliations
- Access to UCM Contracts
- Opportunity to aggregate spends

**FY22 Successes**
- SRALab Alignment on Primary MedSurg Distributor and Freight Management Provider
- La Rabida Children’s Hospital Alignment on Pharmacy Wholesaler

Expectation is that all of our supplier partners are providing a similar level of support to our affiliate partners that UCM is receiving.
Joan Archie
Executive Director
Business Diversity & Compliance
Business Diversity at UCM Background

In 2003, during the construction of the Comer Children’s Hospital UCM launched the Construction Compliance Initiative to encourage opportunities for women and minority-owned business enterprises.

Since 2003 over $485M has been awarded and paid to certified minority and woman owned construction firms.

Over $92M has been paid to minority and female construction workers on capital projects.
In 2022 the Construction Initiative was expanded to include non-construction professional services, purchased services and renamed “Business Diversity and Compliance”
## Diverse Purchasing

**Goal:** To provide a level playing field and equal access for all contractors, subcontractors and suppliers to participate in opportunities.

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Actions</th>
<th>Metrics</th>
<th>Targets</th>
</tr>
</thead>
</table>
| Increase utilization of minority- and women-owned businesses as suppliers to UCM | • Review procurement policies and practices to ensure they do not present artificial barriers to inclusion  
• Develop policy surrounding the utilization of certified firms. A formal policy will help set expectations and establish accountability  
• Establish a minority and woman owned business utilization goal for non-construction spend.  
• Proactively cultivate diverse suppliers  
• Provide ongoing support to certified businesses, as warranted, to help them better compete to win new business and sustain contracts at UCM  
• Partner with advocacy groups and assist agencies to identify diverse suppliers | • Dollars spent annually with minority and women-owned businesses in professional services  
• Percent of local minority and women businesses competing for contract opportunities | Increase subcontracting with minority and women businesses  
Increase percent of minority and women businesses competing for bids  
Established utilization policy  
Established utilization goals |
## Supplier/Contractor Workforce

**Goal:** To provide opportunity for diverse workers and individuals residing within the zip codes surrounding the medical campus to work on UCM contracts

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Actions</th>
<th>Metrics</th>
<th>Targets</th>
</tr>
</thead>
</table>
| Increase economic benefit achieved by minority and female workers through wages earned and paid on UCM contracts | • Invest in local hiring strategies and partnerships with community-based organizations, such as Skills for Chicagoland's Future (SFCF) and the Cara Program  
• Require suppliers/contractors working on UCM contracts to present a team that includes diverse individuals and/or individuals residing in the defined zip codes surrounding the medical campus  
• Healthcare Working Together (HWT) collaborative to design, implement and evaluate development programs | • Number of hires from local target zip codes  
• Presentation of diverse teams working on UCM contracts | Increase hires from local zip codes |
## UCM Local and Diverse Sourcing Strategy

<table>
<thead>
<tr>
<th>Awareness</th>
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<th>Metrics</th>
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</thead>
<tbody>
<tr>
<td>• Continue to actively engage local organizations that are working to develop MWBE in the communities that we are providing care for (i.e. CASE, Chicago United, Chicago Minority Business Development Council)</td>
<td></td>
<td>• % Spend with MWBE (Tier 1 and Tier 2)</td>
</tr>
<tr>
<td>• Engage peers and supplier partners to exchange ideas and best practices</td>
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<td>• Number of MWBE firms participating as prime contractors</td>
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</table>

<table>
<thead>
<tr>
<th>Access</th>
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</thead>
<tbody>
<tr>
<td>• RFP Opportunities – targeting to include local MWBE firms in Purchased Services RFP’s</td>
<td></td>
<td>• # of Scorecards Completed with MWBE</td>
</tr>
<tr>
<td>• Contracting Language – Inserting language into Purchased Services contracts in target categories for Tier 1/2 spend goals with MWBE Firms, local firms, workforce goals</td>
<td></td>
<td>• # of Suppliers invited to Participate in RFPs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Development</th>
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<tbody>
<tr>
<td>• Standard UCM Supplier Relationship Model (Business Review, Scorecards) – leveraging our best in class model we are able to provide consistent feedback to our supplier partners to improve their operations and how they service us</td>
<td></td>
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<tr>
<td>• Growth – offering opportunity for suppliers to grow with us as we grow</td>
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</tbody>
</table>
Diverse Supplier of the Year
Diverse Supplier of the Year
Rob Martin
Director Supply Chain Operations
CHHD / Ambulatory
A Year of Growth

- Ingalls/Ambulatory has undergone rapid growth and transformation over the past year.
- Implementation of supply standards and technology across the network.
- Significant increase in Supply Chain scope of ownership and $ managed.
- Supplier partnerships play a critical role in our ability to continue upward growth trajectory.
A Year of Growth - Ingalls

24 New SC Managed Specialties:

- OR/Procedural
- Imaging
- Cardiac Rehab
- Pharmacy
- Respiratory Therapy
- Sterile Processing
- Infusion

BEFORE

AFTER
## A Year of Growth - Ambulatory

<table>
<thead>
<tr>
<th>Clinical Area</th>
<th>Completion Timeline</th>
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<tbody>
<tr>
<td>Tinley Park Family Care Center</td>
<td>Jul-20</td>
</tr>
<tr>
<td>Calumet City Family Care Center</td>
<td>Jul-20</td>
</tr>
<tr>
<td>Flossmoor Family Care Center</td>
<td>Jul-20</td>
</tr>
<tr>
<td>River East 1st Floor</td>
<td>Mar-21</td>
</tr>
<tr>
<td>Homewood</td>
<td>Jul-21</td>
</tr>
<tr>
<td>Dearborn Station</td>
<td>Jul-21</td>
</tr>
<tr>
<td>Silver Cross Expansion</td>
<td>Jul-21</td>
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<tr>
<td>South Shore Senior Center</td>
<td>Jan-22</td>
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<tr>
<td>Orland Park Lab Transformation</td>
<td>Feb-22</td>
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<tr>
<td>Flossmoor Neurology</td>
<td>Mar-22</td>
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<tr>
<td>River East Phase II Expansion</td>
<td>Jul-22</td>
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<tr>
<td>Tinley Park/Flossmoor Infusion</td>
<td>Sep-22</td>
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<tr>
<td>Shirley Ryan Ability Lab JV PT</td>
<td>Oct-22</td>
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<tr>
<td>Orland Park 4th Floor Expansion</td>
<td>Dec-22</td>
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<tr>
<td>River East Imaging Center</td>
<td>2023</td>
</tr>
<tr>
<td>Central Fill Pharmacy/Home Infusion</td>
<td>Apr-23</td>
</tr>
<tr>
<td>Northwest Indiana</td>
<td>2024</td>
</tr>
</tbody>
</table>
New Construction & Innovation

- Northwest Indiana Multi-Specialty Facility
- Hyde Park Cancer Center
- Moxi Robot Pilot
- Supply Room of the Future
Challenges

- **Labor Shortages** – Challenge our ability to maintain consistent operational support

- **Supply Disruptions** – Significant time lost to chasing substitutes, looking for supplier partners to help insulate UCM

- **Supply Resiliency** – Rethinking org structure to design roles focused on supply disruption mitigation, need for collaborative data sharing
Pete Bennett
Cardinal Health
SVP, Global Planning & Development
Improving fill rates

Using data, analytics, machine models, and intelligent automation allows us to build a digital integrated supply chain platform that will deliver a best-in-class customer experience.

Benefits to you

- End-to-end visibility (digital twin)
- Predict disruptions and improve service levels
- Increased speed of response
- Customer first approach to data
- Access to data to make value-added decisions
- Minimal human touch and friction
Inventory management implementation

Expand to supplier website bot to cover additional volume that was not previously being performed manually.

- **Supplier Websites**
  - Scope: automate manual work collecting ETAs
  - Baseline: 15k records/week

- **Supplier ASNs**
  - Automate ETA dates from shipping info sent by suppliers using APIs whenever available
  - Result is about 8k ETAs/day after go live

- **Supplier Emails**
  - Bots contact suppliers via email for ETA information on Open POs

- **Add additional suppliers and volume (all channels).**
  - Scale up bot infrastructure, moving to APIs wherever possible.

- **Have the bots check ETAs more frequently to ensure accuracy.**

- **Plan to deliver 2.6M ETAs per year.**

- **Update Supply Chain Notes with ETAs**
  - *used by Customer facing teams*
Cardinal Health (Supplier) Predictive Supply Dashboard

Provides projected inventory status for supplier products based on supplier ETAs.

Predictive Supply Insights:

- Projects inventory status current week plus four weeks.
- Utilizes supplier ASN, website ETAs, and supplier email communication for project inventory status.
- Provides inventory status by distribution center based on inbound supply, daily inventory, and weekly forecasts.
Cardinal Health (Supplier) Service Level Dashboard

Provides outbound supplier (adjusted and unadjusted) service level over the previous 6-months.

Service Level Insights:
• Provides line and unit service level by supplier.
• Calculates total unfilled lines and total quantity of units undelivered by supplier and down to product level.
Supply disruption support: investments advanced planning and visibility solution with Kinaxis

Fast, information-based decisions to help increase the agility of supply management

Enhancements

- Concurrent planning
  - Allows Cardinal Health the ability to more easily identify material constraints and viable alternatives for customers

- Instantly balance demand and supply
  - While accounting for capacity safeguards

- Scenario Planning
  - Simulated what-if scenarios to ensure expedited recovery in a disaster scenario
  - Evaluate scenarios for mid to long term growth potential and proactively analyze impact on the supply chain

Benefits

Proactive & predictive

- End-to-end planning visibility
- Improved planning through key indicators (i.e., seasonality/pandemic planning)
- Identify material constraints and allow planning teams to proactively find alternatives
- Enable more interactive collaboration through standardized S&OP process

Greater transparency & communication

- Quicker response through centralized data, collaborative planning, and scenario planning
- Provide Scion with proactive service issue alerts as well as potential solutions

Know sooner, act faster, remove waste

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Samuel Gonzalez
Senior Manager Accounts Payable
Anurag Jaiswal
Executive Director Supply Chain Systems & Analytics
FY22-23 Supply Chain IT System Priorities

- Ingalls One Epic Implementation
- Ingalls Supply Chain Transformation
- SOAR Implementation
- Bill Only Process Improvement
Project SOAR – Oracle Cloud ERP

UCM’s Enterprise Resource Planning system (ERP) manages business activities such as finance, human resources, and supply chain operations. The objective of this program is to implement a contemporary ERP system and supporting financial systems across the medical center and university.

**OBJECTIVE**
- Implement a contemporary ERP and supporting financial systems

**OUTCOME**
- Integrated technology suite that supports UCM structure and focus
  - Deploy a refined organizational entity structure through the technology platforms
  - Establish a unified enterprise platform which will enable rapid integration of future acquisitions
  - Create actionable analytics, a financially engaged workforce, and improved long term planning tools

**SUCCESS CRITERIA**
- End User satisfaction
  - Enablement of more efficient processes for end users, ‘back office’ teams, and IT that ultimately enable more time to serve the UCM patients and families
  - Improvement of overall user satisfaction through consistent and contemporary systems with robust integration
  - Ability to provide robust reporting of historical data

---

**AT THE FOREFRONT**

UChicago Medicine
Project SOAR Progress Update

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Q2 2021</th>
<th>Q3 2021</th>
<th>Q4 2021</th>
<th>Q1 2022</th>
<th>Q2 2022</th>
<th>Q3 2022</th>
<th>Q4 2022</th>
<th>Q1 2023</th>
<th>Q2 2023</th>
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<tbody>
<tr>
<td>UCM Deployment</td>
<td>Prepare</td>
<td>Imagine</td>
<td>Deliver</td>
<td>Run</td>
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<td>Key Milestones</td>
<td>1: Kick-Off</td>
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<td>2: Foundational Design Complete</td>
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<td>3: Build &amp; Test</td>
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<td>4: Mock Coversions Complete</td>
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<td>5: UCM Go-live (Oct 3rd 2022)</td>
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<td>6: Knowledge Transfer</td>
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</table>

| Ingalls Deployment | Prepare | Imagine | Deliver | Run |         |         |         |         |         |
| Key Milestones     |         |         |         |     |         |         |         |         |         |
|                    |         |         |         |     |         |         |         |         |         |
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|                    |         |         |         |     |         |         |         |         |         |
|                    |         |         |         |     |         |         |         |         |         |

- **Q1 2022**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q2 2022**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q3 2022**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q4 2022**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q1 2023**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q2 2023**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q3 2023**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q4 2023**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q1 2024**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q2 2024**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q3 2024**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q4 2024**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q1 2025**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q2 2025**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q3 2025**
  - Prepare
  - Imagine
  - Deliver
  - Run

- **Q4 2025**
  - Prepare
  - Imagine
  - Deliver
  - Run
<table>
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<th>FY</th>
<th>IMPROVEMENTS</th>
<th>Add Supplier</th>
<th>Add/Update Contract</th>
<th>Setup Item master</th>
<th>Place PO</th>
<th>Receive PO Status</th>
<th>Receive ASN</th>
<th>Receive Product</th>
<th>Receive Invoice</th>
<th>Make Payment</th>
<th>Use Product</th>
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</tbody>
</table>
Expansion of UCM Preferred Payment Portfolio

- UCM Accounts Payable will begin Supplier conversions from Check to ACH Q4 2022
  - Existing contract payment terms will remain in place until contract renewal
- Future Payment term/method would be determined as part of the sourcing event/contract process.

*Exception Payment Option

- Card Payment
- ACH 3rd Party
- Electronic Funds Transfer- ACH
- Check Payment*
  - Exception payment option
  - Net 90+ Payment Term
- Wire Transfer*
  - Exception Payment Option
Project SOAR & Supplier Partnership

- Cloud ERP and Opportunities
  - One UCM view to suppliers (Procure-to-Pay shared services)
  - Supplier Portal functionality for supplier self service
  - Improved Procure-to-Pay process
  - Enhanced master data quality

- Key Project Work-effort
  - Pre Go-live & Go-live execution
  - Contract price accuracy & AR balance clean-up before go-live

Thank You!!
Supply Chain Leadership
Q&A
Closing
This is a challenging time…but our core principles remain…

Quality – zero defects

Cost – best in market

Delivery – 100% on-time & complete

Technology – At The Forefront

Service – best in class
Thank You