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Spectrum Health and Beaumont Health Take First Step Toward Creating a New Health System For Michigan, By Michigan
New system will improve health care for people across the state

GRAND RAPIDS, Mich. and SOUTHFIELD, Mich. – [June 17, 2021] – Beaumont Health and Spectrum Health, two of the most respected health systems in Michigan, announced today they have signed a Letter of Intent (LOI) to explore creating a new health system. Leaders from Beaumont Health and Spectrum Health believe that creating a new Michigan-based health system will build a stronger future that provides more accessible, affordable and equitable health care and coverage for people across the state. Priority Health, Spectrum Health's top-rated, Michigan-based health plan, will also be part of the new system.

"Beaumont Health and Spectrum Health are leaders in our respective markets, and by bringing together our organizations to create a new system, we have the opportunity to deliver greater value in high-quality and affordable health care to our communities," Spectrum Health President & CEO Tina Freese Decker said. "Together, we can provide a more personalized experience that prioritizes individuals' health while also attracting and retaining great talent to our vibrant communities."

Beaumont Health Board Chair Julie Fream said, "As health care continues to evolve, there are a number of factors that proactive health systems must consider as they plan for the future. Beaumont Health has found a great Michigan partner in Spectrum Health, and together, we are uniquely positioned for success. As a new organization, we will provide Michiganders an enhanced, high-quality health care and coverage network built for them."

The organizations have shared goals for the new system, including:

- **Improving health and health equity:** Providing exceptional, equitable care and service to all patients and health plan members will always be at the center of the system's work.

- **Enhancing the consumer experience:** Making the experience easier for patients and members will include investing in new digital technologies and providing services in more convenient ways such as virtual and in-home care.

- **Improving health care quality, value and outcomes:** Creating a new health system, which includes the nation's third-largest provider-sponsored health plan, Priority Health, will allow for the development of and investment in innovative solutions that improve health care and coverage for all Michiganders.

- **Making health care more affordable for the communities we serve:** Bringing together the strengths of Spectrum Health and Beaumont Health will improve efficiency and deliver affordable, high-quality care and coverage across the state.

- **Ensuring the voices of team members and physicians are heard:** Gathering the input of physicians, nurses and other team members who are closest to patients will be critical to realizing the mission and vision of the new organization. The new organization will also foster a culture that attracts and retains top health professionals to live and work in Michigan.

Spectrum Health and Beaumont Health have also developed five guiding principles that will guide the creation of the new organization. The principles are outlined in a letter to the community.

The new organization will be governed by a new systemwide Board of Directors. The 16-member Board will include: seven seats appointed by Beaumont Health, seven seats appointed by Spectrum Health, the President & CEO of the new system, and a new Board member to be appointed following the creation of the new system. The Board will include at least three physicians. The temporary legal name of the new organization will be "BHSH System."

The new health system will be led by Tina Freese Decker, the President & CEO of Spectrum Health. The first Board Chair will be Julie Fream, the Board Chair of Beaumont Health. John Fox, President & CEO of Beaumont Health, will help ensure a successful transition to the new health system. Following this transition, he plans to leave the organization. A thorough process will be developed to identify and select the BHSH Beaumont Health president.

The new organization will operate 22 hospitals and 305 outpatient locations, with more than 64,000 team members, including more than 7,500 affiliated, independent and employed physicians, more than 3,000 affiliated, independent and employed Advanced Practice Providers, and more than 15,000 nurses. The new system will operate dual headquarters in Grand Rapids

and Southfield, and the President & CEO and senior executive leadership team will spend time on both sides of the state.

Beaumont Health and Spectrum Health are strong brands in their respective markets. There will be no immediate changes to the legacy brands. Those names will remain in their local markets pending adoption of the overall branding plan by the System Board. The new BHSH System will work together to determine a path forward that honors both legacy brands and will engage physicians, team members, donors and the community in that process.

Local fiduciary boards with committed community board members will remain in place to provide governance and leadership to the BHSH Beaumont Health, BHSH Spectrum Health West Michigan, BHSH Spectrum Health Lakeland and Priority Health divisions. Each board will retain local governance oversight over key areas unique to the communities they serve.

"Our organizations share complementary strengths in areas such as quality and have similar missions, visions and values," Beaumont Health President & CEO John Fox said. "We also both have deep relationships in our communities that are built upon providing excellent care and service. Together, we can leverage both of our strengths to further our focus on providing exceptional care for our communities."

Spectrum Health Board Chair Robert Roth added, "Spectrum Health has a proven track record of successful integrations and partnerships that improve quality and access to care and coverage, while maintaining important local relationships with physicians, donors and community members. Our ultimate focus is ensuring high-quality care for patients and members that is sustainable for today and tomorrow, and we are confident that creating a new system with Beaumont Health will achieve that goal."

As this process continues to evolve, Spectrum Health and Beaumont Health patients, members and communities will continue to receive exceptional care from physicians and teams they know and trust.

Beaumont Health and Spectrum Health hope to complete this process, which is subject to the execution of an integration agreement and applicable regulatory reviews, this fall.

A letter to the Beaumont Health and Spectrum Health communities, as well as updates on this process, is available here: www.formichiganbymichigan.org.

About Beaumont Health
Beaumont Health is Michigan's largest health care system and is most preferred for health care in Southeast Michigan, according to NRC Health survey data. The not-for-profit organization's more than 33,000 employees share a mission to provide compassionate, extraordinary care, every day. The system includes eight hospitals with 3,375 beds, 155 outpatient sites, nearly 5,000 affiliated physicians, 1,800 advanced practice providers, 9,000 nurses and 2,000

volunteers. Beaumont's total annual net patient revenue is $4.6 billion. In 2019, the health system had 179,600 inpatient discharges, 17,600 births and 577,000 emergency visits. For more information, visit beaumont.org.

About Spectrum Health
Spectrum Health is a not-for-profit health system that provides care and coverage, comprising 31,000+ team members, 14 hospitals (including Helen DeVos Children's Hospital), a robust network of care facilities, teams of nationally recognized doctors and providers, and the nation's third-largest provider-sponsored health plan, Priority Health, currently serving over 1 million members across the state of Michigan.

People are at the heart of everything we do. Locally governed and headquartered in Grand Rapids, Michigan, our $8.3 billion organization is focused on our mission: to improve health, inspire hope and save lives. Spectrum Health has a legacy of strong community partnerships, philanthropy and transparency. Through experience, innovation and collaboration, we are reimagining a better, more equitable model of health and wellness.

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