



Dogwood Health Trust (Dogwood) has a responsibility to help ensure that HCA lives up to certain commitments it made as part of its purchase of the Mission Health System.

Dogwood takes this responsibility very seriously and engaged an Independent Monitor to advise Dogwood regarding HCA's compliance with the commitments set forth in the asset purchase agreement. The Independent Monitor is Gibbins Advisors, LLC and a summary of their role, the reports issued by HCA, as well as the ability to report concerns, are available at [www.independentmonitormhs.com](http://www.independentmonitormhs.com).

At Dogwood's request, during the period from July 14, 2021 to July 29, 2021, the Independent Monitor accompanied Dogwood on site visits to the Mission Health System hospitals, participated in one community-hosted town hall meeting and met with various local leaders in areas surrounding Mission Health System hospitals outside of Asheville. Earlier in the year, the Independent Monitor hosted an informational webinar, received and responded to numerous emails and website submissions, and met by phone and video with community organizations, elected officials, county health officials, healthcare professionals, and individuals, including Sustaining Essential and Rural Community Healthcare (SEARCH), the Western Carolina Medical Society, Health Equity Coalition, and others.

The Independent Monitor and Dogwood reviewed the Annual Report for the period ended December 31, 2020 and the Capital Expenditure Report ("Cap Ex Report") for the year ended January 31, 2021 that were provided by HCA, and spent four months reviewing the information presented by HCA.

After consultation with the Independent Monitor and the North Carolina Attorney General, Dogwood sent HCA notification of two issues of potential noncompliance with the obligations under the asset purchase agreement for the period covered in the Annual Report. The first instance was a four-month cessation of endoscopic surgical services at Highlands Cashiers Hospital, from October 2020 through the end of the reporting period of January 31, 2021, without prior notification to Dogwood, as required by the Asset Purchase Agreement (APA). The temporary closure was due to mandatory construction and repairs to remediate a life-safety issue that existed prior to HCA's acquisition of Mission.

The second instance was the discontinuation of the SafeKids program, without prior notification to Dogwood, as required by the APA. The SafeKids program was absorbed by Mountain Area Health Education Center (MAHEC) and continues to operate.

On October 26, 2021, Dogwood sent notification of both issues of potential noncompliance to HCA. In addition, on June 29, 2021 Dogwood informed HCA that it accepted the Cap Ex Report, including the capital expenditures applicable to the commitment target, for the year ended January 31, 2021.

Between October 26, 2021 and April 22, 2022, Dogwood negotiated resolution of issues of potential noncompliance with HCA.

With respect to the temporary discontinuation of endoscopic surgical services at Highlands-Cashiers Hospital, HCA admitted no breach of contract or wrongdoing but agreed to work in good faith with Dogwood and other interested stakeholders to continue the provision of outpatient endoscopy services for an additional period between February 1, 2029 to June 30, 2029.

Because the SafeKids Program was absorbed by MAHEC and continues to operate with Mission Health still providing the program's car seats, the parties agreed the most effective resolution was a commitment that going forward representatives for HCA and Dogwood will meet regularly to discuss issues pertaining to each party's obligations under the APA, including the termination or transfer of any community programs.

During the Independent Monitor's review, members of the community and the Attorney General expressed various concerns relating to Mission Health System operations in 2020 that did not appear to give rise to potential noncompliance under the asset purchase agreement. Dogwood communicated with HCA and the Attorney General about those concerns.

Dogwood, with advice from the Independent Monitor, continues to monitor HCA's compliance with its commitments, including charity care and the provision of services at the Mission Health System hospitals. Dogwood will continue to notify the North Carolina Attorney General and HCA, as applicable, regarding HCA's compliance with its commitments.

Dogwood Health Trust Statement on HCA Compliance for Year 2 Reporting Period