

Henry Grady
Not-for-Profit Hospitals & Health Systems
Senior Vice President
Henry.Grady@Truist.com
(404) 813-5500

Michael Militello
Not-for-Profit Hospitals & Health Systems
Vice President
Michael.Militello@Truist.com
(404) 813-6013

Vaccination Trends
Source: CDC, as of September 19, 2021

Percent of Eligible Population Fully Vaccinated

64%

Number of People Fully Vaccinated

182MM

Total Doses Administered

386MM

Key Trends

- The Delta variant has altered the trajectory of the pandemic with care provider burnout becoming a major concern
- The pandemic of the unvaccinated has cost more than \$5BN since June
- More children are being infected with the Delta variant leading to schools becoming a focus as children under 12 are currently unable to be vaccinated and preventative measures such as masking are being politicized

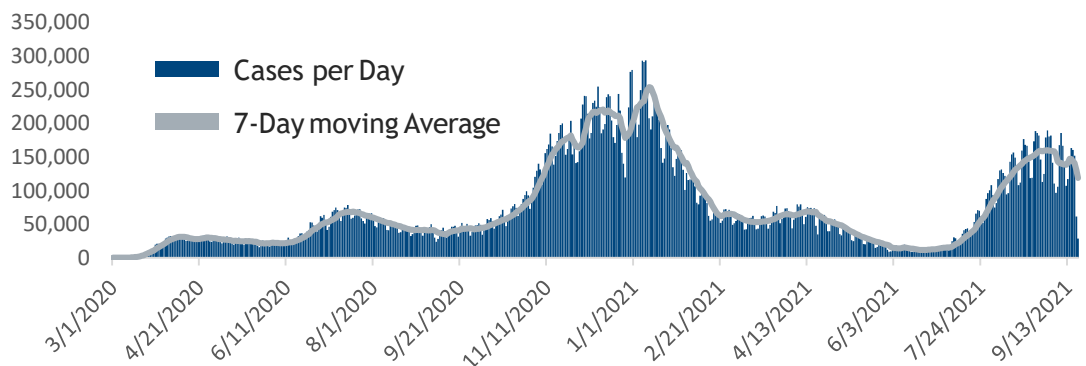
Delta variant alters Fall plans

As spring turned to summer and vaccination efforts ramped up, it appeared that the worst of the COVID-19 pandemic was in the rear view mirror. However, beginning in July, the Delta variant changed the course of the pandemic for the worse. States with lower vaccination rates have fared the worst of the Delta variant surge with the Southeast being hardest hit thus far. Hospitals from Florida to Texas are reporting low to no capacity in ICUs. Between 85% and 95% of those currently hospitalized are unvaccinated. The staggering number of unvaccinated hospitalizations has led to frustration amongst doctors and nurses with burnout becoming a major fear amongst leadership. There are

anecdotes from across the country documenting the frustration of physicians and nurses with the “pandemic of the unvaccinated.” Many in healthcare are feeling a sense of déjà vu that was avoidable had a greater percentage of the population chosen to get vaccinated. Additionally, the nursing shortage has continued with hospitals such as Duke Health and UNC Health having over 700 open nursing positions each as of late July. Sign-on bonuses of up to \$40,000 have been offered to try and fill vacant positions but some doubt the efficacy of the one-time payments. Pittsburg-based Allegheny Health has been offering bonuses of up to \$15,000 but the strategy “hasn’t been wildly successful” according to their chief nurse executive Claire Zangerle, DNP, RN.

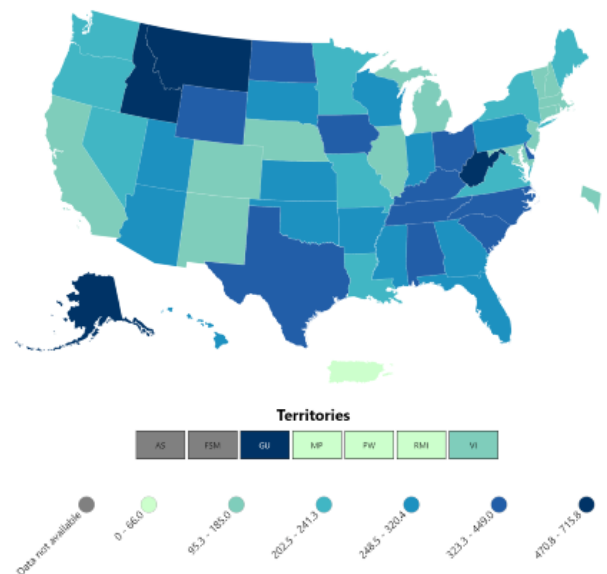
New COVID-19 Cases by Day in the United States

Source: CDC, as of September 19, 2021



U.S. COVID-19 7-Day Case Rate per 100,000

Source: CDC, as of September 19, 2021



The expense of unvaccinated hospitalizations adds up

The cost of unvaccinated hospitalizations has steadily risen since June. As of August the total estimated cost of preventable hospitalizations was roughly \$5.7BN according to a study by the Kaiser Family Foundation (“KKF”). According to the KKF study, more than 98% of those who have been hospitalized have been unvaccinated. The number of unvaccinated Americans is even more troubling given the abundance and cost (free) of the vaccines. Both the government and private enterprises are escalating influence to get the population vaccinated. On September 9th, President Biden announced a mandate that would have all companies with over 100 employees require vaccinations or be subject to weekly testing. This mandate would affect two-thirds of Americans. Individual companies are issuing their own mandates as well. For example, Delta is requiring employees to be vaccinated or face a \$200 per month “healthcare” fee.

Rise in pediatric cases

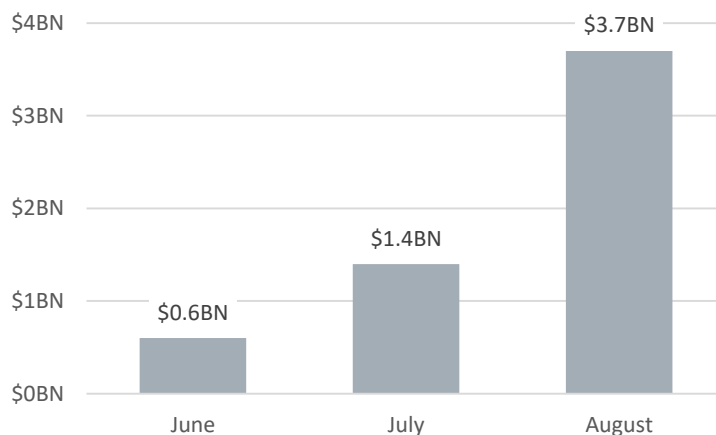
While the youngest population in the United States seemed relatively safe during the early stages of the COVID-19 pandemic, the Delta variant has proven more virulent. Since the beginning of the pandemic, children have accounted for roughly 15% of positive cases, however, that percentage has jumped to almost 30% as of the week ending September 9. With children under 12 still unable to be vaccinated and some states banning masking in schools, children’s hospitals across the county, and in particular the South and Midwest, are doing all they can to survive their current patient surge.

M&A continues but shifts to regional focus

Merger activity remained high through the first half of 2021 according to Kaufman Hall. There were 27 transactions in the first half of the year, down from 43 in the first half of 2020. Mergers have revolved around increased regionalization including a focus on building depth within current coverage areas and expanding into contiguous markets. A few examples include Atlanta-based Piedmont Healthcare’s acquisition of four Georgia hospitals from HCA Healthcare, and Charleston-based Medical University of South Carolina’s acquisition of three hospitals in South Carolina from LifePoint Health.

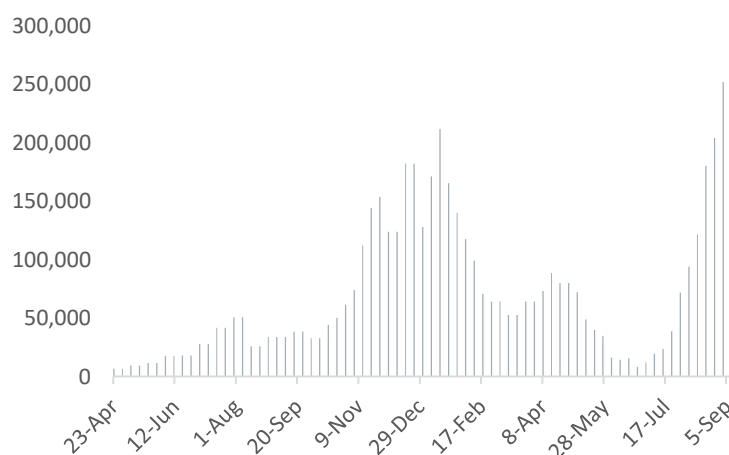
Estimated Cost of Preventable Hospitalizations

Source: Kaiser Family Foundation



New Pediatric COVID-19 Cases by Day in the United States

Source: American Academy of Pediatrics, September 9, 2021



First Half of Year M&A

Source: Kaufman Hall

