Certificate of Need Program

# EQUIPMENT REPLACEMENT APPLICATION

## Applicant's Completeness Checklist and Table of Contents

Project Name: Saint Luke's Hospital Linac Replacement  Project No: #6094HT

Project Description: Saint Luke's Hospital Cancer Center plans to purchase a new Linac to replace the equipment previously approved via CON #3583 HC

| Done | Page | N/A | Description |
|---|---|---|---|
| | | | **Divider I. Application Summary:** |
| ✓ | 2 | | 1. Applicant Identification and Certification (Form MO 580-1861) |
| ✓ | 4-8 | | 2. Representative Registration (From MO 580-1869) |
| ✓ | 9 | | 3. Proposed Project Budget (Form MO 580-1863) and detail sheet with documentation of costs. |
| | | | **Divider II. Proposal Description:** |
| ✓ | 10 | | 1. Provide a complete detailed project description, CON project number of the existing equipment (if prev. CON approved), and include the type/brand of both the existing equipment and the replacement equipment. |
| ✓ | 11 | | 2. Provide a listing with itemized costs of the medical equipment to be acquired and bid quotes. |
| ✓ | 10 | | 3. Provide a timeline of events for the project, from CON issuance through project completion. |
| | | | **Divider III. Service Specific Criteria and Standards:** |
| ✓ | 32 | | 1. Describe the financial rationale for the proposed replacement equipment. |
| ✓ | 34 | | 2. Document if the existing equipment has exceeded its useful life. |
| ✓ | 32 | | 3. Describe the effect the replacement unit would have on quality of care. |
| ✓ | 36 | | 4. Document if the existing equipment is in constant need of repair. |
| | | ✓ | 5. Document if the lease on the current unit has expired. |
| ✓ | 32 | | 6. Describe the technological advances provided by the new unit. |
| ✓ | 33 | | 7. Describe how patient satisfaction would be improved. |
| ✓ | 33 | | 8. Describe how patient outcomes would be improved. |
| ✓ | 33 | | 9. Describe what impact the new unit would have on utilization. |
| ✓ | 37 | | 10. Describe any new capabilities that the new unit would provide. |
| ✓ | 33 | | 11. By what percent will this replacement increase patient charges. |

*(If replacement equipment was not previously approved, also complete Divider IV below.)*

| | | | |
|---|---|---|---|
| | | | **Divider IV. Financial Feasibility Review Criteria and Standards:** |
| ✓ | 58 | | 1. Document that sufficient financing is available by providing a letter from a financial institution or an auditor's statement indicating that sufficient funds are available. |
| ✓ | 110 | | 2. Provide Service-Specific Revenues and Expenses (Form MO 580-1865) projected through three (3) **FULL** years beyond project completion. |
| ✓ | 58 | | 3. Document how patient charges are derived. |
| ✓ | 111 | | 4. Document responsiveness to the needs of the medically indigent. |

**Divider I. Application Summary:**

1. **Applicant Identification and Certification (Form MO 580-1861).**
   *The required Applicant Identification and Certification Form (Form MO 580-1861) is included in this application.*
   ***(See attachment #2, preceded by LOI attachment #1)***

2. **Representative Registration Form (Form MO 580-1869).**
   *The required Representative Registration Form (Form 580-1869) is included in this application.*
   ***(See attachments #3-#6)***

3. **Proposed Project Budget (Form MO 580-1863).**
   *The Proposed Project Budget is included in this application (Form MO 580-1863)*
   ***(See attachment #7)***

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# LETTER OF INTENT

## 1. Project Information *(Attach additional pages as necessary to identify multiple project sites.)*

| Title of Proposed Project (Name of existing or proposed facility) | County |
|---|---|
| Saint Luke's Hospital Linac Replacement | Jackson |

Project Address *(Street/City/State/Zip Code or Latitude and Longitude with City/State/Zip Code if no assigned address)*

4401 Wornall Rd, Kansas City Mo 64111

## 2. Applicant Identification *(Attach additional pages as necessary to list all owners and operators.)*

| **List All Owner(s):** *(List corporate entity.)* | Address (Street/City/State/Zip Code) | Telephone Number |
|---|---|---|
| Saint Luke's Cancer Institute | 4401 Wornall Rd, Kansas City MO 64111 | 816-932-2000 |
| | | |

| **List All Operator(s):** *(List entity to be licensed or certified.)* | Address (Street/City/State/Zip Code) | Telephone Number |
|---|---|---|
| Saint Luke's Cancer Institute | 4401 Wornall Rd, Kansas City MO 64111 | 816-932-2000 |
| | | |

## 3. Type of Review

**Full Review:**
- New Hospital
- New/Add LTC Beds*
- New/Add LTCH Beds/Eqpt.
- New/ Additional Equipment

**Expedited Review:**
- 6-mile RCF/ALF Replacement
- 15-mile LTC Replacement
- 30-mile LTC Replacement
- LTC Bed Expansion
- LTC Renov./Modernization
- ✓ Equipment Replacement previously approved
- Equipment Replacement not previously approved

**Non-Applicability Review:**
(See 7. Applicability next page)

## 4. Project Description *(Information should be brief but sufficient to understand scope of project.)*

*Include the number and type of long-term care beds to be added or replaced, square footage of new construction and/or renovation, services affected, and major medical equipment to be acquired or replaced. If replacing equipment previously approved, provide the CON project number of the existing equipment. If requesting a non-applicability letter, also complete the next page of this form.*

Saint Luke's Hospital Cancer Institute plans to purchase a new Linear Accelerator (LINAC). This will be a replacement for the equipment previously approved via CON #3583 HC. The quote received from the vendor for the equipment is $3,846,716 and there is an estimated cost for construction for install of $700,000. The square footage impacted by the construction required is approximately 770 sf. Upon approval, the project team expects to be able to complete the purchase of the equipment, install, and be ready for operation beginning in Q1 2025.

*If new or additional long-term care beds, provide the average occupancy of all licensed and available beds in the appropriate category within the fifteen-mile radius, check one of the following, and attach applicable documentation or explanation.

☐ Bed need standard is met. (*Attach documentation.*) -OR- ☐ Special exceptions apply. (*Attach explanation.*)

**Key:** LTC = Long-Term Care; LTCH = Long-Term Care Hospital; RCF/ALF = Residential Care Facility/Assisted Living Facility

## 5. Estimated Project Cost: $ 4,546,716

## 6. Authorized Contact Person Identification *(List only one person who would be the main contact person for the project)*

| Name of Contact Person | Title |
|---|---|
| Amy Lamb | Director Project Management Office |

Contact Person Address *(Company/Street/City/State/Zip Code)*

901 E 104th St, Kansas City MO 64131

| Telephone Number | Fax Number | E-mail Address |
|---|---|---|
| 314-210-9467 | | alamb@saint-lukes.org |

| Signature of Contact Person | Date of Signature |
|---|---|
| Amy Lamb | 2/9/24 |

Certificate of Need Program

# LETTER OF INTENT

## 7. Applicability *(Check the box below to indicate the rationale for the exemption or waiver being sought.)*

**A Proposed Expenditure form (MO 580-2375) is required even if the project cost is "$0".**

☐ If proposed expenditures are **less than the minimums** in §197.305(6), attach supporting documentation to illustrate how each of those amounts were determined, such as schematic drawings, equipment quotes, and contractor estimates.

☐ §197.305(9)(e) for additional long term care beds in the same category (certified as RCF/ALF, ICF or SNF) in a RCF/ALF, nursing home, or acute care hospital costing less than $600,000, and are 10 beds or 10% of that facility's existing capacity, whichever is less. The facility must have had no patient care class I deficiencies within the last 18 months and has maintained at least an 85% average occupancy rate for the previous 6 quarters.

If the proposal meets one of the **exemptions** or **exceptions** below, then check the appropriate box, and attach detailed documentation substantiating compliance with the statutory provisions as set out in Rule 19 CSR 60-50.410:

☐ §197.312 for an RCF/ALF previously owned and operated by the city of St. Louis; or

☐ If the proposal meets the definition of **"nonsubstantive projects"** in §197.305(10) and 19 CSR 60-50.300(13) for a **waiver** from review, complete both pages of this form as the first step in the process, and provide the rationale as to why the proposal should be deemed to be "nonsubstantive" in the space below.

☐ If the proposal meets the definition of **"purchase"** or **"replacement"** in §197.318(4) and 19 CSR 60-50.450(4) for an **exception** from review, complete both pages of this form, and provide the rationale in the space below, including attached schematics and other documentation as to why the proposal should be deemed to be "nonapplicable".

*Explain the rationale for the non-applicability letter request.*

Attachment #2

Certificate of Need Program

# APPLICANT IDENTIFICATION AND CERTIFICATION

*The information provided must match the **Letter of Intent** for this project, without exception.*

## 1. Project Location *(Attach additional pages as necessary to identify multiple project sites.)*

| Title of Proposed Project | Project Number |
|---|---|
| Saint Luke's Hospital Linac Replacement | #6094 HT |
| **Project Address** *(Street/City/State/Zip Code)* | **County** |
| 4401 Wornall Rd, Kansas City MO 64111 | Jackson |

## 2. Applicant Identification *(Information must agree with previously submitted Letter of Intent.)*

| **List All Owner(s):** *(List corporate entity.)* | Address (Street/City/State/Zip Code) | Telephone Number |
|---|---|---|
| Saint Luke's Cancer Institute | 4401 Wornall Rd, Kansas City MO 64111 | 816-932-2000 |
| | | |

| **List All Operator(s):** *(List entity to be licensed or certified.)* | Address (Street/City/State/Zip Code) | Telephone Number |
|---|---|---|
| Saint Luke's Cancer Institute | 4401 Wornall Rd, Kansas City MO 64111 | 816-932-2000 |
| | | |

## 3. Ownership *(Check applicable category.)*

- ☒ Nonprofit Corporation
- ☐ Individual
- ☐ City
- ☐ District
- ☐ Partnership
- ☐ Corporation
- ☐ County
- ☐ Other_____

## 4. Certification

In submitting this project application, the applicant understands that:

(A) The review will be made as to the community need for the proposed beds or equipment in this application;
(B) In determining community need, the Missouri Health Facilities Review Committee (Committee) will consider all similar beds or equipment within the service area;
(C) The issuance of a Certificate of Need (CON) by the Committee depends on conformance with its Rules and CON statute;
(D) A CON shall be subject to forfeiture for failure to incur an expenditure on any approved project six (6) months after the date of issuance, unless obligated or extended by the Committee for an additional six (6) months:
(E) Notification will be provided to the CON Program staff if and when the project is abandoned; and
(F) A CON, if issued, may not be transferred, relocated, or modified except with the consent of the Committee.

We certify the information and date in this application as accurate to the best of our knowledge and belief by our representative's signature below:

## 5. Authorized Contact Person *(Attach a Contact Person Correction Form if different from the Letter of Intent.)*

| Name of Contact Person | | Title |
|---|---|---|
| Amy Lamb | | Director Project Management Office |
| **Telephone Number** | **Fax Number** | **E-mail Address** |
| 314-219-9467 | | alamb@saint-lukes.org |
| **Signature of Contact Person** | | **Date of Signature** |
| Amy Lamb | | 2/20/24 |

Attachment # 3

Certificate of Need Program

# REPRESENTATIVE REGISTRATION

*(A registration form must be completed for **each** project presented.)*

| Project Name | Number |
|---|---|
| Saint Luke's Hospital Linac Replacement | #6094 HT |

*(Please type or print legibly.)*

| Name of Representative | Title |
|---|---|
| Amy Lamb | Director Project Management Office |

| Firm/Corporation/Association of Representative (may be different from below, e.g., law firm, consultant, other) | Telephone Number |
|---|---|
| Saint Luke's Cancer Institute | |

Address (Street/City/State/Zip Code)

4401 Wornall Rd, Kansas City MO 64111

Who's interests are being represented?
*(If more than one, submit a separate Representative Registration Form for each.)*

| Name of Individual/Agency/Corporation/Organization being Represented | Telephone Number |
|---|---|
| Saint Luke's Cancer Institute | 816-932-2000 |

Address (Street/City/State/Zip Code)

Check one. Do you:

- ☒ Support
- ☐ Oppose
- ☐ Neutral

Relationship to Project:

- ☐ None
- ☐ Employee
- ☐ Legal Counsel
- ☐ Consultant
- ☐ Lobbyist
- ☐ Other (explain):

Other Information:

I attest that to the best of my belief and knowledge the testimony and information presented by me is truthful, represents factual information, and is in compliance with §197.326.1 RSMo which says: *Any person who is paid either as part of his normal employment or as a lobbyist to support or oppose any project before the health facilities review committee shall register as a lobbyist pursuant to chapter 105 RSMo, and shall also register with the staff of the health facilities review committee for every project in which such person has an interest and indicate whether such person supports or opposes the named project. The registration shall also include the names and addresses of any person, firm, corporation or association that the person registering represents in relation to the named project. Any person violating the provisions of this subsection shall be subject to the penalties specified in §105.478, RSMo.*

| Original Signature | Date |
|---|---|
| Amy Lamb | 2/20/24 |

MO 580-1869 (11/01)

Attachment #4

Certificate of Need Program

# REPRESENTATIVE REGISTRATION

*(A registration form must be completed for **each** project presented.)*

| Project Name | Number |
|---|---|
| Saint Luke's Hospital Linac Replacement | #6094 HT |

*(Please type or print legibly.)*

| Name of Representative | Title |
|---|---|
| Shawn Moorehead | Chief Medical Physicist |

| Firm/Corporation/Association of Representative (may be different from below, e.g., law firm, consultant, other) | Telephone Number |
|---|---|
| Saint Luke's Cancer Institute | 816-932-2000 |

Address (Street/City/State/Zip Code)

4401 Wornall Rd, Kansas City, MO 64111

Who's interests are being represented?
*(If more than one, submit a separate Representative Registration Form for each.)*

| Name of Individual/Agency/Corporation/Organization being Represented | Telephone Number |
|---|---|
| Saint Luke's Cancer Institute | 816-932-2000 |

Address (Street/City/State/Zip Code)

4401 Wornall Rd, Kansas City, MO 64111

Check one. Do you:

- ☒ Support
- ☐ Oppose
- ☐ Neutral

Relationship to Project:

- ☐ None
- ☒ Employee
- ☐ Legal Counsel
- ☐ Consultant
- ☐ Lobbyist
- ☐ Other (explain):

Other Information:

I attest that to the best of my belief and knowledge the testimony and information presented by me is truthful, represents factual information, and is in compliance with §197.326.1 RSMo which says: *Any person who is paid either as part of his normal employment or as a lobbyist to support or oppose any project before the health facilities review committee shall register as a lobbyist pursuant to chapter 105 RSMo, and shall also register with the staff of the health facilities review committee for every project in which such person has an interest and indicate whether such person supports or opposes the named project. The registration shall also include the names and addresses of any person, firm, corporation or association that the person registering represents in relation to the named project. Any person violating the provisions of this subsection shall be subject to the penalties specified in § 105.478, RSMo.*

| Original Signature | Date |
|---|---|
|  | 02/26/2024 |

MO 580-1869 (11/01)

Attachment #5

Certificate of Need Program

# REPRESENTATIVE REGISTRATION

*(A registration form must be completed for **each** project presented.)*

| Project Name | Number |
|---|---|
| Saint Luke's Hospital Linac Replacement | #6094 HT |

*(Please type or print legibly.)*

| Name of Representative | Title |
|---|---|
| Carrie Lavin, RN, BSN, OCN | Director, Oncology Service Line |

| Firm/Corporation/Association of Representative (may be different from below, e.g., law firm, consultant, other) | Telephone Number |
|---|---|
| Saint Luke's Hospital | 816-932-2017 |

Address (Street/City/State/Zip Code)

4320 Washington St., Medical Plaza I, Suite 124 Kansas City, MO 64111

Who's interests are being represented?
*(If more than one, submit a separate Representative Registration Form for each.)*

| Name of Individual/Agency/Corporation/Organization being Represented | Telephone Number |
|---|---|
| Saint Luke's Cancer Institute | 816-932- 2575 |

Address (Street/City/State/Zip Code)

4401 Wornall Rd, Kansas City MO, 64111

Check one. Do you:

- [X] Support
- [ ] Oppose
- [ ] Neutral

Relationship to Project:

- [ ] None
- [X] Employee
- [ ] Legal Counsel
- [ ] Consultant
- [ ] Lobbyist
- [ ] Other (explain):

Other Information:

I attest that to the best of my belief and knowledge the testimony and information presented by me is truthful, represents factual information, and is in compliance with §197.326.1 RSMo which says: *Any person who is paid either as part of his normal employment or as a lobbyist to support or oppose any project before the health facilities review committee shall register as a lobbyist pursuant to chapter 105 RSMo, and shall also register with the staff of the health facilities review committee for every project in which such person has an interest and indicate whether such person supports or opposes the named project. The registration shall also include the names and addresses of any person, firm, corporation or association that the person registering represents in relation to the named project. Any person violating the provisions of this subsection shall be subject to the penalties specified in § 105.478, RSMo.*

| Original Signature | Date |
|---|---|
| Carrie Lavin | 02/28/24 |

MO 580-1869 (11/01)

Certificate of Need Program

# REPRESENTATIVE REGISTRATION

*(A registration form must be completed for **each** project presented.)*

| Project Name | Number |
|---|---|
| Saint Luke's Hospital Linac Replacement | |

*(Please type or print legibly.)*

| Name of Representative | Title |
|---|---|
| Christine Studna | Manager |

| Firm/Corporation/Association of Representative (may be different from below, e.g., law firm, consultant, other) | Telephone Number |
|---|---|
| Saint Luke's Cancer Institute | |

Address (Street/City/State/Zip Code)
4401 Wornall Rd; Kansas City, MO 64111

Who's interests are being represented?
*(If more than one, submit a separate Representative Registration Form for each.)*

| Name of Individual/Agency/Corporation/Organization being Represented | Telephone Number |
|---|---|
| Saint Luke's Cancer Institute | |

Address (Street/City/State/Zip Code)
4401 Wornall Rd, Kansas City, MO 64111

Check one. Do you:

- [X] Support
- [ ] Oppose
- [ ] Neutral

Relationship to Project:

- [ ] None
- [X] Employee
- [ ] Legal Counsel
- [ ] Consultant
- [ ] Lobbyist
- [ ] Other (explain):

Other Information:

I attest that to the best of my belief and knowledge the testimony and information presented by me is truthful, represents factual information, and is in compliance with §197.326.1 RSMo which says: *Any person who is paid either as part of his normal employment or as a lobbyist to support or oppose any project before the health facilities review committee shall register as a lobbyist pursuant to chapter 105 RSMo, and shall also register with the staff of the health facilities review committee for every project in which such person has an interest and indicate whether such person supports or opposes the named project. The registration shall also include the names and addresses of any person, firm, corporation or association that the person registering represents in relation to the named project. Any person violating the provisions of this subsection shall be subject to the penalties specified in § 105.478, RSMo.*

| Original Signature | Date |
|---|---|
| Christine Studna | 2/27/24 |

Certificate of Need Program

# PROPOSED PROJECT BUDGET

| Description | Dollars |
|---|---|
| **COSTS:*** | *(Fill in every line, even if the amount is "$0".)* |
| 1. New Construction Costs *** | $0 |
| 2. Renovation Costs *** | $650,000 |
| **3. Subtotal Construction Costs** (#1 plus #2) | $650,000 |
| 4. Architectural/Engineering Fees | $60,000 |
| 5. Other Equipment (not in construction contract) | $0 |
| 6. Major Medical Equipment | $3,846,716 |
| 7. Land Acquisition Costs *** | $0 |
| 8. Consultants' Fees/Legal Fees *** | $0 |
| 9. Interest During Construction (net of interest earned) *** | $0 |
| 10. Other Costs *** | $0 |
| **11. Subtotal Non-Construction Costs** (sum of #4 through #10 | $3,906,716 |
| **12. Total Project Development Costs** (#3 plus #11) | $4,556,716 ** |
| **FINANCING:** | |
| 13. Unrestricted Funds | $4,556,716 |
| 14. Bonds | $0 |
| 15. Loans | $0 |
| 16. Other Methods (specify) | $0 |
| **17. Total Project Financing** (sum of #13 through #16) | $4,556,716 ** |
| 18. New Construction Total Square Footage | 0 |
| 19. New Construction Costs Per Square Foot ***** | $0 |
| 20. Renovated Space Total Square Footage | 770 |
| 21. Renovated Space Costs Per Square Foot ****** | $844 |

* *Attach additional page(s) detailing how each line item was determined, including all methods and assumptions used. Provide documentation of all major costs.*

** *These amounts should be the same.*

*** *Capitalizable items to be recognized as capital expenditures after project completion.*

**** *Include as Other Costs the following: other costs of financing; the value of existing lands, buildings and equipment not previously used for health care services, such as a renovated house converted to residential care, determined by original cost, fair market value, or appraised value; or the fair market value of any leased equipment or building, or the cost of beds to be purchased.*

***** *Divide new construction costs by total new construction square footage.*

****** *Divide renovation costs by total renovation square footage.*

**Divider II. Proposal Description:**

**1. Provide a complete detailed project description, CON project number of the existing equipment, and include the type/brand of both the existing equipment and the replacement equipment.**

*The Saint Luke's Cancer Institute is seeking approval to replace an existing Linear Accelerator unit with a new Varian TrueBeam.*

*The unit for which we are seeking replacement was purchased in 2004 under CON #3583 HC. This unit is a Varian Clinac.*

*The replacement linear accelerator will be operated by the Saint Luke's Cancer Institute. It will be operated at the same location as the existing equipment and at no time will the two units be in operation at the same time. If approved, the replacement CT unit will be installed during the 2nd quarter of 2025. The estimated total project cost is $4,546,716. There is an estimated cost for construction of $700,000. An equipment quote of $3,846716 is included in this application.*
***(See attachment #8)***

**2. Provide a listing with itemized costs of the medical equipment to be acquired and bid quotes.**

*An itemized quote for the Varian TrueBeam is included in this application.*
***(See attachment #8)***

**Provide a timeline of events for the project, from CON issuance through project completion.**

*Once approved (Expected 4/22/24), SLHS will work with the vendor to be put on the waitlist for the equipment purchase. This must be done after we have an approved CON. Per the vendor, there is ~12 month wait period for the equipment. With this in mind, we expect to be able to complete the equipment purchase and installation in Q2 2025. The existing unit will be traded in to Varian as indicated in the itemized quote. At no time will both units be operating at the same time.*

varian
A Siemens Healthineers Company

# Custom System Proposal

## Quotation Number - 2024-451706

This quotation governed under the Master Purchasing Agreement (the or this "Agreement") is entered into effective as of the 1st day of May, 2019 ("the Effective Date") by and between Saint Luke's Health System Inc., ("Saint Luke's, also referred to herein as "Customer:"), a Kansas nonprofit corporation, on its behalf and on behalf of the Facilities and Varian Medical Systems, Inc. ( "Varian") a corporation. This agreement has an extension to 4/30/2025.

varian
A Siemens Healthineers Company

## ST LUKES HOSPITAL OF KANSAS CITY ("Customer")

4323 Wornall Rd
Kansas City Missouri 64111

## VMS Inc, Oncology Systems

Jill Skocelas
District Sales Manager
Work from home
Atlanta , GA 99999 US
Tel : 5134393083
Email : jill.skocelas@varian.com

*** Confidential - Proposal is intended for Recipient and Recipient's Site Representatives Only ***

## Quote Information

| | |
|---|---|
| Quotation Number : 2024-451706 | Quotation Valid Until : April 30, 2024 |
| Customer Requested Delivery Date : July 19, 2024 | |
| Customer Procurement Contact Name : Needed | |
| Billing Plan | See Quote billing plan Summary on the following pages which is incorporated by reference |

## Sales

| | |
|---|---|
| Incoterms : DPU Site Insured | Payment Terms : 30 days net |
| Sales PO Required : No | |

## Quotation Total

Quotation Total : US $3,846,716.00

## Terms and Conditions

**Products and Services:** Customer's access to and use of the Products, Support Services and Services (except Software-as-a-Service or Subscription Services) as indicated in this Quotation are subject to and governed by: (a) the Varian Terms and Conditions of Sale (Form RAD 1652) at: https://varian.com/RAD1652v_US_EN_OCT_2023 and (b) any Schedules, Exhibits and/or additional terms (including third party terms) contained, attached, referenced or otherwise indicated in this Quotation. All terms and conditions provided in the website link listed in item (a) above are incorporated by reference and form part of the contract between Varian and Customer.
If there is a separate written agreement (e.g. master agreement) in effect between the parties that expressly provides for and governs the purchase and sale of the specific Products, Support Services, Services, Software-as-a-Service and/or Subscription Service set forth in this Quotation, such written agreement shall govern. Hard copies of the referenced terms and conditions and any additional terms indicated will be provided to Customer upon request.

## For and on behalf of Customer

Authorized Representative :

Title :

Date :

## For and on behalf of Varian Medical Systems

Authorized Representative : Jill Skocelas
Title : District Sales Manager
Date :

# Billing Summary

| Sales Summary | |
|---|---|
| Value | Billing |
| 80.00% | On Shipment |
| 20.00% | On Acceptance |
| For orders equal or less than $100k, 100% upon shipment, net 30. | |

# Quotation Summary

## Offered Products (Sales)

| | |
|---|---|
| Scalable TrueBeam | Included |
| TB Upgs H191340 (H191340) | Included |
| Commissioning Services | Included |
| Eclipse | Included |
| DICOM Worklist | Included |
| Advantage Credits | Included |
| Remove/Dispose of Existing | Included |
| Adhoc | Included |

### ST LUKES HOSPITAL OF KANSAS CITY

| | |
|---|---|
| TrueBeam Upgrade (H199999) | Included |

| Item | Description | |
|---|---|---|
| **1.0** | Scalable TrueBeam | |
| 1.1 | **18/23 MV (BJR 11/17)**<br><br>40 cm x 40 cm maximum field size, dose rate range 0-600 MU/Min. | 1 |
| 1.2 | **10/10 MV (BJR 11/17)**<br><br>40 cm x 40 cm maximum field size, dose rate range 0-600 MU/Min. | 1 |
| 1.3 | **6/6 MV (BJR 11/17)**<br><br>40 cm x 40 cm maximum field size, dose rate range 0-600 MU/Min. | 1 |
| 1.4 | **20 MeV, 0-1000 MU/Min**<br><br>25 cm x 25 cm maximum field size, dose rate range 0-1000 MU/Min. | 1 |
| 1.5 | **16 MeV, 0-1000 MU/Min**<br><br>25 cm x 25 cm maximum field size, dose rate range 0-1000 MU/Min. | 1 |
| 1.6 | **12 MeV, 0-1000 MU/Min**<br><br>25 cm x 25 cm maximum field size, dose rate range 0-1000 MU/Min. | 1 |
| 1.7 | **9 MeV, 0-1000 MU/Min**<br><br>25 cm x 25 cm maximum field size, dose rate range 0-1000 MU/Min. | 1 |
| 1.8 | **6 MeV, 0-1000 MU/Min**<br><br>25 cm x 25 cm maximum field size, dose rate range 0-1000 MU/Min. | 1 |
| 1.9 | **6X High Intensity Mode**<br><br>40 cm x 40 cm maximum field size, dose rate range 400-1400 MU/Min in 200 MU/min steps. | 1 |
| 1.10 | **10X High Intensity Mode**<br><br>40 cm x 40 cm maximum field size, dose rate range 400-2400 MU/min in 400 MU/min steps. | 1 |
| 1.11 | **IGRT Couch Top**<br><br>Image Guided RadioTherapy (IGRT) carbon fiber treatment couch top, free of metal or other radiation-opaque materials.<br><br>**Features:**<br><br>• Indexed Immobilization® for compatible accessories<br>• Couch top interface for mounting patient immobilization and quality assurance devices at the head of the couch<br>• Lock bar for indexed positioning of equipment or immobilization devices on the couch top<br>• Handrail for couch positioning, with hooks for temporary pendant placement during patient set up | 1 |
| 1.12 | **PerfectPitch 6DoF Couch**<br><br>The PerfectPitchTM 6-Degrees of Freedom couch system<br>**Features:**<br>• Image-based 6DoF patient positioning<br>**Prerequisites:**<br>• TrueBeam® v2.5 MR2 or higher<br>• ARIA® oncology information system v11.1 MR1 (11.0.55) and ARIA radiation therapy management v11 MR3 (11.0.47) or higher or compatible third-party oncology information system | 1 |

| Item | Description | |
|---|---|---|
| | **Customer Responsibilities:**<br>• Verify compatibly of third-party oncology information system | |
| 1.13 | **Low-X Imaging Energy**<br><br>Low-X imaging energy configuration, providing high soft tissue contrast when imaging in-line with the treatment beam. | 1 |
| 1.14 | **RapidArc Treatment Delivery**<br><br>RapidArc® Treatment Delivery is a volumetric modulated arc treatment delivery technique.<br>**Features:**<br>• Simultaneous modulation of MLC aperture shape, beam dose rate, and gantry angle and rotation speed during beam delivery<br>• Supports dynamic jaw tracking and collimator rotation with supporting treatment planning system<br>**Prerequisites:**<br>• 120 Multi Leaf Collimator or HD120™ Multi Leaf Collimator<br>• Eclipse™ treatment planning system v11.0 or higher<br>• RapidArc treatment planning license<br>• Compatible server hardware and operating system. For detailed specifications, visit: www.varian.com/hardwarespecs | 1 |
| 1.15 | **Additional MotionView CCTV Camera System**<br><br>Additional set of two Motion View CCTV cameras and displays. Camera placement is at customer discretion.<br><br>**Features:**<br><br>• Two pan, tilt, zoom CCTV cameras<br>• Two desktopLCD displays with built in camera controls<br>• Adjustable viewing angle for patient privacy<br>• Push button pan, tilt, zoom, and home position control<br>**Prerequisites:**<br><br>• Motion View camera system, provided with linac system. | 1 |
| 1.16 | **Main Circuit Breaker Panel**<br><br>Main circuit breaker panel, interfacing to a single power input feed from the facility Mains. Circuit breakers provide independent over-current protection for equipment at the console and in the treatment room. UL and IEC/CE certified. | 1 |
| 1.17 | **Motion Management Interface**<br><br>Motion management interface is an integrated interface for validated external devices that provide patient positioning, patient and target motion monitoring, and/or respiratory gating. The Motion management interface supports connection of up to four external devices, two of which may be used for respiratory motion management or high speed beam hold.<br>**Features:**<br>• 4-DoF or 6-DoF patient positioning capability for compatible validated devices and couch configurations<br>• Integrated external device beam hold and image-based patient repositioning workflow<br>• Patient-specific external device activation and patient plan verification | 1 |
| 1.18 | **NLS: English** | 1 |
| 1.19 | **SRS Encompass IMB IGRT Couchtop**<br><br>The SRS Encompass™ Immobilization package from Qfix™ is a dedicated SRS immobilization package specifically tailored for use with the IGRT couch top.<br><br>**Features:**<br><br>• Encompass Intracranial Standalone Device (quantity: 2)<br>• Encompass mask system (quantity: 10) | 1 |

| Item | Description | |
|---|---|---|
| | • Direct Indexing™ Adapter for Varian IGRT couch top (quantity: 1)<br>• Locating bar (quantity: 1)<br><br>**Prerequisites:**<br><br>• IGRT couch top<br>• TrueBeam® v2.0 and higher<br>• VitalBeam® v2.5 (China only) and higher<br><br>**Notes:**<br><br>• Training will be provided by Qfix | |
| 1.20 | **Triggered Imaging**<br><br>Automated intrafraction 2D kV radiographic imaging, with images triggered by respiration phase or amplitude, gantry angle, time period, or MU. Automated image-based beam hold on fiducial markers, based on user-defined marker motion thresholds.<br><br>**Features:**<br><br>• Respiration Triggered Imaging<br>• MU Triggered Imaging<br>• Gantry Triggered Imaging<br>• Time Triggered Imaging<br>• Autobeam Hold<br>**Prerequisites:**<br><br>• Respiratory Motion Management System | 1 |
| 1.21 | **Vertical LAP Apollo Green Room Laser Kit**<br><br>LAP Apollo Green Room Laser Kit for patient alignment with Vertical Remote-Controlled Sagittal Line Laser.<br>**Features:**<br>• 1 Apollo Green Remote-controlled Ceiling Crosshair Laser<br>• 2 Apollo Green Remote-controlled Lateral Crosshair Lasers<br>• 1 Apollo Green Vertical Remote-Controlled Sagittal Line Laser | 1 |
| 1.22 | **Power Cond., 3phase 50KVA**<br><br>Transtector 50KVA, 3-phase power conditioning unit, providing transient protection, line power regulation, and Input and Output circuit breakers for over-current protection. UL and IEC/CE certified.<br><br>**Notes:**<br><br>• Supports voltage configurations from 208 to 600 VAC and in 50 or 60 Hz for US and ROW applications. | 1 |
| 1.23 | **TrueBeam Base System 120 MLC**<br><br>Treatment delivery system includes 120 leaf MLC with dual independent jaws, enhanced dynamic wedge, 6 MV X-ray treatment energy, 43 cm x 43 cm MV imager for radiographic, cine, and integrated imaging, Motion View CCTV camera system, treatment console with integrated audio and video systems, back pointer lasers, front pointer set, upper port film graticule to support basic quality assurance, and drum phantom for Machine Performance Check (MPC).<br>**Features:**<br>• Basic X-Ray treatment delivery technique package, including Static Photon, Photon Arc, and Dynamic Conformal Arc treatment delivery techniques<br>• Intensity Modulated Radiotherapy (IMRT) treatment technique, including large field IMRT<br>• Total Body Treatment technique package<br>• 2D MV Radiographic and Cine Image Acquisition, 2D/2D Radiographic Image Review and match, Cine image review<br>• Relative Portal Dosimetry Image and Integrated Image Acquisition<br>• Matching of 2D radiographs to 3D reference images | 1 |

| Item | Description | |
|---|---|---|
| | • Online addition of kV and MV imaging protocols to treatment fields, with automated generation of reference images<br>• Online Physician Approval of Images at Treatment Console (compatible with ARIA only)<br>• Automated Machine Performance Check Testing, Online Machine Performance Check Review<br>• Offline Machine Performance Check Review<br>• Image only sessions<br>• Unplanned Treatment Mode up to 5 fractions<br>• Fraction number displayed on in-room monitor<br>• Match environment layout for 2D/2D and 2D/3D layouts default to the 2-panel<br>• Custom DRR templates that are created in Eclipse will be available on the TrueBeam Platform<br>• Online access to a marketing kit that contains a broad range of advertising, educational, promotional, and public relations materials targeted to referring physicians, patients, and the media<br>• Electronic Dynamic Wedges (EDW)<br>• Large field IMRT<br>**Prerequisites:**<br>• ARIA oncology information system for radiation oncology v15.1 through v17.0, or ARIA OIS v18.0 or higher, or compatible third-party oncology information system<br>• Eclipse treatment planning system v15.1 or higher, or compatible third-party treatment planning system<br>• If third-party OIS:<br>  • Authentication Server for third-party OIS (Hardware and Software) or<br>  • Authentication Server for third-party OIS (Software only)<br>**Customer Responsibilities:**<br>• Verify compatibility with third-party oncology information systems if applicable<br>• Verify compatibility with third-party treatment planning systems if applicable<br>• If using a scale other than IEC 60601 or IEC 61217 in the rest of the department, it may be necessary to change scales on all other machines. This may require additional purchases.<br>**Notes:**<br>• Multiple patient name in Japan market is applicable for Kanji, Kana and Romaji characters to identify the patient | |
| 1.24 | **TrueBeam v3.0** | 1 |
| 1.25 | **HyperArc Treatment Delivery Capability**<br><br>Frameless, MLC-based technique for multiple intracranial SRS targets. Automated non-coplanar treatment delivery with integral intrafraction imaging at specified couch angles.<br>**Features:**<br>• HyperArc™ Delivery License<br>**Prerequisites:**<br>• TrueBeam™ or Edge® system v2.7 or higher<br>• RapidArc® delivery license or Varian Volumetric Modulated Arc Therapy delivery license<br>• PerfectPitch™ 6-Degrees of Freedom (6DoF) couch<br>• Varian IGRT couch top or QFix KVue™ or kVue Calypso® couch top<br>• Qfix™ Encompass™ SRS immobilization system for Qfix kVue™ or Qfix™ Encompass™ SRS immobilization system for kVue Calypso® or Qfix™ Encompass™ SRS immobilization system for IGRT couch top<br>• Eclipse™ treatment planning system v15.5 or higher<br>• HyperArc treatment planning license<br>• Eclipse RapidArc® planning license<br>• ARIA® oncology information system for radiation oncology v15.1 through v17.0, or ARIA OIS v18.0 or higher, or compatible third-party oncology information system<br>**Customer Responsibilities:**<br>• TrueBeam/Edge system needs to pass isocenter test that is performed by Varian installation/local service team.<br>• Use of external devices connected to Motion Management or ADI interfaces with HyperArc are not validated or supported by Varian.<br>• Verify compatibility with third-party oncology information systems if applicable<br>**Notes:**<br>• It is recommended that the patient CT scan used for treatment planning be acquired at a slice thickness of 1.25 mm or better | 1 |
| 1.26 | **kV Imaging System**<br><br>kV Imaging system, providing 2D radiographic and fluoroscopic and 3D CBCT imaging capability<br>**Features:**<br>• kV CBCT image acquisition, review, and match to 3D reference image | 1 |

| Item | Description | |
|---|---|---|
| | • Radiographic image acquisition, with 2D/2D and 2D/3D image matching to reference image<br>• Fluoroscopic image acquisition, with structure overlay on fluoroscopic images.<br>• kV CBCT image acquisition with a long field of view, provided by merging multiple indexed CBCT images online.<br>**Prerequisites:**<br>• ARIA oncology information system for radiation oncology v15.1 through v17.0, or ARIA OIS v18.0 or higher, or compatible third-party oncology information system<br>• TrueBeam Platform v3.0 or higher<br>**Customer Responsibilities:**<br>• Verify compatibility with third-party oncology information systems if applicable | |
| 1.27 | **Advanced Resp Motion Management System**<br><br>Advanced Respiratory Motion Management System is a stereoscopic optical system for managing patient respiration motion during treatment delivery and imaging.<br>**Features:**<br>• Stereoscopic optical imager, including marker block for tracking patient respiration motion<br>• Respiratory gated treatment delivery<br>• Respiratory gated MV image acquisition and online review, respiration synchronized cine image acquisition and online review<br>• Respiratory gated kV image acquisition and online review, respiration synchronized fluoroscopic image acquisition and online review<br>**Prerequisites:**<br>• TrueBeam®, VitalBeam, or Edge v2.7 and higher<br>• kV Imaging System | 1 |
| 1.28 | **Gated CBCT**<br><br>Gated Cone-Beam Computed Tomography (CBCT) provides the ability to acquire CBCT images synchronized with patient respiration (free-breathing or breath hold).<br>**Features:**<br>• Gated CBCT Imaging License<br>• Short Arc CBCT Imaging License: CBCT image acquisition using a 120-150-degree arc, image review, and image match to respiratory gated reference image. Short arc CBCT can be used for single breath hold CBCT data acquisition.<br>**Prerequisites:**<br>• TrueBeam®, VitalBeam, or Edge v2.7 or higher<br>• One of the following:<br>  • Advanced Respiratory Motion Management System<br>  • Basic Respiratory Motion Management System<br>• kV Imaging System | 1 |
| 1.29 | **4D CBCT Accelerated Reconstruction**<br><br>License and hardware package for 4D CBCT accelerated reconstruction.<br>**Features:**<br>• 4D Accelerated Reconstruction License<br>• 4D CBCT Imaging Package<br>**Prerequisites:**<br>• TrueBeam Platform v3.0<br>• kV Imaging System<br>• Basic Respiratory Motion Management or Advanced Respiratory Motion Management System | 1 |
| 1.30 | **Existing Baseframe 52" Fixed Floor**<br><br>Use of existing baseframe may require modification. | 1 |
| 1.31 | **Advantage Contract Credits** | 39 |

Advantage Credits can be utilized for Varian's Professional Services, such as on-site applications training, education, consulting (in applicable regions), and third-party services including clinical schools that are purchased through Varian. For further details, please reference the attached Terms and Conditions.

## Notes:

| Item | Description | |
|---|---|---|
| | • Offer is valid for 24 months after purchase | |
| 1.33 | **VCD Option, couch mounted**<br><br>Couch-mounted display system provides visual feedback to the patient for respiration stabilization or breath hold position during respiratory gated image acquisition or treatment delivery.<br><br>**Features:**<br><br>• 2 rechargeable batteries and charging system<br>• Video interface for optional use of customer-provided video goggles<br>• Wireless display system with adjustable count mount<br><br>**Prerequisites:**<br><br>• TrueBeam® v2.7 or higher<br>• One of the following:<br>  • Advanced Respiratory Motion Management System<br>  • Basic Respiratory Motion Management System<br>  • Respiratory Motion Management System<br>  • Optical Imager | 1 |
| 1.34 | **VCD w/Couch Mount - IGRT** | 1 |
| 1.35 | **Iterative CBCT**<br><br>Iterative CBCT provides improved detectability of stationary soft tissue anatomy.<br>**Features:**<br>• Iterative CBCT license<br>• Reconstruction computer with GPU hardware<br>**Prerequisites:**<br>• TrueBeam® Platform v2.7 MR3 or higher<br>• kV Imager<br>• kV CBCT imaging license | 1 |
| **2.0** | TB Upgs H191340 (H191340) | |
| 2.1 | **10X High Intensity Mode**<br><br>10X High Intensity Mode has a 40 cm x 40 cm maximum field size and dose rate range 400-2400 MU/min in 400 MU/min steps. | 1 |
| 2.2 | **SRS Encompass IMB IGRT Couchtop**<br><br>The SRS Encompass™ Immobilization package from Qfix™ is a dedicated SRS immobilization package specifically tailored for use with the IGRT couch top.<br><br>**Features:**<br><br>• Encompass Intracranial Standalone Device (quantity: 2)<br>• Encompass mask system (quantity: 10)<br>• Direct Indexing™ Adapter for Varian IGRT couch top (quantity: 1)<br>• Locating bar (quantity: 1)<br><br>**Prerequisites:**<br><br>• IGRT couch top<br>• TrueBeam® v2.0 and higher | 1 |

| Item | Description | |
|---|---|---|
| | • VitalBeam® v2.5 (China only) and higher<br><br>**Notes:**<br><br>• Training will be provided by Qfix | |
| **3.0** | Commissioning Services | |
| 3.1 | **AOS2a Comm Preconf 5X with SRS cones**<br><br>Comprehensive Eclipse® Data Set Collection for validation of Pre-Configured Models up to five (5) photon energies with SRS cones. AOS will commission up to three (3) standard and two (2) FFF X-ray energies and up to six (6) electron energies, as well as up to seven (7) SRS cones for one (1) energy. The service will take an estimated four (4) calendar days.<br>**Features:**<br>• All Eclipse required photon percent depth dose, profile, and output factor measurements for comparison with Varian Representative Beam data<br>• All Eclipse required electron percent depth dose, air profile and applicator factor measurements for comparison with Varian Representative Beam data<br>• All Eclipse required SRS cones depth dose, tissue maximum ratio, profile, and cone factor measurements for comparison with Varian Representative Beam data<br>• Small field measurements down to 1x1 for validation<br>• Eclipse modeling using preconfigured models with Varian Representative Beam data or customer equivalent machine models<br>• Enhanced Dynamic Wedges verification for various angles<br>• MLC measurements of MLC transmission and dosimetric leaf gap (DLG)<br>• Gamma analysis of measured vs Varian Representative Beam data<br>• Gamma analysis of measured vs Eclipse calculated data<br>• Absolute point dose measurements for comparison to TPS calculation (including SRS cones)<br>• RapidArc® commissioning<br>• TG51 reference calibration<br>• If applicable: Portal Dosimetry commissioning with preconfigured models<br>• IMRT and VMAT optimization<br>• Eclipse beam model configuration<br>  • Verify console configuration for the linac is setup properly in Eclipse. Import the console configuration if necessary<br>  • Utilizing Representative or preconfigured beam data, configure beam models for each energy. This will include AAA, AcurosXB® and optimizer models for x-rays, eMC for electrons and CDC for SRS cones<br>  • Creation and calculation of test plans for model validation<br>  • Complete sample EDW and RapidArc plans<br>  • Backup machine configuration and Eclipse beam data<br>• Absolute dose calibration check<br>  • Absolute dose calibration check of linac using the AAPM TG51 protocol for reference only as customer's physicist must do the final absolute dose calibration of the linac.<br>  • Customer physicist will specify the calibration geometry including SSD, depth at which 1MU=1cGy, and reference field size/applicator<br>• Data book and Commissioning report<br>**Customer Responsibilities:**<br>• Acceptance of accelerator and Eclipse machines must occur before commissioning can begin<br>• Full access 24/7 to the accelerator, accessories, and the control room<br>• Secured internet access<br>• Access to network computers, as well as ARIA®/Eclipse with administrator privileges<br>• Customer site physicist must be present for deliverables and approvals<br>**Notes:**<br>• This service does not include commissioning for Hard Wedge<br>• This service does not include clinical implementation<br>• This service does not include general configuration of ARIA/Eclipse, connectivity, image or data transfer, tolerance tables, user rights, and CT calibration | 1 |
| **4.0** | Eclipse | |
| 4.1 | **RapidPlan™ Knowledge Based Planning Core** | 1 |

| Item | Description | |
|---|---|---|
| | RapidPlan™ Knowledge-Based Planning Core Software leverages a machine learning approach and provides Dose Volume Histogram (DVH) estimation models for various disease sites.<br>**Features:**<br>• RapidPlan interface for one (1) user<br>• DVH estimation models from Varian<br>• Model Configuration interface for user defined DVH estimation models<br>**Prerequisites:**<br>• Interactive IMRT Planning | |
| 4.3 | **INCL ED: RP201 RapidPlan Implementation**<br><br>The RapidPlan® knowledge-based planning Implementation course enables participants to implement RapidPlan and make it part of the clinical routine. The training is designed to enable users to be competent and confident in using RapidPlan functionality within the Eclipse™ treatment planning system. Users will be provided the knowledge to help them gain mastery of knowledge-based planning concepts as well as experience using and creating DVH estimation models, including the ability to verify and validate models. Users will learn and practice strategies for leveraging Varian-provided and other shared models for a quick ramp-up with RapidPlan.<br>**Features:**<br>• Topics covered include:<br>  • Introduction to RapidPlan<br>  • Applying RapidPlan models<br>  • Model configuration workspace<br>  • Varian models and validation process<br>  • Creating a prostate and head-neck models<br>• Training Type: Virtual Instructor-Led Training (VILT). Additional course information will be provided at registration<br>**Prerequisites:**<br>• Eclipse™ treatment planning system installed and accepted<br>• Eclipse v13.6 or above<br>• Completion of Varian education courses EC101 and EC102<br>• Access to Model Analytics<br>**Customer Responsibilities:**<br>• Must have access to a telephone and computer with an internet connection<br>**Notes:**<br>• Includes tuition and materials for one person<br>• Offer is valid for up to 18 months after installation of product<br>• Non-transferable to other users, products, and services and non-refundable | 1 |
| 4.4 | **STD TRNG: Remote Training**<br><br>Standard remote training<br>**Features:**<br>• Customized training plan details will be provided by the training management team after the initial discussion of customer needs<br>• Training Type and Location: One remote training session up to 2 (two) hours with a clinical applications specialist<br>**Customer Responsibilities:**<br>• Remote access to the customer software may be required<br>• Review all product documentation available on MyVarian.com in advance<br>  • Customer Release Notes<br>  • Instruction for Use<br>• Must have access to a phone and computer with internet connection<br>**Notes:**<br>• Remote session should be scheduled within 30 (thirty) days of completing any applicable video learning modules<br>• Offer is valid for up to 18 months after purchase<br>• Non-transferable to other users, products, and services and non-refundable | 1 |
| 4.5 | **STD TRNG: RapidPlan Onsite**<br><br>Standard Onsite Training for RapidPlan™ knowledge-based planning. Customers will be trained in the process of validating and modifying shared RapidPlan models for their clinical Practice.<br>**Features:**<br>• Topics include:<br>  • Creating custom models | 1 |

| Item | Description | |
|---|---|---|
| | • Process of verifying and validating models<br>• Training plan details will be provided by the training management team as part of your product implementation process<br>• Duration and Location: 2 days onsite<br>**Prerequisites:**<br>• RapidPlan™ installed and accepted<br>**Notes:**<br>• Offer is valid for up to 18 months after installation of product<br>• Non-transferable to other products and services and non-refundable | |
| 4.6 | **Non-Clinical RapidPlan**<br><br>Non-Clinical RapidPlan™ Knowledge-Based Planning Software leverages a machine learning approach and provides Dose Volume Histogram (DVH) estimation models for various disease sites.<br>**Features:**<br>• Non-Clinical RapidPlan interface for one (1) user<br>• Non-Clinical DVH estimation models from Varian<br>• Non-Clinical Model Configuration interface for user defined DVH estimation models<br>**Prerequisites:**<br>• Eclipse T-Box Software Package or Eclipse Educational/Research SFW Package | 1 |
| 4.7 | **HyperArc Planning**<br><br>Eclipse external beam planning for frameless, MLC-based delivery technique for single or multiple intracranial SRS targets in support of HyperArc™ delivery.<br><br>**Features:**<br><br>• HyperArc™ Planning License for one user<br>**Prerequisites:**<br><br>• HyperArc delivery license<br>• TrueBeam® or EDGE™ system software v2.7 or higher<br>• Eclipse RapidArc Planning License | 1 |
| 4.8 | **STD TRNG: HyperArc Consultant Suprt**<br><br>Standard Training HyperArc™ Consultant Support<br>**Features:**<br>• Consultant will provide clinical support to establish a Stereotactic Radiosurgery (SRS) Program at customer site. The consultant will cover the necessary workflow for the following:<br>  • patient selection<br>  • positioning and imaging<br>  • treatment planning<br>  • dose prescriptions and organ at risk sparing<br>  • quality assurance<br>  • treatment imaging and delivery<br>  • patient follow up<br>• Duration and Location: 2 days at customer site plus 4 hours of remote support<br>**Prerequisites:**<br>• HyperArc v15.5 or higher installed<br>• Truebeam v2.7 or higher installed<br>**Notes:**<br>• Offer is valid for up to 18 months after installation of product<br>• Non-transferable to other products and services and non-refundable<br>• This entitled training is for up to 3 users. The intended audience includes physicists, physicians, dosimetrists, treatment planners and other staff as appropriate | 1 |
| 4.9 | **STD TRNG: HyperArc- Onsite**<br><br>Standard Training for HyperArc™ Planning. Intended audience includes physicists, dosimetrist/treatment planners and other staff as appropriate.<br>**Features:**<br>• Training Plan details will be provided by the training management team as part of your product implementation process. Topics covered can include: | 1 |

| Item | Description | |
|---|---|---|
| | • Workflow treatment planning from CT protocol<br>• Plan generation<br>• Fixation device<br>• Optimization<br>• Plan preparation for imaging and treatment<br>• Duration and Location: 1 day at customer site<br>**Prerequisites:**<br>• HyperArc installed<br>**Notes:**<br>• This entitled training is for up to 3 users<br>• Offer is valid for up to 18 months after installation of product<br>• Non-transferable to other products and services and non-refundable | |
| 4.10 | **STD TRNG: HyperArc Follow Up Trng**<br><br>Standard Training HyperArc™ Follow Up Training Onsite<br>**Features:**<br>• Applications trainer will provide on-site follow up visit to answer questions related to use of the system<br>• Duration and Location: 1 day at customer site<br>**Prerequisites:**<br>• Customer must have already treated patients using the HyperArc system<br>• Customer must have completed the HyperArc Consultant Support standard training<br>**Notes:**<br>• Offer is valid for up to 18 months after installation of product<br>• Non-transferable to other products and services and non-refundable<br>• This entitled training is for up to 3 users. The intended audience includes physicists, physicians, dosimetrists, treatment planners and other staff as appropriate<br>• This training will optimally occur approximately 4 weeks after HyperArc go live. | 1 |
| 4.11 | **INCL VT: HP101 HyperArc TPD VarianThink**<br><br>This HyperArc Treatment Planning and Delivery VarianThink course is designed to provide the staff knowledge and understanding required to effectively commission and use the HyperArc software.<br>**Features:**<br>• • Topics covered include:<br>• Review of the software<br>• Encompass Device<br>• Simulation Procedure<br>• Creating a HyperArc Treatment Plan<br>• Quality Assurance<br>• Treatment Delivery<br>• Training Type: e-learning modules via the VarianThink™ online platform<br>**Prerequisites:**<br>• • Basic knowledge of computers and the Windows operating system<br>• Eclipse™ treatment planning v15.5 or above<br>• ARIA® oncology information system v15.1 above<br>• TrueBeam® system / Edge® radiosurgery system v2.7 or above<br>• Completion of the HyperArc Quality Assurance -- State of the Art and Future Directions Webinar by Richard Popple on MyVarian.com<br>• Must have Encompass device from QFix and completed Pre-Onsite Encompass Support and Fabrication of Immobilization Device training from QFix<br>**Customer Responsibilities:**<br>• Must have a computer or device with internet access to view online content<br>**Notes:**<br>• This entitlement includes system access for one user per licensed account<br>• Offer is valid for up to 18 months after installation of product<br>• Access to course content is valid for up to 90 days from initial access of the course on the VarianThink online platform<br>• Non-transferable to other users, products, and services and non-refundable | 1 |
| 4.12 | **Non-Clinical HyperArc**<br><br>Eclipse™ external beam planning for frameless, MLC-based delivery technique for single or multiple intracranial SRS targets in support of HyperArc™ delivery.<br>**Features:** | 1 |

| Item | Description | |
|---|---|---|
| | • Non-Clinical HyperArc Planning License for one (1) user<br>**Prerequisites:**<br>• Eclipse T-Box Software Package or Eclipse Educational/Research SFW Package<br>• Non-Clinical RapidArc Planning | |
| **5.0** | DICOM Worklist | |
| 5.2 | **Varian Modality Worklist**<br><br>The Varian Modality Worklist provides connectivity to a DICOM modality compliant system, 3rd party imaging device.<br>**Features:**<br>• Query for appointments scheduled in ARIA® for Radiation Oncology (RO)<br>• Update appointment status in ARIA for RO<br>• Capturing of procedure codes by ARIA for RO<br>• One (1) DICOM Modality Worklist license for one (1) DICOM modality compliant, 3rd party imaging device.<br>**Prerequisites:**<br>• DICOM RT<br>• ARIA for RO v16.0 or higher<br>**Customer Responsibilities:**<br>• Workstations with Windows 10 OS with .net framework v4.6.2 or higher<br>• Compatible software, hardware, and licenses from the external imaging modality vendor | 1 |
| 5.4 | **STD TRNG: Varian Worklist**<br><br>Training is included with the purchase of Varian Work list. Training plan details will be provided by the training management team as part of your product implementation process.<br>• Offer is valid for 18 months after installation. Training is not transferable with other products and services | 1 |
| **6.0** | Advantage Credits | |
| 6.1 | **Advantage Contract Credits**<br><br>Advantage Credits can be utilized for Varian's Professional Services, such as on-site applications training, education, consulting (in applicable regions), and third-party services including clinical schools that are purchased through Varian. For further details, please reference the attached Terms and Conditions.<br><br>**Notes:**<br>• Offer is valid for 24 months after purchase | |
| 6.2 | **Additional Advantage credits**<br><br>(Qty : 60, Credit per Qty : 1.0)<br>Undefined Advantage credits | 60.0 |
| **7.0** | Remove/Dispose of Existing | |
| 7.1 | **Remove/Dispose Existing Equipment** | 1 |
| **8.0** | Adhoc | |
| 8.1 | **Discount**<br><br>FY23 End of Year Discount. Valid through 9/29/23. | 1 |
| Site: | ST LUKES HOSPITAL OF KANSAS CITY | |
| **9.0** | TrueBeam Upgrade (H199999) | |
| 9.1 | **HyperSight Imaging Solution Upg**<br><br>This upgrade provides HyperSight™ to a system on the TrueBeam® Platform | 1 |

| Item | Description |
|---|---|

**Features:**

- Gantry speed up to 1.5 RPM for Imaging and automated motions between treatment fields.
- CBCT Metal Artifact Reduction
- HU Accuracy and Uniformity
- Extended Field of View reconstruction
- Quart phantom for HU calibration
- 27" Console Monitors

**Prerequisites:**

- TrueBeam or Edge™ v4.1 or higher
- ARIA® oncology information system (OIS) v15.1 - v18.0 or higher, or compatible third-party
- Eclipse™ treatment planning system v15.1 or higher, or compatible third-party
- If third-party OIS:

o Authentication Server for third-party OIS (Hardware and Software) or
o Authentication Server for third-party OIS (Software only)

## Summary of Advantage Contract Credits Quoted Above

Section 6.0

| | |
|---|---|
| Year 1 Total | 60.0 |
| Total Credits | 60.0 |

## Sales Price Table

| | |
|---|---|
| TradeIn-Cancellations | US $-200,000.00 |
| Sales Total | US $3,846,716.00 |
| Quotation Total | US $3,846,716.00 |

# Advantage Credits
# Supplemental Terms and Conditions

## (Form RAD 10442)

These Advantage Credits Supplemental Terms and Conditions ("**Supplemental Terms**") modify and supplement the Varian Terms and Conditions of Sale (Form RAD 1652, current version issued with the Quotation) (the "**Terms and Conditions of Sale**"). The terms of the applicable Varian Quotation ("**Quotation**"), its attachments, including the Terms and Conditions of Sale, are incorporated herein by this reference, and together with these Supplemental Terms and any applicable Third Party Terms (as defined in the Quotation) (collectively referred to as the "**Agreement**") will apply and govern the use by Customer of Advantage Credits.

**1. General**

The Varian Advantage Credit Program (the "**Program**") offers customers the ability to purchase Advantage Credits in advance that can be applied toward designated Varian Professional Services including certain consulting (e.g. specified and limited implementation and optimization services), on-site training, educational courses and a limited number of services provided by designated third party service providers, including clinical schools and physics commissioning services. Advantage Credits provide flexibility for the Customer to apply them interchangeably for those designated services available under the Program without having to modify the underlying Quotation and related purchase order. However, Varian must be notified in advance and in writing of any requested changes to selected services.

**2. Expiration Schedule**

Advantage Credits expire according to the following schedule:

| Type of Order | Expiration Date |
|---|---|
| Advantage Credits only (no Varian products) | 24 months from date of order |
| Advantage Credits with one or more Varian products | 24 months from first date of product/service acceptance |
| Multiyear agreement | End of the term of agreement |

**3. Scopes of Work**

Varian or its third party service providers may, at their discretion, set forth in a written Scope of Work (SOW) a description of the services to be provided by Varian or the third party service provider. If the services that will be purchased with Advantage Credits are defined within the Quotation, Varian will offer the specific services listed for the amount of Advantage Credits indicated. If Advantage Credits in the Quotation are "**Undefined**", Varian will indicate the number of Advantage Credits required for a particular service at the time the Customer wants to use them.

**4. Third Party Service Providers**

4.1 Certain services are provided by and through third party service providers that are not affiliated with Varian, namely clinical schools and physics services (e.g. commissioning). Varian disclaims any warranty or performance obligations related to any third party service provider and will act solely as a pay agent, to collect fees for services from Customer and to pay fees for such services to the third party service provider. Customer has the final decision to purchase services through Varian third party service providers or to select another service provider outside of the Quotation and Varian does not make any recommendations to use third party service providers.

4.2 **Changes to Third Party Service Providers by Customer.** Customer shall have a one-time right to request in writing that a third party service provider be replaced with an alternate provider that is participating in the Program. If Varian, at its sole discretion, approves the request, Customer shall be subject to any related termination fees and additional costs incurred by Varian or the third party service provider and other terms and conditions indicated in the

SOW and/or Quotation. Customer, the third party service provider, and if applicable, its subcontractors, shall have full responsibility for services as defined in the Quotation or SOW, as applicable, and Varian shall have no responsibility, obligation and/or liability whatsoever for those services. The third party service provider shall not be construed to be a subcontractor, employee, or agent of Varian. Varian will forward any requests for warranty work that it receives from Customer to the third party service provider. Except as otherwise provided in this section of the Quotation, the Terms and Conditions of Sale shall apply to this section just as it applies to all other parts of the Quotation.

4.3 **Changes to Third Party Service Providers by Varian.** Varian reserves the right, at its sole discretion, to change, from time to time, its list of third party providers that participate in the Program.

**5. Performance of Services**

All services shall be performed by Varian or the third-party service provider under permits, licenses, authority, supervision, and control of Customer and its staff, including licensed physicists, physicians, and other qualified healthcare professionals. Customer and its staff shall have the requisite permits (including applicable certificates of need), licenses, and authority to oversee and have such services performed on Customer's behalf.

**6. Service Offerings**

Varian reserves the right, at its sole discretion, to change the designated services which are offered under the Program at any time without prior notice. Varian will work with Customer to offer a mutually acceptable alternative or apply affected credits toward other offerings within the Program.

## Quotation Total

| | | |
|---|---|---|
| | Quotation Total | US $3,846,716.00 |

**Divider III. Community Need Criteria and Standards:**

1. **Describe the financial rationale for the proposed replacement equipment.**
   *The existing equipment is at end of service so can no longer be maintained. While the existing equipment is in working condition, the technological capabilities of the new unit will allow for enhanced outcomes through increased efficiency and advanced accuracy.*

2. **Document if the existing equipment has exceeded its useful life.**
   *The existing unit was purchased in **2005 after being approved under CON #3583 HC.** The existing unit is in working condition but is at end of service for our maintenance agreement and so can no longer be maintained. A letter describing the end of service details has been included in this application.*
   ***(See attachment #9)***

3. **Describe the effect the replacement unit would have on quality of care.**
   *The Varian TrueBeam will enable new levels of radiation therapy quality, clinical outcomes, and ultimately precision medicine. Intelligent automation supports safe, standardized, and highly performant workflows – allowing for reproducible precision.*

4. **Document if the existing equipment is in constant need of repair.**
   *A summary of service calls specific to this unit has been included in this application.*
   ***(See attachment #10)***

5. **Document if the lease on the current equipment has expired.**
   *Not applicable. The existing equipment is not leased.*

6. **Describe the technological advances provided by the new unit.**
   *The Varian TrueBeam provides a number of technological advances that will allow us to meet the need for high productivity and an improved patient experience while ensuring excellence in radiation therapy.*

   *Advanced technological features include:*
   - *HyperArc generates and delivers radiosurgery plans with greater efficiency, consistency, and quality.*
   - *HyperSite provides enhanced spatial and contrast resolution, as well as increased FOV to improve visualization of the entire patient volume and surrounding organs at risk during treatment.*
   - *High precision dosage control with sub-millimeter accuracy ensuring delivery conformality.*
   - *Advanced imaging which includes respiration-synchronized radiographs, 4D CBCTs, iterative CBCTs, and triggered imaging to customize setup imaging specific to the type of patient treatment being delivered.*

***7. Describe how patient satisfaction would be improved.***

*The new Varian TrueBeam offers multiple features designed to improve patient experience.*

*New patient-centered features include:*

- *Reduced Treatment Times: The TrueBeam's unique HyperSite solution in combination with the increased dose rates of its high intensity modes reduce both the pretreatment setup imaging time and treatment time for a reduction in overall time for the patient.*
- *Ability to Treat a Wider Range of Cancer Cases: The depth and breadth of technology integration in the TrueBeam platform is designed to enable clinicians to treat a wider array of cancer cases using a diverse range of radiation therapies which include SRS, SBRT, HyperArc, VMAT, IMRT, IGRT, and RapidArc.*
- *Visual Coaching Device: The unit is designed to provide patients with active feedback on their respiration, allowing both consistent breath-hold motion extend and more efficient breath-hold treatments.*

***8. Describe how patient outcomes would be improved.***

*Saint Luke's Hospital strives to achieve exceptional clinical and patient outcomes. The Varian TrueBeam is equipped with a wealth of new clinical capabilities that translate to high-quality radiation therapy outcomes, even for complex cases, while maintaining short and more predictable time slots. We foresee this as a path to confident treatments, allowing us to tackle existing, new and future clinical demands while addressing any upswing in patient volume.*

***9. Describe what impact the new unit would have on utilization.***

*In daily practice, radiation therapy workflows are often challenged by insufficient or outdated tools. This can affect consistency and efficiency. We expect to see increased utilization with this replacement unit because of numerous technological advancements that will allow for increased productivity.*

***10. Describe any new capabilities that the new unit would provide.***

*The new Varian TrueBeam offers cutting-edge external beam radiation therapy techniques to help clinicians excel. The unit features new HyperArc high-definition radiotherapy technology, a PerfectPitch 6 degrees of freedom couch, HyperSite imaging technology, as well as advanced imaging acquisition capabilities for safer, more efficient, and more diverse treatment capabilities. An overview of the Varian TrueBeam capabilities has been included in this application.*
***(See attachment #11)***

**11. By what percent will this replacement increase patient charges?**

*There should be no change or increase in patient charges.*

Varian Medical Systems, Inc.
Corporate Headquarters
3100 Hansen Way
Palo Alto, CA 94304-1038
650.493.4000
800.544.4636
www.varian.com

March 18, 2021

Dear Customer,

Over the past several decades, Clinac® devices have served the radiotherapy community well, earning a reputation for quality and reliability. However, due to component obsolescence and substantial advances in technology, devices accepted on or before December 31, 2005 and select aged models will reach End of Support on July 31, 2023. As a result, your device is affected by this notification.

"End of Support" means:

- No paid or contract services including onsite, remote, or help desk;
- No supply of replacement parts;
- No software or hardware upgrades;
- No guarantees of compatibility with oncology information and/or treatment planning software releases.

Varian's standard support for your Clinac device H272926 will continue to be available until July 31, 2023. After this date, Varian will offer Limited Support.

"Limited Support" means that Varian will use commercially reasonable efforts to provide only the services required to maintain the capability of the device. No upgrades, enhancements, and improvements to the features or functionality of software and hardware will be available and therefore, there will be no guarantees of compatibility or interoperability with any oncology information systems and/or treatment planning software releases.

After your local service manager discusses the End of Support and Limited Support options with you, the service manager will complete the attached Return Response form to acknowledge your receipt of this letter. Thank you for your continued business.

Sincerely,

Daniel Bilsky
Sr. Product Manager, Foundational Products

varian

# RETURN RESPONSE

**RESPONSE IS REQUIRED BY VARIAN DISTRICT MANAGER**

| | |
|---|---|
| **Subject:** | **Clinac Limited Support** |
| **Affected Product:** | **CLINAC-21EX** |
| **Product Code Serial Number:** | **H272926** |
| **Customer/Site:** | **ST LUKES HOSPITAL OF KANSAS CITY** |
| **Varian Functional Location ID:** | **H-KANSAS CITY -MO-US-003** |

This customer has received the Clinac End of Support letter and understands that the machine will be entering a Clinac Limited Support period.

**Please sign below.** Kindly return this response form to Kim Smith (Kim.Smith@Varian.com) at your earliest convenience.

| | |
|---|---|
| Your Name | Matt Wilson |
| Signature | |
| Date | |
| Name of Customer Contact | |

**ST LUKES HOSPITAL OF KANSAS CITY**

| Case Number | Date Created | Subject | Product Group | Serial Number |
|---|---|---|---|---|
| 4402465 | 18-Jan-24 | MLC fails trying to init several times | Clinac | H272926 |
| 4392968 | 11-Jan-24 | MLC not initializing | Clinac | H272926 |
| 4375493 | 27-Dec-23 | MLC Leaf B53 did not pass | Clinac | H272926 |
| 4343018 | 1-Dec-23 | MLC Leaf B 53 will not initialize; failing initialization | Clinac | H272926 |
| 4302034 | 31-Oct-23 | Mirror shattered | Clinac | H272926 |
| 4301852 | 31-Oct-23 | MV Panel stuck | Clinac | H272926 |
| 4222306 | 31-Aug-23 | Guard missing around couch emergency off button | Clinac | H272926 |
| 4215512 | 25-Aug-23 | Couch vert toggle switch on right couch panel broke off | Clinac | H272926 |
| 4178818 | 2-Aug-23 | G-fil fault. | Clinac | H272926 |
| 4130824 | 29-Jun-23 | HVOC and HWFA Faults | Clinac | H272926 |
| 4108851 | 15-Jun-23 | No PM done since February, need to schedule PMP | Clinac | H272926 |
| 4088163 | 30-May-23 | HWFA X1 Jaw | Clinac | H272926 |
| 4063834 | 10-May-23 | MLC B52 fails every morning at initialization | Clinac | H272926 |
| 4058572 | 5-May-23 | Calibrate 100SSD front pointer | Clinac | H272926 |
| 4016225 | 1-Apr-23 | Getting a HWFA during morning warm up | Clinac | H272926 |
| 3996170 | 16-Mar-23 | HWFA will not clear | Clinac | H272926 |
| 3985738 | 8-Mar-23 | Calibrate 100SSD front pointer | Clinac | H272926 |
| 3976054 | 1-Mar-23 | Artifact on CBCT images on 21EX2926 | Clinac | H272926 |
| 3972860 | 27-Feb-23 | Field light difficult to see, very dim | Clinac | H272926 |
| 3972311 | 27-Feb-23 | pmp | Clinac | H272926 |
| 3954905 | 13-Feb-23 | MLC failing initialization | Clinac | H272926 |
| 3942276 | 2-Feb-23 | CDOS Interlock | Clinac | H272926 |
| 3926156 | 19-Jan-23 | MLC A60 | Clinac | H272926 |
| 3923919 | 18-Jan-23 | Machine is down | Clinac | H272926 |
| 3910874 | 6-Jan-23 | PMI | Clinac | H272926 |
| 3905868 | 3-Jan-23 | GFil Fault | Clinac | H272926 |

varian
A Siemens Healthineers Company | trueBEAM

# Inspired by you, built by Varian


trueBEAM

# Harnessing the latest innovations for the fight against cancer

Advances in radiation therapy are accelerating, creating new options for treatment and new sources of optimism in the fight against cancer. However, translating innovations into better outcomes for patients and clinics requires more than piecemeal adoption of new solutions. It requires an integration of capabilities on multiple levels.

The high-precision TrueBeam® radiotherapy system is uniquely capable of integrating hardware, software, treatment regimens, safety features, third-party solutions, new innovations, and support. The result is designed so that care teams can harness transformative technology and collaborate more effectively—so clinics can expand treatment options, grow their business, and accelerate new healthcare initiatives.

Hardware

Software

Treatment Regimens

Partner Solutions

Comprehensive Support

New Innovations

Safety Features

# Integrated capabilities for integrated care

**It all comes together here.**

TrueBeam has proven its capabilities in treating a broad range of cancer cases with exceptional speed and accuracy in top clinics around the world. However, its value extends far beyond its features and functions.

By bringing together diverse capabilities and resources, the TrueBeam system enables clinicians to focus on patients and treatments rather than systems and technologies. And that is designed to make it possible for clinics to deliver more comprehensive and effective care.

# Innovation, collaboration, outcomes... they're all connected

By serving as the focal point of multi-layered integration, the TrueBeam system facilitates the kind of innovation and collaboration that results in new treatment options for patients, new opportunities for clinics, and new advances in the fight against cancer. The net result is better outcomes for all stakeholders: patients, clinicians, researchers, and administrators.

# Hardware, software, and safety features that work well individually—and better together.

## Agile Architecture Controlled by Maestro

- Open, extensible architecture
- Maestro control system orchestrates components
- Synchronizes dosage, motion, and imaging for fast, efficient treatment

## Fast, Accurate Imaging System

- Improved imaging of soft tissue targets through reduced motion artifacts
- Faster cone-beam CT (CBCT) acquisitions for breath-hold treatments than prior versions
- Improved visibility for certain targets with large motion

## Flexible, High-Performance Beam Generation

- 0-8 electron energies and 7 photon energies
- High intensity modes
- Ability to tailor treatment with higher precision than prior versions

## Gated RapidArc® Radiotherapy Technology to Account for Tumor Movement

- Expands RapidArc radiotherapy treatments to moving tumors
- Faster treatments of tumors that move with respiration
- Monitors patient treatment with triggered imaging

## IDENTIFY™ system[1]

- Has three high precision stereo vision cameras with sub-millimeter accuracy[2] and with a refresh rate of 5-10 frames/second[3]
- Supports a non-invasive, markerless technique to track the surface of a patient in real time during treatment
- Accommodates a variety of treatments and techniques including stereotactic radiosurgery (SRS), stereotactic body radiotherapy (SBRT), and deep inspiration breath hold (DIBH)

## HyperArc® High-Definition Radiotherapy

- High-quality, easy delivery of non-coplanar stereotactic radiosurgery (SRS) treatments
- Automated and simplified operations
- Safe, efficient, and accurate
- Designed for patient safety, treatment efficiency, and accuracy

## Eclipse™ Treatment Planning System and RapidPlan® Knowledge-Based Planning

- Designed to increase physician productivity
- Customize plans leveraging advanced clinical expertise
- Develop plans for virtually every type of radiotherapy

## PerfectPitch™ 6 Degrees of Freedom (6DoF) Couch

- More flexibility in patient setups
- Adds pitch and roll axes
- Potential to treat more patients with higher accuracy

## Applied Intelligence Systems for Deeper Insights

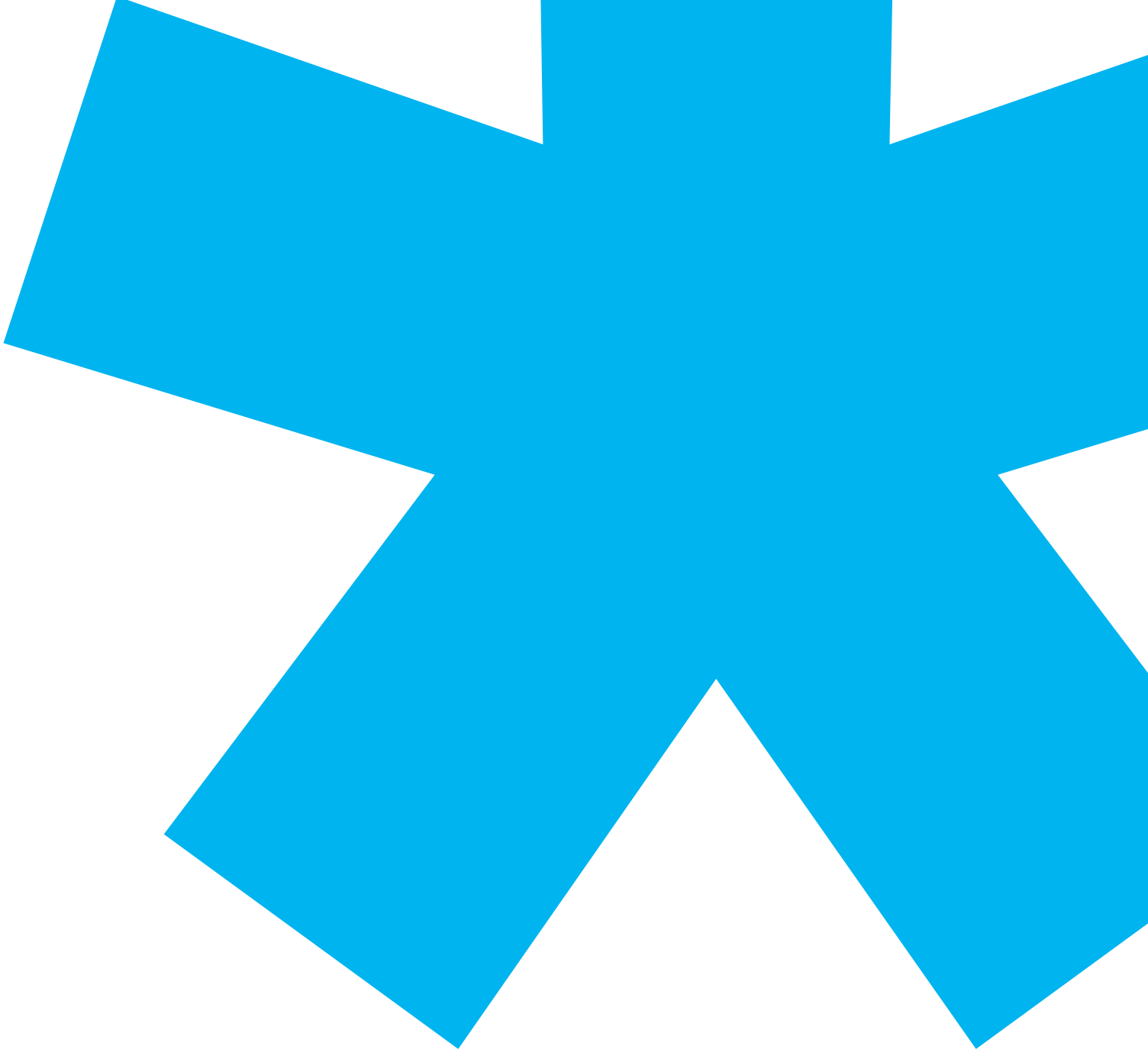
- Mine your data for actionable intelligence
- Consolidate scans and treatment plans for new insights
- Transition to data-based decision-making

## ARIA® Oncology Information System

- Compare acute responses to treatment and long-term clinical outcomes
- Develop disease-specific clinical protocols
- Make confident decisions with rule-based decision support

## Safety Capabilities to Enhance Confidence

- Simple, automated operation
- Multiple layers of safety built in
- Constant accuracy checks



# An innovative ecosystem of oncology solutions.

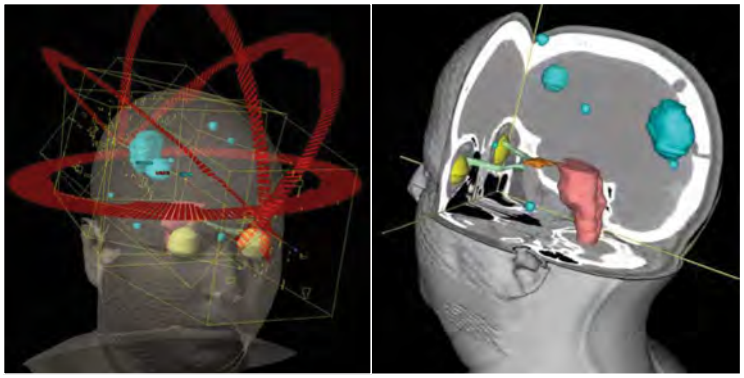
We are elevating cancer care through ingenuity.

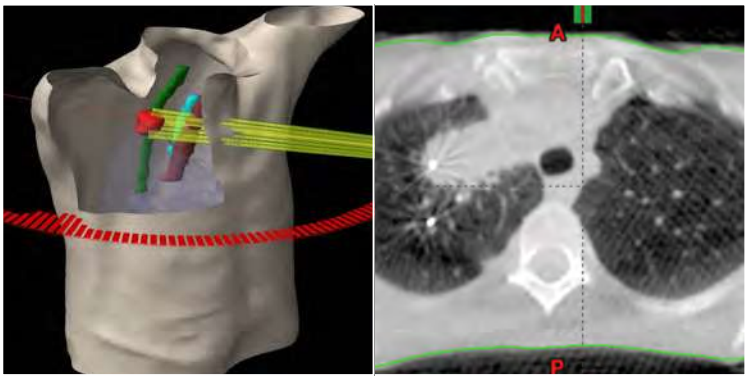
varian | truebeam

# More choices for a wider range of cancer cases

The depth and breadth of technology integration in the TrueBeam platform is designed to enable clinicians to treat a wider array of cancer cases using a diverse range of radiation therapies.

Clinical cases in head and neck cancers, lung, breast, prostate, liver, and more are addressed by TrueBeam using SRS, stereotactic body radiation therapy (SBRT), HyperArc, volumetric modulated radiation therapy (VMAT), intensity-modulated radiation therapy (IMRT), image-guided radiotherapy (IGRT) and RapidArc radiotherapy.



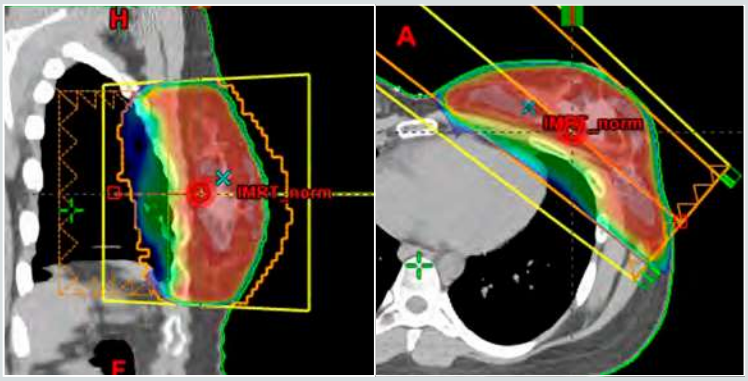


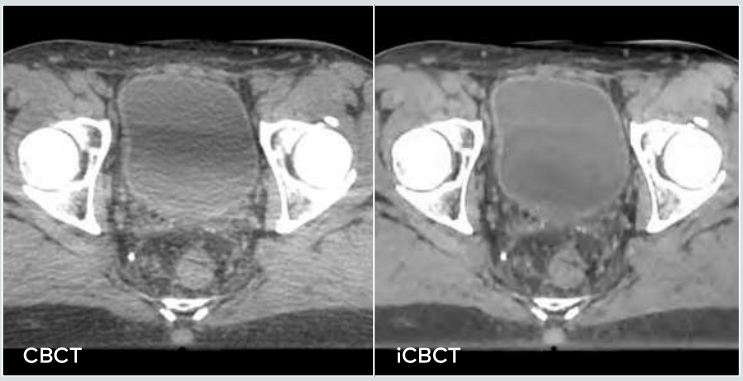

## Multiple Brain Metastases

- HyperArc high-definition radiotherapy enables single-click delivery of fully automated non-coplanar cranial SRS treatments. New algorithms in treatment planning allow collision-free single isocenter delivery with steep dose gradients
- Leveraging the Eclipse treatment planning infrastructure, HyperArc allows planning of single and multiple metastases as well as primary brain tumors
- The HD120™ multileaf collimator sculpts the dose with high conformity while sparing surrounding tissue and/or organs at risk
- The PerfectPitch 6 DoF couch allows precise patient positioning based on 3D image guidance

## Lung

- Online 4D CBCT allows you to visualize target motion in 3D, verifying target motion is as expected from the treatment plan. Automated acquisition of multiple 3D CBCT data sets, all synchronized with respiration, allows 3D patient setup using a specific respiration phase, an averaged motion image, or a maximum intensity projection image
- With gated CBCT, image acquisition occurs during the planned beam-on time only, reducing image artifacts due to motion, and allowing visualization of the target under planned treatment delivery conditions
- Short arc CBCT allows fast 3D CBCT image acquisition within a single breath hold
- The Visual Coaching Device provides patients with active feedback on their respiration, allowing respiration stabilization for free breathing gated treatment delivery, and consistent breath-hold motion extent for breath-hold treatment




## Breast

- Delta couch shift supports initial patient setup using a single stable tattoo mark, with a pre-programmed automated shift to the treatment isocenter
- Eclipse IMRT tools, such as field-in-field planning, help create treatment plans designed to minimize radiation exposure of heart and lung tissue
- Real-time respiratory gating supports deep inspiration breath-hold treatments for left lung, allowing reduction of treatment margins due to target motion and minimizing exposure of heart tissue

## Prostate

- Intrafraction motion during treatment delivery can be detected using fully automated radiographic imaging, with image acquisition triggered on monitor unit, time, or gantry angle increments
- Auto beam hold tracks implanted fiducial positions during triggered image acquisition, automatically asserting a beam hold when a fiducial is detected to be out of position
- On-demand imaging allows you to initiate kV, MV, and CBCT images at any time during the treatment
- Iterative CBCT reconstruction is designed to provide unparalleled image quality, enhancing bony anatomy and soft tissue visualization

# Open to innovation from multiple sources

No one knows where the next innovation in cancer treatment will come from. One thing is certain: great ideas come from everywhere, and great ideas should be shared. The more open you are to integration, the sooner your patients and your clinic will benefit.

Varian is committed to cultivating an environment that connects you in multiple dimensions. To the integrated features and functions of the TrueBeam system. To the added value of our full suite of oncology solutions. To the complementary innovations of our vibrant partner ecosystem. To the latest research and breakthrough concepts in development. And to the entire oncology community—from diagnosis to survivorship.

## TrueBeam Developer Mode: Endless Collaborative Research Opportunities

The Developer Mode option allows for broad experimentation in a non-clinical environment. This expanded access is designed to give clinicians and physicists an efficient and effective means to innovate with new treatment and imaging techniques in a research mode. Advanced manipulation of mechanical and dose axes puts the dynamic beam, imaging, and gating features of the TrueBeam system at the fingertips of researchers.

## Collaborative Ecosystem: Expanding the Reach

TrueBeam further extends clinical options by integrating with solutions, technologies, and innovations from our strong and growing ecosystem of third-party companies, including Epic electronic medical records systems, the Cerner Patient Observer™ system, Brainlab ExacTrac Dynamic®, VisionRT AlignRT®, and C-Rad Catalyst HD devices and more.

# Comprehensive service, collaborative support

Varian provides responsive service that helps keep your TrueBeam system online, your clinicians productive, and your patient satisfaction scores high. You get the right parts and the most up-to-date software, installed and maintained the right way by Varian-trained professionals — virtually anywhere in the world. We combine a full range of capabilities, including:

## Knowledge and Experience

Varian service professionals receive up-to-date classroom instruction, on-the-job training, and advanced workflow tools, and give you exclusive access to Varian product engineers and system designers.

## SmartConnect® Plus

Remote equipment monitoring automatically alerts Varian to potential issues, proactively diagnoses the issue, and can expedite repairs before problems escalate.

## Proprietary Processes

We maintain detailed, tested protocols for maintaining your equipment in the most efficient way — while keeping patients and staff safe.

## Planned Maintenance Program

Regularly scheduled parts maintenance and replacement can help you potentially avoid catastrophic failures.

## OEM Parts

The exclusive use of Varian parts helps ensure proper design, pre-testing, and integration with all system components.

## Software Upgrades

We provide software and security updates that protect hospital and patient data.

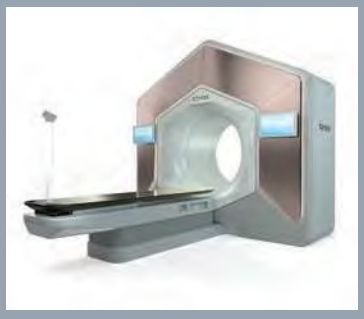
## Professional Services Tailored to Your Requirements

Varian's Professional Services organization delivers a wide range of programs tailored to your needs, helping you achieve higher clinical availability, more efficient workflows, safer use of technology, faster treatment times, and a more relaxed patient experience.

# More options for your patients

# more opportunities for your clinic

**TrueBeam®/VitalBeam® Systems**
Treatment Procedures with Ease, Speed, and Accuracy



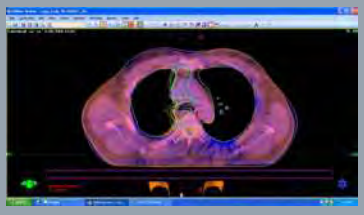
**Halcyon®**
Intuitive Treatment System

**Ethos®**
An Adaptive Intelligence™ Solution

**Edge® System**
Dedicated Full-Body Radiosurgery Platform


**ProBeam®**
Proton Therapy Systems

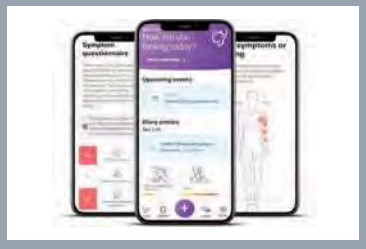
**BRAVOS® Afterloader System**
Product Suite for Planning and Delivery



**Eclipse™**
Treatment Planning System

**Velocity™**
Oncology Imaging Informatics System

**ARIA®**
Oncology Information System



**Noona®**
Patient Outcomes Management Solution

**InSightive™**
Oncology Analytics


trueBEAM

# Imagine a world without the fear of cancer

Varian Medical Systems has been a pioneer in the field of oncology for more than 70 years. During this time, we have introduced innovative treatment techniques, equipment, and software that have been used to treat tens of thousands of cancer patients worldwide. Today we offer products and services to advance the entire treatment process. Our work creates a community of those affected by cancer, so we can unite around our common goal to fight this disease.

( we do. )

# Expanding the boundaries of hope

1. Not available in every market. Please check availability with your sales representative.
2. Based on Varian IDENTIFY Specification Sheet RAD10699B. Varian Medical Systems, Inc. 2021.
3. Based on Varian IDENTIFY Specification Sheet RAD10699B. Based on 10 cm x 10 cm region of interest (ROI). Varian Medical Systems, Inc. 2021.
4. Product features described in this document relate to TrueBeam version 3.0.

## Intended Use Summary

Varian Medical Systems' linear accelerators are intended to provide stereotactic radiosurgery and precision radiotherapy for lesions, tumors, and conditions anywhere in the body where radiation treatment is indicated.

## Important Safety Information

Radiation treatments may cause side effects that can vary depending on the part of the body being treated. The most frequent ones are typically temporary and may include, but are not limited to, irritation to the respiratory, digestive, urinary or reproductive systems, fatigue, nausea, skin irritation, and hair loss. In some patients, they can be severe. Treatment sessions may vary in complexity and time. Radiation treatment is not appropriate for all cancers.

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**USA, Corporate Headquarters and Manufacturer**
Varian Medical Systems, Inc.
3100 Hansen Way
Palo Alto, CA 94304
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800.544.4636

**Headquarters Europe, Eastern Europe, Middle & Near East, Africa**
Siemens Healthineers International AG
Steinhausen, Switzerland
Tel: 41.41.749.8844

**Asia Pacific Headquarters**
Varian Medical Systems Pacific, Inc.
Kowloon, Hong Kong
Tel: 852.2724.2836

**Australasian Headquarters**
Varian Medical Systems Australasia Pty Ltd.
Sydney, Australia
Tel: 61.2.9485.0100

**Latin American Headquarters**
Varian Medical Systems Brasil Ltda.
São Paulo, Brazil
Tel: 55.11.3457.2655


Varian Medical Systems as a medical device manufacturer cannot and does not recommend specific treatment approaches.
Specifications subject to change without notice.
Not all features, products, or options are available in all markets and are subject to change. Consult your Varian representative for country-specific product availability.

**Divider IV. Financial Feasibility Review Criteria and Standards:**

1. **Document that sufficient financing is available by providing a letter from a financial institution or an auditor's statement indicating that sufficient funds are available.**

   *Saint Luke's Cancer Institute is financing this project with available cash, as outlined in the Proposed Project Budget* ***(Attachment #3).*** *As documented in the Audited Consolidated Balance Sheet* ***(see attachment #12****), Saint Luke's Health System has adequate cash reserves available to fund this project.*

2. **Provide Service-Specific Revenues and Expenses (Form MO 580-1865) projected through three full years beyond project completion.**

   *The required Service-Specific Revenues and Expenses information (Form MO 580-1865) has been included in this application.*
   **(See attachment #13**

3. **Document how patient charges are derived.**

   *Patient charges are generally derived by accumulating all of the cost of services, including staff and supplies utilized during the course of the visit. Charges for each procedure are derived from the current charge description master and are dependent on the types of procedures preformed along with a number of other variables.*

4. **Document responsiveness to the needs of the medically indigent.**

   *A copy of our existing policy for meeting the needs of the medically indigent is included in this application.*
   **(See *attachment #14)***

Attachment #12

# CONSOLIDATED FINANCIAL STATEMENTS

Saint Luke's Health System, Inc.
Years Ended December 31, 2022 and 2021
With Report of Independent Auditors

Ernst & Young LLP

Saint Luke's Health System, Inc.

Consolidated Financial Statements

Years Ended December 31, 2022 and 2021

## Contents

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# Report of Independent Auditors

The Board of Directors
Saint Luke's Health System, Inc.

## Opinion

We have audited the consolidated financial statements of Saint Luke's Health System, Inc. and subsidiaries (the System), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes (collectively referred to as the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the System at December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for one year after the date that the financial statements are issued.

Building a better working world

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control-related matters that we identified during the audit.

Ernst & Young LLP

April 5, 2023

Saint Luke's Health System, Inc.

Consolidated Balance Sheets
*(In Thousands)*

| | December 31 | |
|---|---|---|
| | **2022** | **2021** |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | **$ 381,212** | $ 668,407 |
| Short-term investments *(Note 7)* | **204,071** | 186,419 |
| Accounts receivable, net | **312,341** | 309,674 |
| Other receivables | **37,710** | 38,206 |
| Inventories | **36,494** | 35,390 |
| Prepaid expenses | **30,380** | 32,562 |
| Total current assets | **1,002,208** | 1,270,658 |
| Property and equipment, net *(Note 6)* | **978,118** | 983,340 |
| Right-to-use assets | **162,529** | 177,017 |
| Investments *(Note 7)* | **690,144** | 715,356 |
| Assets limited as to use *(Note 7):* | | |
| Board designated | **12,366** | 8,727 |
| Under self-insurance arrangements | **20,982** | 22,145 |
| Restricted by donor or grantor | **191,175** | 217,440 |
| Total assets limited as to use | **224,523** | 248,312 |
| Other assets: | | |
| Investment in affiliates, net | **39,267** | 37,742 |
| Other | **105,105** | 118,224 |
| Total other assets | **144,372** | 155,966 |
| Total assets | **$ 3,201,894** | $ 3,550,649 |

| | December 31 | |
|---|---|---|
| | **2022** | **2021** |
| **Liabilities and net assets** | | |
| Current liabilities: | | |
| Current maturities of long-term debt *(Note 8)* | **$ 16,836** | $ 15,929 |
| Accounts payable | **124,250** | 131,279 |
| Payroll-related liabilities | **101,604** | 117,928 |
| Estimated third-party payor settlements | **12,151** | 15,028 |
| Defined contribution plan obligations | **20,703** | 19,955 |
| Other | **101,766** | 237,665 |
| Total current liabilities | **377,310** | 537,784 |
| Reserve for self-insured risks *(Note 11)* | **51,776** | 51,861 |
| Long-term debt, less current maturities *(Note 8)* | **603,141** | 621,603 |
| Interest rate swap contracts *(Note 8)* | **8,725** | 26,718 |
| Pension obligation *(Note 10)* | **–** | 16,863 |
| Lease liability | **158,186** | 174,618 |
| Other noncurrent liabilities | **93,278** | 108,171 |
| Total liabilities | **1,292,416** | 1,537,618 |
| Net assets: | | |
| Saint Luke's Health System, Inc. | **1,671,791** | 1,746,896 |
| Noncontrolling interest | **8,891** | 10,482 |
| Total without donor restrictions | **1,680,682** | 1,757,378 |
| With donor restrictions *(Note 14)* | **228,796** | 255,653 |
| Total net assets | **1,909,478** | 2,013,031 |
| Total liabilities and net assets | **$ 3,201,894** | $ 3,550,649 |

*See accompanying notes.*

Saint Luke's Health System, Inc.

## Consolidated Statements of Operations and Changes in Net Assets
*(In Thousands)*

| | Year Ended December 31 | |
|---|---|---|
| | **2022** | **2021** |
| Revenues: | | |
| Patient service revenue | **$ 2,159,100** | $ 2,162,901 |
| Other revenue | **194,875** | 204,226 |
| Total revenues | **2,353,975** | 2,367,127 |
| | | |
| Expenses: | | |
| Salaries and wages | **1,049,199** | 1,001,103 |
| Employee benefits | **230,640** | 227,187 |
| Supplies and other | **942,910** | 867,953 |
| Depreciation and amortization | **104,306** | 105,204 |
| Interest | **19,609** | 18,579 |
| Total expenses | **2,346,664** | 2,220,026 |
| | | |
| Operating income | **7,311** | 147,101 |
| | | |
| Other income (loss): | | |
| Investment return *(Note 7)* | **(76,044)** | 105,670 |
| Change in fair value of interest rate swaps | **17,993** | 8,650 |
| Pension settlement | **(59,659)** | (5,061) |
| Other, net | **(3,178)** | (4,025) |
| Total other (loss) income, net | **(120,888)** | 105,234 |
| | | |
| Consolidated (deficit) excess of revenues over expenses | **(113,577)** | 252,335 |
| Less revenues over expenses attributable to noncontrolling interest | **(14,411)** | (14,946) |
| (Deficit) excess of revenues over expenses attributable to Saint Luke's Health System, Inc. | **$ (127,988)** | $ 237,389 |

*See accompanying notes.*

Saint Luke's Health System, Inc.

## Consolidated Statements of Operations and Changes in Net Assets (continued)

*(In Thousands)*

| | Year Ended December 31, 2022 | | | Year Ended December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | **Total** | **Controlling** | **Noncontrolling** | **Total** | **Controlling** | **Noncontrolling** |
| Net assets without donor restrictions: | | | | | | |
| Consolidated (deficit) excess of revenues over expenses | **$ (113,577)** | **$ (127,988)** | **$ 14,411** | $ 252,335 | $ 237,389 | $ 14,946 |
| Contribution of property, equipment, and other | **2,666** | **2,666** | **–** | 727 | 727 | – |
| Pension-related changes other than net periodic pension costs | **49,348** | **49,348** | **–** | 14,303 | 14,303 | – |
| Other changes in net assets without donor restrictions | **(15,133)** | **869** | **(16,002)** | (14,170) | 205 | (14,375) |
| (Decrease) increase in net assets without donor restrictions | **(76,696)** | **(75,105)** | **(1,591)** | 253,195 | 252,624 | 571 |
| Net assets with donor restrictions: | | | | | | |
| Contributions | **15,160** | **15,160** | **–** | 11,009 | 11,009 | – |
| Investment income, net | **1,942** | **1,942** | **–** | 4,063 | 4,063 | – |
| Change in unrealized (loss) gain on investments, net | **(19,106)** | **(19,106)** | **–** | 29,742 | 29,742 | – |
| Net assets released from restrictions | **(24,808)** | **(24,808)** | **–** | (18,918) | (18,918) | – |
| Change in interest in donor-restricted net assets of foundations | **(45)** | **(45)** | **–** | 155 | 155 | – |
| (Decrease) increase in net assets with donor restrictions | **(26,857)** | **(26,857)** | **–** | 26,051 | 26,051 | – |
| (Decrease) increase in net assets | **(103,553)** | **(101,962)** | **(1,591)** | 279,246 | 278,675 | 571 |
| Net assets at beginning of year | **2,013,031** | **2,002,549** | **10,482** | 1,733,785 | 1,723,874 | 9,911 |
| Net assets at end of year | **$ 1,909,478** | **$ 1,900,587** | **$ 8,891** | $ 2,013,031 | $ 2,002,549 | $ 10,482 |

*See accompanying notes.*

# Saint Luke's Health System, Inc.

## Consolidated Statements of Cash Flows
*(In Thousands)*

| | Year Ended December 31 | |
|---|---|---|
| | **2022** | **2021** |
| **Operating activities** | | |
| (Decrease) increase in net assets | **$ (103,553)** | $ 279,246 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | **104,306** | 105,204 |
| Loss on disposal of property and equipment | **2,291** | 778 |
| Change in fair value of interest rate swaps | **(17,993)** | (8,650) |
| Pension-related changes other than net periodic pension costs | **9,397** | (9,242) |
| Distributions to noncontrolling interests | **16,002** | 14,375 |
| Restricted contributions | **(15,160)** | (11,009) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | **(2,667)** | (53,095) |
| Other current assets | **1,574** | (16,238) |
| Other noncurrent assets | **27,607** | 1,931 |
| Accounts payable | **(7,029)** | 36,361 |
| Other current liabilities | **(154,352)** | 72,645 |
| Reserve for self-insured risks | **(85)** | 2,707 |
| Other noncurrent liabilities | **(57,585)** | (140,139) |
| Net cash (used in) provided by operating activities | **(197,247)** | 274,874 |
| **Investing activities** | | |
| Purchase of property and equipment, net | **(101,375)** | (79,185) |
| Decrease (increase) in investment securities classified as trading | **16,698** | (212,476) |
| Increase in equity goodwill | **(661)** | (1,030) |
| Increase in investment in affiliates, net | **(864)** | (2,851) |
| Net cash used in investing activities | **(86,202)** | (295,542) |
| **Financing activities** | | |
| Payments and refunding of long-term debt | **(17,555)** | (48,681) |
| Proceeds from issuance of long-term debt | **–** | 30,500 |
| Distributions to noncontrolling interests | **(16,002)** | (14,375) |
| Restricted contributions | **15,160** | 11,009 |
| Net cash used in provided by financing activities | **(18,397)** | (21,547) |
| Net decrease in cash and cash equivalents and restricted cash | **(301,846)** | (42,215) |
| Cash and cash equivalents and restricted cash at beginning of year | **694,140** | 736,355 |
| Cash and cash equivalents and restricted cash at end of year | **$ 392,294** | $ 694,140 |
| **Reconciliation of cash and cash equivalents and restricted cash to the consolidated balance sheets** | | |
| Cash and cash equivalents | **$ 381,212** | $ 668,407 |
| Restricted cash included in investments | **11,082** | 25,733 |
| | **$ 392,294** | $ 694,140 |
| **Supplemental disclosure of cash flow information** | | |
| Interest paid | **$ 23,198** | $ 22,348 |

*See accompanying notes.*

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements

December 31, 2022

## 1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies

Saint Luke's Health System, Inc., a Kansas not-for-profit corporation, operates an integrated health care delivery system (the System) serving the greater Kansas City metropolitan area and surrounding communities. The System is a faith-based, not-for-profit-aligned health system committed to excellence in providing health care and health-related services in a caring environment. The System is the sole corporate member of Saint Luke's Hospital of Kansas City (Saint Luke's), Saint Luke's North Hospital (North), Saint Luke's South Hospital (South), Saint Luke's East Hospital (East), and their consolidated and unconsolidated subsidiaries.

The System and its primary operating entities are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Certain supporting subsidiaries are subject to federal and state income taxes.

The accompanying consolidated financial statements include the following operating entities:

Saint Luke's Health System, Inc. (the Corporation)
Saint Luke's Hospital of Kansas City (Saint Luke's)
Saint Luke's North Hospital (North)
Saint Luke's South Hospital (South)
Saint Luke's East Hospital (East)
Saint Luke's Hospital of Chillicothe d/b/a Hedrick Medical Center (Hedrick)
Saint Luke's Hospital of Trenton d/b/a Wright Memorial Hospital (Wright Memorial)
Saint Luke's Hospital of Garnett d/b/a Anderson County Hospital (Anderson County)
Saint Luke's Hospital of Allen County d/b/a Allen County Regional Hospital (Allen County)
Saint Luke's Home Care and Hospice
Saint Luke's Health System Risk Retention Group (RRG)
Saint Luke's Health System Insurance, Ltd. (Captive)
Bishop Spencer Place, Inc.
Saint Luke's Physician Group, Inc.
Saint Luke's Foundation (Foundation)

All significant intercompany transactions and account balances have been eliminated in the consolidated financial statements.

## 1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)

### Accounting Policies

The System's accounting policies conform to U.S. generally accepted accounting principles (U.S. GAAP) applicable to health care organizations.

### Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents generally include cash and highly liquid debt instruments, generally with a maturity of three months or less when purchased. Highly liquid debt instruments with original, short-term maturities of three months or less that are included as part of the investment portfolio are excluded from cash equivalents as they are commingled with longer-term investments. Amounts included in restricted cash include cash held within investments and may represent funds set aside within the investment portfolio based on management's policy or contractual arrangements.

### Short-Term Investments

Short-term investments primarily consist of U.S. government obligations, corporate obligations, and fixed-income funds internally designated as current assets because such amounts are available to meet the System's cash requirements.

**1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)**

**Patient Accounts Receivable**

The System's patient accounts receivable are reported at the amount that reflects the consideration to which it expects to be entitled in exchange for providing patient care.

The revenues related to patient accounts receivable are reported at net realizable value based on certain assumptions. For third-party payors, including Medicare, Medicaid, and managed care, the net realizable value is based on the estimated contractual reimbursement percentage, which is based on current contract prices or historical paid claims data by payor. For self-pay, the net realizable value is determined using estimates of historical collection experience, including an analysis by aging category. These estimates are adjusted for expected recoveries and any anticipated changes in trends, including significant changes in payor mix, changes in operations and economic conditions, or trends in federal and state governmental health care coverage.

**Inventories**

Inventories consist primarily of medical supplies and pharmaceuticals and are stated at the lower of actual cost, generally on the first-in, first-out basis, or market.

**Property and Equipment**

Property and equipment are recorded at cost or, if donated, at fair value at the date of receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Land improvement | 8 to 20 years |
| Building and improvements | 5 to 40 years |
| Equipment | 3 to 15 years |
| Software | 3 to 7 years |

Leasehold improvements are amortized over the shorter of the useful life or corresponding lease. The amortization is included in depreciation expense.

**1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)**

**Capitalized Interest**

Interest cost incurred on tax-exempt borrowings designated for capital purposes, net of interest earned on such borrowed funds, is capitalized over the duration of the related capital projects. Imputed interest cost incurred on construction financed through internally generated funds or other borrowings is capitalized over the duration of the related capital projects when the project is material in cost and time.

**Asset Impairment**

The System considers whether indicators of impairment are present and performs the necessary test to determine whether the carrying value of an asset is appropriate. Impairment write-downs are recognized in operating income at the time the impairment is identified. There were no material impairments in the years ended December 31, 2022 or 2021.

**Investments and Assets Limited as to Use**

Assets limited as to use primarily include assets held by trustees under self-insurance arrangements and indenture agreements and restricted donations. Investments in equity and debt securities are measured at fair value.

The System considers its investment securities as trading securities. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) from trading investments is recorded as investment return, which is included in (deficit) excess of revenues over expenses, unless the income or loss is restricted by donor or law or derived from assets held by trustee under self-insurance arrangements or under indenture agreements. Gains and losses with respect to disposition of marketable securities are based on the specific-identification method.

Investment income earned by assets held by trustee under self-insurance arrangements and under indenture agreements is reported as other revenue. Restricted investment income and net gains or losses on investments of donor-restricted funds are added to or deducted from the appropriate restricted net asset balance.

**1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)**

The System also holds investment positions in other trusts, limited liability investment companies, and hedge funds of funds (collectively referred to as alternative investments), which are reported based on the net asset value of the investment. The calculated net asset values are provided by the respective organizations and based on historical cost, appraisals, or other estimates that require varying degrees of judgment. Management has utilized the best available information for reported values, which in some instances are valuations as of an interim date not more than 90 days before year-end. Generally, the net asset value of the System's holdings reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses. Returns from investments based on the net asset value, whether realized or unrealized, are included in investment return in (deficit) excess of revenues over expenses.

The System's assets limited as to use are exposed to various kinds and levels of risk. Fixed-income securities expose the System to interest rate risk, credit risk, and liquidity risk. As interest rates change, the current value of many fixed-income securities, particularly those with fixed interest rates, is affected. Credit risk is the risk that the obligor of the security will not fulfill its obligation. Liquidity risk is affected by the willingness of market participants to buy and sell given securities.

Equity securities expose the System to market risk, performance risk, and liquidity risk. Market risk is the risk associated with major movements of the equity market, both international and domestic. Performance risk is the risk associated with a company's operating performance. Liquidity risk, as previously defined, tends to be higher for international equities and equities related to small capitalized companies, as well as certain alternative investments.

**Investment in Affiliates**

The System has entered into certain limited liability company agreements with third parties that provide health-care-related services. Where applicable, these arrangements are accounted for using the equity method of accounting. The System's largest equity interest venture is a 51% membership interest in Kansas City Orthopaedic Institute, L.L.C., which specializes in providing orthopaedic services on an inpatient and outpatient basis. Although the System owns a majority financial interest in this entity, it does not possess a controlling interest in the entity, and therefore does not consolidate the entity. The balance of the equity interest was $10.8 million and $14.3 million as of December 31, 2022 and 2021, respectively. This carrying value exceeds the System's underlying equity in the net assets of the affiliate by $11.4 million as of December 31, 2022 and 2021, which represents equity method goodwill. All other equity interest ventures are immaterial to the System.

**1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)**

**Deferred Financing Costs**

Deferred financing costs are amortized over the period the debt is outstanding using the bonds outstanding method.

**Deferred Revenue From Advanced Fees and Obligation**

Bishop Spencer Place, Inc., a continuing-care retirement community, offers two entry-fee options for independent-living units: (1) 50-month refundable and (2) lifetime 90% refundable. The deferred revenue from nonrefundable entry fees is amortized to revenue using the straight-line method over the estimated remaining life expectancy of the resident.

Refundable entry fees are not amortized to revenue. Instead, they are kept on the consolidated balance sheets at their full refund amount per the residency agreements. The balance of the refundable entry fees was $14.8 million and $15.9 million as of December 31, 2022 and 2021, respectively, and is recorded in other noncurrent liabilities. Based on the structure of the contracts, the System was not required to record an obligation to provide future services and use of facilities at December 31, 2022 or 2021.

**Derivative Financial Instruments**

Derivative financial instruments, specifically interest rate swaps, are recorded on the consolidated balance sheets at fair value. The change in the fair value of the derivative financial instruments is recorded in other income (loss), net. None of the interest rate swaps are designated as hedges.

## 1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)

### Net Assets

Net assets without donor restrictions are those whose use by the System has not been limited by donors and are available for general operating use at the discretion of the Board of Directors (the Board). This category includes both net assets designated by the Board for a specific purpose and board-designated endowments. Board-designated endowments are net assets that are designated by the Board for a specific purpose and treated like an endowment (quasi-endowment).

Net assets with donor restrictions include those whose use by the System has been limited by donors for a specific purpose (primarily for patient care, health care education, or property) or time period. This category also includes net assets restricted by donors to be maintained by the System in perpetuity with the related investment income expendable to support the donor-designated purpose, which is primarily for patient care, health care education, or property.

### Contributions, Bequests, and Pledges

Unrestricted contributions and bequests are reported in other nonoperating income (loss), net when earned. Restricted contributions and bequests are reported as additions to net assets with donor restrictions. Resources restricted by donors for facility replacement and expansion are added to net assets without donor restrictions to the extent placed into service. Resources restricted by donors and grantors for specific operating purposes are reported in other revenue to the extent used within the period.

Restricted pledges are recorded at fair value in the year notification is received as an addition to net assets with donor restrictions. Management believes these are Level 3 fair value measurements (as defined in Note 9) recorded on a nonrecurring basis. Pledges receivable totaling $7.9 million and $7.0 million as of December 31, 2022 and 2021, respectively, are included in other receivables and other noncurrent assets, and are all due in less than eight years. The pledges are recorded at their net present value based on the expected timing of pledge fulfillment using a credit-adjusted discount rate ranging from and 0.36% to 3.99% in 2022 and 2021, which approximated fair value at the date of pledge.

## 1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)

### Performance Indicator

The System's performance indicator is (deficit) excess of revenues over expenses, which includes all changes in net assets without donor restrictions other than the contribution of property, equipment, and other; pension-related changes other than net periodic pension costs; changes in net assets attributable to noncontrolling interest; and other.

### Operating and Other Income (Loss)

The System's primary mission is to meet the health care needs in its service areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, physician services, and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to the System's primary mission are considered to be other income (loss). Other income (loss) activities include investment return, excluding assets held by trustee under self-insurance arrangements and indenture agreements; change in fair value of interest rate swaps; and other, net. All unrestricted activities of the Foundation, including contribution and grant activity, are recorded in other, net.

### Forthcoming Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU requires entities to report "expected" credit losses on financial instruments and other commitments to extend credit rather than the current "incurred loss" model. These expected credit losses for financial assets held at the reporting date are to be based on historical experience, current conditions and reasonable and supportable forecasts. This ASU will also require enhanced disclosures relating to significant estimates and judgments used in estimating credit losses, as well as the credit quality. This ASU is effective for the System beginning January 1, 2023. The System is currently evaluating the effects of the standard on the consolidated financial statements.

## 1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)

### New Accounting Standards Adopted

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU affects presentation and disclosure of contributed nonfinancial assets in the statement of activities and notes to the financial statements. This ASU was effective for the System beginning January 1, 2022. The System has adopted this ASU with no material impact on the consolidated financial statements.

### Reclassifications

Certain balances in the 2021 consolidated financial statements have been reclassified to conform to current year presentation. The effect of such reclassifications did not change total net assets, net assets without donor restrictions, operating income, or (deficit) excess of revenue over expenses.

## 2. Charity Care

The System is dedicated to providing both services and leadership in caring for the needy and accepts all patients regardless of their ability to pay. The System provides such care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Since the System does not attempt to collect amounts initially determined to qualify as charity care, such charges are not included in patient service revenue. The cost incurred in providing these services of approximately $32.1 million and $43.1 million in 2022 and 2021, respectively, is included in the System's operating expenses and is estimated using the prior year overall Medicare cost-to-charge ratio. In addition, the System provides care for medically indigent patients covered under the Medicaid welfare program at rates substantially below standard charges.

**3. Patient Service Revenue**

The System provides health care services through inpatient, outpatient, and ambulatory care facilities that provide services in the greater Kansas City metropolitan area and surrounding communities, and grants credit to patients, substantially all of whom are local residents. The System generally does not require collateral or other security in extending credit to patients; however, the System routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under its health insurance programs, plans, and policies, including, but not limited to, Medicare, Medicaid, health maintenance organizations, and commercial insurance policies. Patient service revenue is reported at the amount that reflects the consideration to which the System expects to be paid for providing patient care. Patient service revenue is recognized as performance obligations are satisfied based on the nature of services provided.

Performance obligations are identified based on the nature of the services provided. Revenue associated with performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Performance obligations satisfied over time relate to patients receiving inpatient acute care services. The System measures the performance obligation from admission into the hospital to the point when there are no further services required for the patient, which is generally the time of discharge. For outpatient services, the performance obligation is satisfied as the patient simultaneously receives and consumes the benefits provided as the services are performed. In the case of these outpatient services, recognition of the obligation over time yields the same result as recognizing the obligation at a point in time. Management believes this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

As the System's performance obligations relate to contracts with a duration of less than one year, the System has applied the optional exemption provided in the guidance and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

**3. Patient Service Revenue (continued)**

The System uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolios consist of major payor classes for inpatient revenue and major payor classes and types of services provided for outpatient revenue. Based on the historical collection trends and other analyses, the System believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

The System determines the transaction price, which involves significant estimates and judgment, based on standard charges for goods and services provided, reduced by explicit and implicit price concessions, including contractual adjustments provided to third-party payors, discounts provided to uninsured and underinsured patients in accordance with policy, and/or implicit price concessions based on the historical collection experience of patient accounts. The System determines the transaction price associated with services provided to patients who have third-party payor coverage based on reimbursement terms per contractual agreements, discount policies, and historical experience. For uninsured patients who do not qualify for charity care, the System determines the transaction price associated with services on the basis of charges, reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on historical collection experience for applicable patient portfolios. Patients who meet the System's criteria for charity care are provided care without charge; such amounts are not reported as revenue. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. During the last few years, as a result of nationwide investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the Medicare and Medicaid programs. There can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations or that the laws and regulations themselves will not be subject to challenge, and it is not possible to determine the effect, if any, such claims, penalties, or challenges would have on the System. Patient service revenue increased by $19.7 million and $7.5 million in 2022 and 2021, respectively, as a result of changes in estimates due to settlements of prior years' cost reports, Medicaid settlements, and the disposition of other payor audits and settlements.

**3. Patient Service Revenue (continued)**

In certain instances, the System does receive payment in advance of the services provided and would consider these amounts to represent contract liabilities. Contract liabilities at December 31, 2022, were not significant.

Management has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the payors and line of business that renders services to patients. The composition of patient service revenue and accounts receivable by payor for the years ended December 31 is as follows:

| | Patient Service Revenue | | Patient Accounts Receivable | |
|---|---|---|---|---|
| | Year Ended December 31 | | December 31 | |
| | **2022** | **2021** | **2022** | **2021** |
| Medicare | **37%** | 36% | **28%** | 25% |
| Blue Cross/Blue Shield | **28** | 30 | **26** | 28 |
| Medicaid | **7** | 5 | **10** | 5 |
| Managed care | **24** | 25 | **27** | 31 |
| Other/patients | **4** | 4 | **9** | 11 |
| Total | **100%** | 100% | **100%** | 100% |

The self-pay patient accounts receivable above includes amounts due from patients for coinsurance, deductibles, co-payments, installment payment plans, and amounts due from patients without insurance.

The composition of patient service revenue by service line is as follows:

| | Year Ended December 31 | |
|---|---|---|
| | **2022** | **2021** |
| Inpatient services | **41%** | 44% |
| Outpatient services | **43** | 41 |
| Clinic and professional services | **16** | 15 |
| | **100%** | 100% |

**3. Patient Service Revenue (continued)**

Other operating revenue is recognized at an amount that reflects the consideration to which the System expects to be entitled in exchange for providing goods and services. The amounts recognized reflect consideration due from customers, third-party payors, and others. Primary categories of other revenue include pharmacy revenue, grant revenue, cafeteria revenue, rent revenue, other miscellaneous revenue, and income (loss) on investment in affiliate.

**4. COVID-19 Pandemic and CARES Act Funding**

In March 2020, the World Health Organization declared the novel coronavirus disease (COVID-19) a pandemic. The Centers for Disease Control and Prevention confirmed its spread to the United States and it was declared a national public health emergency, followed by several state emergency declarations, and the Centers for Medicare & Medicaid Services (CMS) issued guidance regarding elective procedures. Several national and international travel restrictions were put in place and the governors in Missouri and Kansas issued executive orders postponing nonessential or elective procedures. In response, the System took appropriate measures to respond to the anticipated revenue shortfalls, including cost-saving measures such as streamlining care, eliminating nonessential expenditures, deferring or delaying nonstrategic capital, and managing labor costs.

During 2022 and 2021, the System received approximately $0.5 million and $35.8 million, respectively, of provider relief funds from various provisions in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Approximately $4.3 million and $34.4 million was recognized as other revenue in 2022 and 2021, respectively. The unrecognized amount of provider relief funds of $1.0 million and $4.8 million has been reported as other current liabilities on the consolidated balance sheets as of December 31, 2022 and 2021, respectively.

Additionally, during 2020, the System received $211.2 million of Medicare advance payments as part of the CMS Accelerated and Advance Payments Program (the Program). The consolidated balance sheets include $129.6 million in other current liabilities as of December 31, 2021 related to these advance payments. Repayment started in 2021 based upon terms and conditions of the Program and was fully repaid during 2022.

The CARES Act also provides for a deferral of payments of the employer portion of Social Security tax incurred during the pandemic. At December 31, 2021, the System deferred $14.7 million of Social Security taxes and was included in payroll-related liabilities. In December 2022, the remaining half of such payroll taxes were fully paid.

**5. Financial Assets and Liquidity Resources**

Financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital expenditures not financed with debt, were as follows:

| | December 31 | |
|---|---|---|
| | **2022** | **2021** |
| | *(In Thousands)* | |
| Financial assets: | | |
| Cash and cash equivalents | **$ 381,212** | $ 668,407 |
| Short-term investments | **204,071** | 186,419 |
| Accounts receivable, net | **312,341** | 309,674 |
| Other receivables | **37,710** | 38,206 |
| Long-term investments | **690,144** | 715,356 |
| Assets limited as to use | **224,523** | 248,312 |
| Total financial assets | **1,850,001** | 2,166,374 |
| Less: | | |
| Board-designated investments | **(12,366)** | (8,727) |
| Under self-insurance arrangements | **(20,982)** | (22,145) |
| Restricted by donor or grantor | **(191,175)** | (217,440) |
| Pledges receivable with restrictions | **(6,878)** | (3,648) |
| Long-term investments | **(93,587)** | (95,475) |
| Financial assets not available to be used within one year | **(324,988)** | (347,435) |
| Financial assets available to meet general expenditures within one year | **$ 1,525,013** | $ 1,818,939 |

The System has assets limited as to use for donor-restricted purposes, debt service, and the self-insurance arrangements. Additionally, certain other board-designated assets are designated for general support of patient care and operations. These assets limited as to use, which are more fully described in Note 7, are not available for general expenditure within the next year. However, the board-designated amounts could be made available, if necessary.

Periodically, at the discretion of the System, cash in excess of daily requirements is invested in short-term investments and money market funds.

## 6. Property and Equipment

Property and equipment consist of the following:

| | December 31 | |
|---|---|---|
| | **2022** | **2021** |
| | *(In Thousands)* | |
| Land and improvements | **$ 81,152** | $ 80,649 |
| Buildings and improvements | **1,350,600** | 1,305,569 |
| Fixed equipment | **232,443** | 225,596 |
| Movable equipment | **584,183** | 559,986 |
| Software | **117,403** | 116,298 |
| | **2,365,781** | 2,288,098 |
| Less accumulated depreciation | **1,414,540** | 1,329,324 |
| | **951,241** | 958,774 |
| Construction-in-progress | **26,877** | 24,566 |
| Total property and equipment, net | **$ 978,118** | $ 983,340 |

The System's Board has approved certain construction, renovation, information systems, and other projects throughout the System. As of December 31, 2022, the System had outstanding construction and other commitments of $21.4 million related to these projects.

## 7. Investments and Assets Limited as to Use

The composition of investments and assets limited as to use is as follows:

| | December 31 | |
|---|---|---|
| | **2022** | **2021** |
| | *(In Thousands)* | |
| Cash and cash equivalents | **$ 11,082** | $ 25,733 |
| Certificates of deposit | **6,073** | 8,116 |
| Fixed-income funds | **230,187** | 227,591 |
| Debt securities | **308** | 403 |
| Common trust fixed-income funds | **132,278** | 120,040 |
| Common trust equity fund | **179,528** | 208,939 |
| Domestic equity securities | **30,393** | 36,124 |
| International equity mutual funds | **32,412** | 32,824 |
| International equity funds | **192,585** | 214,949 |
| Diversified liquid real assets | **67,561** | 52,605 |
| Managed future fund | **53,796** | 40,815 |
| University of Missouri pooled account | **24,134** | 25,615 |
| Private equity | **93,587** | 95,475 |
| Hedge funds of funds | **64,496** | 60,366 |
| Accrued interest receivable and other | **318** | 492 |
| Total | **$ 1,118,738** | $ 1,150,087 |
| | | |
| Presented as: | | |
| Short-term investments | **$ 204,071** | $ 186,419 |
| Investments | **690,144** | 715,356 |
| Assets limited as to use | **224,523** | 248,312 |
| Total | **$ 1,118,738** | $ 1,150,087 |

Common trust fixed-income funds and common trust equity funds generally are redeemable in less than five days. Private equity funds are generally not available to be redeemed except as distributed by the fund. As of December 31, 2022, the System had committed $99.2 million to additional investments in private equity funds. The majority of the hedge funds of funds held are redeemable on a quarterly basis with 60 days' notice.

**7. Investments and Assets Limited as to Use (continued)**

Because of the timing of the preparation and delivery of financial statements for limited partnership investments, the use of the most recently available financial statements provided by the general partners results in a month to quarter delay in the inclusion of the limited partnership results on the consolidated statements of operations and changes in net assets. Due to this delay, these consolidated financial statements do not yet reflect the market conditions experienced in the last one to three months of the fourth quarter of fiscal 2022 for the limited partnerships.

Investment return is summarized as follows:

| | Year Ended December 31 | |
|---|---|---|
| | **2022** | **2021** |
| | *(In Thousands)* | |
| Interest, dividends, and net realized gain, net | **$ 26,323** | $ 52,544 |
| Change in unrealized (loss) gain, net | **(119,123)** | 87,054 |
| Total investment return | **$ (92,800)** | $ 139,598 |
| | | |
| Included in other revenue | **$ 408** | $ 123 |
| Included in investment return | **(76,044)** | 105,670 |
| Included in net assets restricted by donor | **(17,164)** | 33,805 |
| Total investment return | **$ (92,800)** | $ 139,598 |

## 8. Long-Term Debt

Long-term debt consists of the following obligations:

| | December 31 2022 | 2021 |
|---|---|---|
| | *(In Thousands)* | |
| **Uninsured Health Facilities Revenue Bonds** | | |
| Series 2012C, variable-rate term bonds, privately placed, puttable starting in 2025 at which time bonds can be remarketed or redeemed, annual interest rate of 3.86% and 0.90% at December 31, 2022 and 2021, respectively, payable in installments through 2042 | **$ 30,000** | $ 30,000 |
| Series 2016A, fixed annual interest rate ranging from 3.00% to 5.00% payable in installments through 2042 (including unamortized premiums of $19,174 and $22,513 at December 31, 2022 and 2021, respectively) | **255,624** | 268,048 |
| Series 2016B, variable-rate term bonds, privately placed, puttable starting in 2028 at which time bonds can be remarketed or redeemed, annual interest rate of 3.71% and 0.77% at December 31, 2022 and 2021, respectively, payable in installments through 2040 | **89,730** | 89,895 |
| Series 2016C, variable-rate term bonds, privately placed, puttable starting in 2028 at which time bonds can be remarketed or redeemed, annual interest rate of 3.71% and 0.65% at December 31, 2022 and 2021, respectively, payable in installments through 2035 | **18,345** | 19,405 |
| Series 2018A, fixed annual interest rate ranging from 4.00% to 5.00% payable in installments through 2048 (including unamortized premiums of $1,563 and $1,623 at December 31, 2022 and 2021, respectively) | **99,723** | 99,783 |

**8. Long-Term Debt (continued)**

| | December 31 | |
|---|---|---|
| | **2022** | **2021** |
| | *(In Thousands)* | |
| **Uninsured Health Facilities Revenue Bonds (continued)** | | |
| Series 2020, fixed annual interest rate ranging from 3.00% to 5.00% payable in installments through 2050 (including unamortized premiums of $12,994 and $13,461 at December 31, 2022 and 2021, respectively) | **$ 98,429** | $ 102,391 |
| Other obligations | **31,661** | 31,931 |
| | **623,512** | 641,453 |
| Less: | | |
| Current maturities | **16,836** | 15,929 |
| Debt issuance costs | **3,535** | 3,921 |
| Total long-term debt, net of current maturities and debt issuance costs | **$ 603,141** | $ 621,603 |

The Master Trust Indenture (the MTI) dated as of December 1, 1996, with subsequent amendments, sets forth the covenants relating to, and provides the terms and conditions upon which, borrowings under the MTI may be issued and secured. The MTI provides that the borrowings under the MTI are the joint and several obligations of each of the members of the Obligated Group. Currently, the Corporation, Saint Luke's, North, South, and East are members of the Obligated Group and comply with covenants, undertakings, stipulations, and provisions contained in the MTI. The tax-exempt revenue bonds have been issued through the Health & Educational Facilities Authority of the State of Missouri and were used by the Corporation primarily to finance capital projects and to refinance existing indebtedness.

The obligation of the Corporation to make payments on the indebtedness under the MTI and any additional notes is a general obligation of the Obligated Group and any future members of the Obligated Group that is not secured by a pledge or mortgage of, or security interest in, any assets of the Obligated Group or any future members of the Obligated Group. Nonetheless, the MTI imposes certain restrictions on the actions of the members of the Obligated Group for the benefit of all holders of notes issued under the MTI. Such terms include, among others, restrictions on liens on the property of the members of the Obligated Group, restrictions on the incurrence of

**8. Long-Term Debt (continued)**

additional indebtedness, maintenance of certain debt coverage and liquidity ratios, and provisions governing the transfer of the property of the members of the Obligated Group. As of December 31, 2022, the System was in compliance with all financial covenants.

At December 31, 2022, the System has a general operating line of credit of $75 million. This facility has a one-year term expiring April 2023. The System has $0 outstanding under the line of credit at December 31, 2022 and 2021. In February 2023, the System issued a $50 million taxable draw down term loan with interest payable monthly and principal installments beginning in 2026.

In April 2021, Medical Plaza Partners, an affiliate of Saint Luke's, refinanced a loan of $30.0 million with a $30.5 million loan with Northwestern Mutual Life Insurance Company. The loan carries an annual interest rate of 3.71% with principal and interest payments payable monthly based on a 12-year amortization and a balloon payment, which is due in May 2033.

Scheduled annual principal payments on the System's long-term obligations, excluding the impact of unamortized bond premiums of $ 33.7 million and debt issuance cost of $3.5 million, are as follows:

| Year Ending December 31 | Long-Term Debt |
|---|---|
| | *(In Thousands)* |
| 2023 | $ 16,836 |
| 2024 | 17,249 |
| 2025 | 17,807 |
| 2026 | 17,943 |
| 2027 | 18,794 |
| Thereafter | 501,781 |
| | $ 589,781 |

**8. Long-Term Debt (continued)**

**Interest Rate Swap Agreements**

The System is a party to multiple interest rate swap contracts that effectively convert various variable-rate demand bonds to fixed rates. Interest rate swap contracts between the System and a third party (counterparty) provide for the periodic exchange of payments between the parties based on changes in a defined index and a fixed rate and include counterparty credit risk, which is the risk that contractual obligations of the counterparties will not be fulfilled. Concentrations of credit risk relate to groups of counterparties that have similar economic or industry characteristics, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Counterparty credit risk is managed by requiring high credit standards for the System's counterparty. The counterparty to the interest rate swap contracts is a financial institution that carries investment-grade credit ratings. The interest rate swap contracts contain collateral provisions applicable to both parties to mitigate credit risk. There was no collateral posted at December 31, 2022 or 2021. The System does not anticipate nonperformance by its counterparty.

The System's interest rate swap contracts and fair value of derivatives (not designated as hedging instruments) at December 31 on the consolidated balance sheets are as follows:

| Expiration Date | Fixed Rate | The System Receives | Notional Amount | | Fair Value | |
|---|---|---|---|---|---|---|
| | | | 2022 | 2021 | 2022 | 2021 |
| | | | *(In Thousands)* | | *(In Thousands)* | |
| 2032 | 5.500% | SOFR | **$ 54,572** | $ 57,352 | **$ (5,457)** | $ (16,150) |
| 2035 | 5.056 | SOFR | **30,820** | 31,741 | **(3,268)** | (10,568) |
| | | | | | **$ (8,725)** | $ (26,718) |

For the fair value leveling of these interest rate swaps, please refer to Note 9.

**8. Long-Term Debt (continued)**

The effects of derivative instruments included in other income (loss) on the consolidated statements of operations and changes in net assets for the years ended December 31 are as follows:

| Location of Gain (Loss) on Derivatives Recognized in (Deficit) Excess of Revenues Over Expenses | | Amount of Gain (Loss) on Derivatives Recognized in (Deficit) Excess of Revenues Over Expenses | |
|---|---|---|---|
| | | 2022 | 2021 |
| | | *(In Thousands)* | |
| Change in fair value of interest rate swaps | Unrealized gain (loss) | **$ 17,993** | $ 8,650 |
| Other, net | Difference between cash paid and received | **(3,201)** | (4,812) |

**9. Fair Value Measurements**

The System determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Financial Accounting Standards Board's Accounting Standards Codification Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Certain of the System's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed-income, and equity instruments, and interest rate swap contracts. The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Level 1 primarily consists of financial instruments such as money market securities and listed equities.

**9. Fair Value Measurements (continued)**

Level 2 – Pricing inputs other than quoted prices included in Level 1 that are either directly observable or that can be derived or supported from observable data as of the reporting date. Instruments in this category include certain commercial paper, common trust fixed-income funds, common trust equity funds, and interest rate swap contracts depending on the significance of the credit value adjustment.

Level 3 – Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are not observable from objective sources. In evaluating the significance of inputs, the System generally classifies assets or liabilities as Level 3 when their fair value is determined using unobservable inputs that individually, or when aggregated with other unobservable inputs, represent more than 10% of the fair value of the assets or liabilities. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

**9. Fair Value Measurements (continued)**

The fair value of financial assets and liabilities measured at fair value on a recurring basis was determined using the following inputs at December 31, 2022:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | **Total Value** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| | | *(In Thousands)* | | |
| **Assets** | | | | |
| Investments: | | | | |
| Cash and cash equivalents | **$ 11,082** | **$ 11,082** | **$ –** | **$ –** |
| Certificates of deposit | **6,073** | **6,073** | – | – |
| Fixed-income funds | **230,187** | **230,187** | – | – |
| Debt securities | **308** | – | **308** | – |
| Common trust fixed-income funds | **7,773** | **7,773** | – | – |
| Domestic equity securities | **30,393** | **30,393** | – | – |
| International equity mutual funds | **32,412** | **32,412** | – | – |
| Diversified liquid real assets | **67,561** | **67,561** | – | – |
| | **385,789** | **$ 385,481** | **$ 308** | **$ –** |
| **Reconciling items** | | | | |
| Investments recorded at net asset value | **732,631** | | | |
| Accrued interest and other | **318** | | | |
| Investments per consolidated balance sheet | **$ 1,118,738** | | | |
| **Liabilities** | | | | |
| Obligation under interest rate swap contracts | **$ (8,725)** | **$ –** | **$ (8,725)** | **$ –** |

**9. Fair Value Measurements (continued)**

The fair value of financial assets and liabilities measured at fair value on a recurring basis was determined using the following inputs at December 31, 2021:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | **Total Value** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| | | *(In Thousands)* | | |
| **Assets** | | | | |
| Investments: | | | | |
| Cash and cash equivalents | $ 25,733 | $ 25,733 | $ – | $ – |
| Certificates of deposit | 8,116 | 8,116 | – | – |
| Fixed-income funds | 227,591 | 227,591 | – | – |
| Debt securities | 403 | – | 403 | – |
| Common trust fixed-income funds | 8,881 | 8,881 | – | – |
| Domestic equity securities | 36,124 | 36,124 | – | – |
| International equity mutual funds | 32,824 | 32,824 | – | – |
| Diversified liquid real assets | 52,605 | 52,605 | – | – |
| | 392,277 | $ 391,874 | $ 403 | $ – |
| **Reconciling items** | | | | |
| Investments recorded at net asset value | 757,318 | | | |
| Accrued interest and other | 492 | | | |
| Investments per consolidated balance sheet | $ 1,150,087 | | | |
| **Liabilities** | | | | |
| Obligation under interest rate swap contracts | $ (26,718) | $ – | $ (26,718) | $ – |

**9. Fair Value Measurements (continued)**

The fair values of the securities included in Level 1 were determined through quoted market prices. The fair values of Level 2 securities were determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads. Estimated prepayment rates, where applicable, are used for valuation purposes as provided by third-party pricing services where quoted market values are not available. The fair values of the interest rate swap contracts are determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved and are included in Level 2 or Level 3 depending on the significance of the credit value adjustment. Due to the volatility of the capital markets, there is a reasonable possibility of significant changes in fair value and additional gains or losses in the near term subsequent to December 31, 2022.

The carrying amounts reported on the consolidated balance sheets for cash and cash equivalents, accounts receivable, other current assets, and current liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The value of pledges receivable is estimated by management to approximate fair value at the date the pledge is received. Management believes these are Level 2 fair value measurements recorded on a nonrecurring basis.

The estimated fair value of the System's fixed-rate bonds is based on quoted market prices for the same or similar issues and approximates $415.2 million and $491.0 million as of December 31, 2022 and 2021, respectively, which included a consideration of third-party credit enhancement, of which there was no impact. The carrying amount of the System's fixed-rate bonds as recorded on the System's consolidated balance sheets was $453.8 million and $470.2 million as of December 31, 2022 and 2021, respectively. The estimated fair value of the System's variable-rate bonds approximates the carrying amount of $138.1 million and $139.3 million as of December 31, 2022 and 2021, respectively.

## 10. Retirement Plans

The System had a hard-frozen defined benefit pension plan (the Plan). Plan benefits were based on years of service and the employees' compensation. Effective December 31, 2021, the Plan was terminated and all benefit obligations were settled by December 31, 2022.

The following table sets forth the funded status of the Plan and accrued pension costs:

| | December 31 | |
|---|---|---|
| | **2022** | **2021** |
| | *(In Thousands)* | |
| Accumulated benefit obligation | **$ –** | $ 172,454 |
| **Change in projected benefit obligation** | | |
| Projected benefit obligation at beginning of year | **$ 172,454** | $ 195,628 |
| Interest cost | **3,279** | 2,906 |
| Actuarial (gain) loss | **(14,315)** | (6,062) |
| Benefits paid | **(161,418)** | (20,018) |
| Projected benefit obligation at end of year | **–** | 172,454 |
| **Change in plan assets** | | |
| Fair value of plan assets at beginning of year | **155,591** | 160,877 |
| Actual investment return on plan assets | **(19,827)** | 10,632 |
| Contributions | **26,067** | 4,100 |
| Benefits paid | **(161,418)** | (20,018) |
| Fair value of plan assets at end of year | **412** | 155,591 |
| Pension obligation in noncurrent liabilities | **$ –** | $ (16,863) |
| Pension asset in short-term investments | **$ 412** | $ – |

**10. Retirement Plans (continued)**

Included in net assets without donor restrictions are the following amounts that have not yet been recognized in net periodic pension (benefit) cost:

| | December 31 | |
|---|---|---|
| | **2022** | **2021** |
| | *(In Thousands)* | |
| Unrecognized actuarial losses | **$ –** | $ 50,349 |
| Unrecognized prior service credit | **–** | (1,001) |
| | **$ –** | $ 49,348 |

Changes in plan assets and benefit obligations included in net assets without donor restrictions are as follows:

| | Year Ended December 31 | |
|---|---|---|
| | **2022** | **2021** |
| | *(In Thousands)* | |
| Unrecognized actuarial (losses)/gains | **$ (10,114)** | $ 8,216 |
| Amortization of actuarial losses | **60,463** | 6,286 |
| Amortization of prior service credit | **(1,001)** | (87) |
| | **$ 49,348** | $ 14,415 |

| | **2022** | **2021** |
|---|---|---|
| Weighted average assumptions used to determine the projected benefit obligation for the years ended December 31: | | |
| Discount rate | **n/a** | 2.58% |
| Weighted average assumptions used to determine net periodic benefit cost for the years ended December 31: | | |
| Discount rate | **3.75%** | 2.46% |
| Expected long-term return on plan assets | **n/a** | 5.50 |
| Mortality projection scale | **n/a** | MSS-2021 |

**10. Retirement Plans (continued)**

At December 31, 2021, the effect of the decrease in discount rate was to increase the projected benefit obligation by approximately $5.1 million.

| | Year Ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| | *(In Thousands)* | |
| Components of net periodic (benefit) cost: | | |
| Interest cost | **$ 3,279** | $ 2,906 |
| Expected return on plan assets | **(4.602)** | (8,478) |
| Amortization of net actuarial loss | **804** | 1,225 |
| Amortization of prior service credit | **(87)** | (87) |
| Settlement charge – prior service credit | **(914)** | – |
| Settlement charge – net actuarial loss | **59,659** | 5,061 |
| Net periodic pension cost | **$ 58,139** | $ 627 |

The System's pension plan's weighted average asset allocations, by asset category, are as follows:

| | Target Asset Allocation | | Plan Assets | |
|---|---|---|---|---|
| | December 31 | | December 31 | |
| Asset Category | 2022 | 2021 | 2022 | 2021 |
| Fixed income | **– %** | 50% | **–%** | 50% |
| Public equity | – | 37 | – | 31 |
| Marketable real asset funds | – | 4 | – | 3 |
| Hedge funds | – | 9 | – | 8 |
| Cash | – | – | **100** | 8 |

The System employed a total return investment approach whereby a mix of marketable equity securities, common trust fixed-income funds, common trust equity funds, and alternative investments were used to estimate a long-term return of plan assets for a prudent level of risk. The System's goal was to manage the duration of both assets and liabilities to meet changes in the liabilities. Risk tolerance was therefore established through careful consideration of plan liabilities and plan-funded status.

**10. Retirement Plans (continued)**

The System determined an expected long-term rate of return for plan assets in consultation with its external investment advisor. The System reviewed historical market performance by investment asset class along with current economic outlooks for asset class performance in order to estimate its long-term rate of return assumption. Peer data and historical returns were reviewed to check for reasonableness.

The fair value of pension plan assets was determined using the following inputs at December 31, 2021:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | | *(In Thousands)* | | |
| Cash and cash equivalents | $ 13,006 | $ 13,006 | $ – | $ – |
| Fixed-income funds | 38,820 | 38,820 | – | – |
| Domestic equity securities | 3,426 | 3,426 | – | – |
| Marketable real asset fund | 4,538 | 4,538 | – | – |
| Total assets measured on a recurring basis at fair value | 59,790 | $ 59,790 | $ – | $ – |
| Investments recorded at net asset value | 95,801 | | | |
| Fair value of plan assets | $ 155,591 | | | |

The fair value of Level 1 and Level 2 investments in the pension plan assets is valued as outlined in Note 8, with the exception of alternative investments, which are recorded at fair value within the pension plan assets. The fair value of alternative investments is based on net asset value. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner taking into consideration, among other things, the financial performance of underlying investments, recent sales prices of underlying investments, market exchanges at period-end, and other pertinent information. Fair value calculations may not

**10. Retirement Plans (continued)**

be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan's valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The System maintains a deferred 403(b) plan for employees' contributions. In addition, the System maintains a 401(a) defined contribution retirement plan that covers substantially all employees meeting the eligibility requirements set forth under this plan. The System contributes an amount based on a percentage for eligible employees who contribute to the tax-deferred 403(b). The System recorded expenses of $38.7 million and $36.2 million related to these plans during 2022 and 2021, respectively, which are included in employee benefits expense on the consolidated statements of operations and changes in net assets.

**11. Insurance and Self-Insured Risks**

The System provides for medical malpractice and general liability exposure through a combination of self-insurance and third-party insurance carriers.

Professional and general liability coverage for substantially all of the Missouri hospital facilities is provided through Saint Luke's Health System Insurance, Ltd. (the Captive), a Cayman domiciled wholly owned subsidiary of the System. General liability coverage for the Kansas hospital facilities is provided through the Captive. Effective April 1, 2022, self-insured retentions are $6.0 million per occurrence and $38.5 million in annual aggregate. Prior to April 1, 2022, the self-insured retentions were $5.0 million per occurrence and $30.0 million in aggregate. Contributions to the Captive are made based on funding levels recommended by an independent actuary.

For entities participating in the Captive, expense is based on paid claims and the actuary's estimate of the eventual cost of claim settlements, including estimates for claims that may have occurred during the periods but were not yet identified and reported, and the probable timing of the payment of these claims. Accrued malpractice losses were undiscounted at December 31, 2022 and 2021.

**11. Insurance and Self-Insured Risks (continued)**

South established a trust (the SLS Trust) to self-insure professional liability risk beginning on January 1, 2005. Effective in 2022, the coverage provided by the SLS Trust is $500,000 per claim and $1.5 million in aggregate. Prior to 2022, the coverage provided by the SLS Trust was $200,000 per claim and $600,000 in the aggregate.

Beginning in 2022, the Kansas Health Care Stabilization Fund provides coverage in the amount of $500,000 per claim and $1.5 million in the aggregate. Prior to 2022, the Kansas Health Care Stabilization Fund provides coverage in the amount of $800,000 per claim and $2.4 million in the aggregate. Prior acts (or tail) coverage also is provided through each trust. The funding contributions to each trust were based on recommendations from an independent actuary.

Saint Luke's Health System RRG, which was established August 1, 2003, in South Carolina, provides coverage to employed physicians and related staff of the System. The RRG has the capacity to insure physicians who are not employed by the System. The RRG is wholly owned by the System and provides the first layer of coverage for employed physicians.

The RRG provides excess insurance coverage for general and professional liability for all the System's entities. This exposure is 100% reinsured by various third-party insurers.

In the event the claims-made policies are not renewed or replaced with equivalent insurance coverage, claims based on occurrences during their term, but reported subsequently, will be uninsured. Management is currently not aware of any incidents that would result in losses that could have a material adverse impact on the accompanying consolidated financial statements.

**11. Insurance and Self-Insured Risks (continued)**

The System similarly provides for health insurance and workers' compensation coverage through a combination of self-insurance and third-party insurers. Liabilities have been established for known claims and estimated claims, that have been incurred but not reported and amounted to the following:

| | December 31 | |
|---|---|---|
| | **2022** | **2021** |
| | *(In Thousands)* | |
| Professional and general liability | **$ 25,704** | $ 25,253 |
| Health insurance and workers' compensation | **14,780** | 15,464 |
| Included in other current liabilities | **$ 40,484** | $ 40,717 |

| | December 31 | |
|---|---|---|
| | **2022** | **2021** |
| | *(In Thousands)* | |
| Professional and general liability | **$ 49,268** | $ 49,135 |
| Workers' compensation | **2,508** | 2,726 |
| Included as reserve for self-insured risks | **$ 51,776** | $ 51,861 |

Workers' compensation exposure in the self-insured or high deductible layers for occurrences beginning July 1, 2015, is evaluated by the actuary and is funded and paid through the Captive.

**12. Leases**

The System leases certain health care equipment and real property under long-term leases as a normal part of its operation. The System determines whether an arrangement is a lease at the inception of a contract. The System elected a practical expedient to apply the new standard at the adoption date, and not recast the comparative periods presented. The System has lease agreements that require payments for lease and non-lease components and has elected to account for these as a single component. For leases that commenced before the effective date of Accounting Standards Update No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, the System elected the permitted practical expedients not to reassess the following: (i) whether any expired or existing contracts contain leases, (ii) the lease classification for any expired or existing leases, and (iii) initial direct costs for any existing leases.

**12. Leases (continued)**

As of December 31, 2022, the System had right-of-use assets of $162.5 million and lease liabilities for operating leases of $178.2 million. Current lease liabilities are recorded in other current liabilities. As of December 31, 2021, the System had right-of-use assets of $177.0 million and lease liabilities for operating leases of $193.9 million. Finance leases were not significant for the years ended December 31, 2022 or 2021. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet.

Right-of-use assets represent the System's right to use an underlying asset during the lease term, and lease liabilities represent the System's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date based on the net present value of fixed lease payments over the lease term. The System's lease term includes options to extend or terminate the lease when it is reasonably certain that the options will be exercised. As most of the System's operating leases do not provide an implicit interest rate, the System uses a three-tier system, based on the remaining term of the lease, to determine the discount rate applied to each lease. The three tiers of remaining lease terms are 1 to 5 years, 6 to 10 years, and 11 years or more, and the rates used for each tier are determined by the System's incremental borrowing rate based on outstanding bond issuances. The System reviews its incremental borrowing rate quarterly and applies the updated rate(s) to any new leases entered into during the quarter.

The amounts relating to the System's lease expense are as follows:

| | 2022 | 2021 |
|---|---|---|
| | *(In Thousands)* | |
| Lease expenses: | | |
| Long-term lease expense | **$ 24,297** | $ 23,033 |
| Short-term lease expense | **812** | 1,363 |
| Total lease expense | **$ 25,109** | $ 24,396 |

**12. Leases (continued)**

Other lease information:

| | 2022 | 2021 |
|---|---|---|
| Operating cash flows for leases | **$ 26,231** | $ 25,714 |
| Right-of-use assets obtained in exchange for new lease liabilities | **2,089** | 250 |
| Weighted average remaining lease term (in years) | **8.77** | 9.79 |

The following table discloses the incremental borrowing rates in use for the three remaining lease term tiers in use in the year ended December 31, 2022:

| | |
|---|---|
| Remaining lease term: | |
| 1 to 5 years | 6.9% |
| 6 to 10 years | 6.8 |
| 11 and more years | 6.7 |

Future annual undiscounted cash flows for lease liabilities are as follows:

| | |
|---|---|
| Year ending December 31: | |
| 2023 | $ 25,837 |
| 2024 | 22,141 |
| 2025 | 23,223 |
| 2026 | 21,663 |
| 2027 | 20,510 |
| Thereafter | 89,950 |
| | $ 203,324 |

Allen County, Anderson County, Hedrick, and Wright Memorial facilities are leased from the local community or government, while the System provides for the operations of these facilities. The financial position and results of operations of these facilities are included in the consolidated financial statements, and include combined total net assets of $78.2 million and $83.3 million as of December 31, 2022 and 2021, respectively. These leases have a remaining noncancelable initial term of five to ten years. The leases are evergreen leases, which require a one- to two-year cancellation notice by either party. Currently, the System has no reason to believe that these arrangements will be terminated.

## 13. Functional Classification of Expenses

The System's primary business operation includes acute, non-acute, post-acute, and behavioral health-related services in both hospital and clinic settings. In addition, the System provides home care services and care to the terminally ill, and manages properties utilized primarily for physician offices and clinics. The corporate entity, the Corporation, performs centralized information systems, marketing, human resources (including compensation and benefits), legal, compliance, accounting, finance, and purchasing functions for the System. Expenses are allocated to health care services and administrative services based on the functional department for which they are incurred. Departmental expenses may include various allocations of costs based on direct assignment, expenses, or other methods.

Expenses by functional classification consist of the following:

| | Health Care Services | Management and General | Total |
|---|---|---|---|
| **Year ended December 31, 2022** | | | |
| Salaries and wages | **$ 986,328** | **$ 62,871** | **$ 1,049,199** |
| Employee benefits | **213,696** | **16,944** | **230,640** |
| Supplies and other | **888,963** | **53,947** | **942,910** |
| Depreciation and amortization | **98,431** | **5,875** | **104,306** |
| Interest | **19,609** | – | **19,609** |
| | **$ 2,207,027** | **$ 139,637** | **$ 2,346,664** |
| **Year ended December 31, 2021** | | | |
| Salaries and wages | $ 939,168 | $ 61,935 | $ 1,001,103 |
| Employee benefits | 211,119 | 16,068 | 227,187 |
| Supplies and other | 817,907 | 50,046 | 867,953 |
| Depreciation and amortization | 99,297 | 5,907 | 105,204 |
| Interest | 18,579 | – | 18,579 |
| | $ 2,086,070 | $ 133,956 | $ 2,220,026 |

## 14. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

| | December 31 | |
|---|---|---|
| | **2022** | **2021** |
| | *(In Thousands)* | |
| Subject to expenditure for specific purpose: | | |
| Health care services | **$ 66,594** | $ 82,464 |
| Health care education and research | **69,239** | 79,715 |
| Other programs | **6,727** | 7,876 |
| Purchase of equipment | **13,053** | 14,858 |
| Foundation net assets | **506** | 551 |
| | **$ 156,119** | $ 185,464 |

Proceeds from the following principal of these net assets with donor restrictions are restricted to the following:

| | December 31 | |
|---|---|---|
| | **2022** | **2021** |
| | *(In Thousands)* | |
| Subject to expenditure when a specific event occurs: | | |
| Health care services | **$ 41,148** | $ 38,712 |
| Health care education and research | **30,298** | 30,246 |
| Purchase of equipment | **1,231** | 1,231 |
| | **$ 72,677** | $ 70,189 |

## 15. Endowments

Endowments consist of funds established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions in accordance with U.S. GAAP.

**15. Endowments (continued)**

The Foundation's governing body has interpreted the State of Missouri Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing body of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund
- Purposes of the Foundation and the fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from investment income and appreciation or depreciation of investments
- Other resources of the Foundation
- Investment policies of the Foundation

**15. Endowments (continued)**

At December 31, 2022, the endowment net asset composition by type of fund consisted of the following:

| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** |
|---|---|---|---|
| Board-designated endowment funds | **$ 5,781** | **$ –** | **$ 5,781** |
| Donor-restricted endowment funds | **–** | **131,823** | **131,823** |
| Total funds | **$ 5,781** | **$ 131,823** | **$ 137,604** |

At December 31, 2021, the endowment net asset composition by type of fund consisted of the following:

| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** |
|---|---|---|---|
| Board-designated endowment funds | $ 3,802 | $ – | $ 3,802 |
| Donor-restricted endowment funds | – | 146,766 | 146,766 |
| Total funds | $ 3,802 | $ 146,766 | $ 150,568 |

**15. Endowments (continued)**

For the years ended December 31, 2022 and 2021, the changes in the endowment net assets were as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, January 1, 2021 | $ 4,797 | $ 129,418 | $ 134,215 |
| Investment return, net | 456 | 23,788 | 24,244 |
| Contributions | – | 531 | 531 |
| Appropriations of endowment assets for expenditure | (51) | (3,386) | (3,437) |
| Other changes | (1,400) | (3,585) | (4,985) |
| Endowment net assets, December 31, 2021 | 3,802 | 146,766 | 150,568 |
| Investment return, net | **(137)** | **(11,261)** | **(11,398)** |
| Contributions | – | **892** | **892** |
| Appropriations of endowment assets for expenditure | **(46)** | **(3,888)** | **(3,934)** |
| Other changes | **2,162** | **(686)** | **1,476** |
| Endowment net assets, December 31, 2022 | **$ 5,781** | **$ 131,823** | **$ 137,604** |

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that meet or exceed the price and yield results of various benchmarks, with a primary objective of maintaining purchasing power by achieving a return, net of fees, equal to or greater than 5%, plus inflation, over long periods of time. Actual returns in any given year may vary from this amount.

**15. Endowments (continued)**

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy (the spending policy) of appropriating for expenditure each year 5% of its endowment fund's rolling three-year average fair value as of the previous June 30 balance. If the endowment fund's value reflects less than 5% growth, distributions can be made with appropriate consideration and approval. In establishing this policy, the Foundation considered the long-term expected return on its endowments. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

**16. Commitments and Contingencies**

The health care industry is heavily regulated by both federal and state governments. These laws and regulations are wide ranging and impose very complex requirements that are often subject to shifting government interpretation and enforcement policies. These requirements affect nearly all aspects of health care operations, including billing and coding, accounting, cost allocation, tax exemption, physician contracting and employment, medical staff oversight, patient privacy, record-keeping, hospital operations, and licensure and accreditation, among other functions and transactions. Violations may be intentional or may occur because those responsible for the noncompliance are unaware that the law is violated by their actions. Management may not be aware of noncompliant conduct.

Enforcement activity in health care is a focus of both federal and state government. The government has several powerful enforcement tools to prosecute individual or industry-wide practices and may seek restitution, fines, and penalties for conduct that extends many years past. In addition, private parties have a compelling incentive to file so-called whistle-blower lawsuits alleging certain types of noncompliance. These lawsuits are costly to defend and pose the risk of such extreme penalties that health care providers are often forced to settle even where the merits are not clear to avoid this risk. Finally, in certain instances, health care providers are required to disclose certain noncompliance on a timely basis to avoid onerous penalties and government regulation, and guidance of the meaning of "timely" disclosure is still evolving.

**16. Commitments and Contingencies (continued)**

There can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations or that the laws and regulations themselves will not be subject to challenge, and it is not possible to determine the effect, if any, such claims, penalties, or challenges would have on the System.

**17. Subsequent Events**

The System evaluated events and transactions occurring subsequent to December 31, 2022 through April 5, 2023, the date of issuance of the accompanying consolidated financial statements. During this period, there were no subsequent events that required recognition or disclosure in the consolidated financial statements.

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| 719010 Radiation-Oncology | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Historical Financial Data for Latest Three Full Years | | | | Projected Financial Data for Next Three Full Years | | | | | |
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Assumptions/Comments |
| **Amount of Utilization:*** | 578 | 488 | 581 | 568 | 575 | 583 | 591 | 599 | Historical from Decision Support; 2024 budget inflection, 2025-2027 normal inflation |
| | | 84% | 119% | | | | | | |
| **Revenue:** | | | | | | | | | |
| **Average Charge**** | 70,520.18 | 85,230.84 | 84,138.30 | 88,645.92 | 90,193.76 | 91,624.79 | 93,096.06 | 94,608.29 | Historical equal to Decision Support Gross Charge |
| **Gross Revenue** | $ 40,760,667 | $ 41,592,649 | $ 48,884,354 | $ 50,350,885 | $ 51,861,411 | $ 53,417,253 | $ 55,019,771 | $ 56,670,364 | Historical from Decision Support; Gross Revenue increase 3% |
| **Revenue Deductions** | $ 35,074,348 | $ 36,171,213 | $ 41,799,230 | $ 43,370,971 | $ 44,672,100 | $ 46,012,263 | $ 47,392,631 | $ 48,814,410 | Historical from Decision Support; Projected used 2024-27 realization rate |
| **Operating Revenue (Net)** | $ 5,686,319 | $ 5,421,436 | $ 7,085,124 | $ 6,979,913 | $ 7,189,311 | $ 7,404,990 | $ 7,627,140 | $ 7,855,954 | Historical, Oper Rev = Net Payments; Projected calculated using 2023 realization rate for OP Only |
| **Other Revenue** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | |
| Realization % | 14.0% | 13.0% | 14.5% | 13.9% | 13.9% | 13.9% | 13.9% | 13.9% | Use Average of 2021-2023 rate applied to 2024-2027 |
| **TOTAL REVENUE** | **$ 5,686,319** | **$ 5,421,436** | **$ 7,085,124** | **$ 6,979,913** | **$ 7,189,311** | **$ 7,404,990** | **$ 7,627,140** | **$ 7,855,954** | |
| **Expenses:** | | | | | | | | | |
| **Direct Expenses:** | | | | | | | | | |
| **Salaries (includes benefits)** | $ 1,728,028 | $ 2,002,788 | $ 2,171,798 | $ 2,236,952 | $ 2,304,060 | $ 2,373,182 | $ 2,444,378 | $ 2,517,709 | For 2024, assumed 2023 with 1 yrs of merit; 2025, 2026, & 2027 % merit increase |
| **Fees** | | | | | | | | | |
| **Supplies** | $ 58,075 | $ 126,757 | $ 127,683 | $ 128,571 | $ 134,060 | $ 140,003 | $ 146,182 | $ 152,606 | For 2024-2027, assumed cost per unit in 2023 with yearly % increase at 2024-2027 volume |
| **Other** | $ 982,873 | $ 1,028,615 | $ 1,088,092 | $ 1,120,735 | $ 1,154,357 | $ 1,188,988 | $ 1,224,658 | $ 1,261,397 | For 2024-2027, assumed 2023 plus 3% inflation |
| **TOTAL DIRECT** | $ 2,768,976 | $ 3,158,160 | $ 3,387,573 | $ 3,486,258 | $ 3,592,478 | $ 3,702,173 | $ 3,815,217 | $ 3,931,712 | |
| | | | 15% | | | | | | |
| **Indirect Expenses:** | | | | | | | | | |
| **Depreciation** | $ 287,048 | $ 316,683 | $ 252,985 | $ 490,252 | $ 440,871 | $ 406,822 | $ 403,173 | $ 397,443 | 2024-2027 Depreciation plus purchase of asset @ 4.5M @ 15 Year life, reduced by assets that drop off |
| **Interest***** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | |
| **Rent/Lease** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | |
| **Overhead****** | $ 463,289 | $ 507,746 | $ 547,289 | $ 574,654 | $ 603,387 | $ 633,556 | $ 665,234 | $ 698,495 | For 2024-2027, assumed 2023 plus an annual 5% increase |
| **TOTAL INDIRECT** | $ 750,337 | $ 824,429 | $ 800,274 | $ 1,064,906 | $ 1,044,258 | $ 1,040,378 | $ 1,068,407 | $ 1,095,939 | |
| **TOTAL EXPENSES** | $ 3,519,314 | $ 3,982,588 | $ 4,187,848 | $ 4,551,164 | $ 4,636,735 | $ 4,742,551 | $ 4,883,624 | $ 5,027,650 | |
| **NET INCOME (LOSS):** | $ 2,167,006 | $ 1,438,847 | $ 2,897,276 | $ 2,428,750 | $ 2,552,575 | $ 2,662,439 | $ 2,743,515 | $ 2,828,303 | |
| | $ - | $ - | $ - | | | | | | |
| **check** | $ 2,167,006 | $ 1,438,847 | $ 2,897,276 | | | | | | |

| % Assumptions: | |
|---|---|
| Merit | 3% |
| Supplies/Overhead | 3% |
| Overhead (Shared Services) | 5% |

**Saint Luke's Hospital plans to purchase a new Linear Accelerator**

LINAC). This will be a replacement for the equipment previously approved via CON #4108 HS. The quote received from the vendor for the equipment is $3,846,716 and there is an estimated cost for construction for install of $700,000. The square footage impacted by the construction required is approximately 770 sf. Upon approval, the project team expects to be able to complete the purchase of the equipment, install, and be ready for operation beginning in Q1 2025.

Attachment #13

Attachment #14

Status Active PolicyStat ID 12871924

| | | | |
|---|---|---|---|
| Origination | 3/1/2002 | Owner | Shelby Frigon: VP Revenue Cycle |
| Last Approved | 2/15/2023 | Area | Finance |
| Effective | 1/1/2023 | Applicability | Saint Luke's Health System – All Facilities & ACRH |
| Last Revised | 2/15/2023 | | |
| Next Review | 2/15/2024 | | |

# Financial Assistance for Medically Indigent Patients, FIN-010



## PURPOSE

To assure that financial assistance options are available to all medically indigent patients and guarantors who are unable to pay for emergent and medically necessary services provided by Saint Luke's Health System ("Saint Luke's") while ensuring Saint Luke's compliance with State and Federal laws and regulatory guidance pertaining to charity care and financial assistance.

## POLICY

Saint Luke's Health System provides financial assistance for medically indigent patients who meet eligibility criteria outlined in this Policy.

Situations where the provision of financial assistance will be considered include but are not limited to:

- Uninsured patients who do not have the ability to pay
- Insured patients who do not have the ability to pay for portions not covered by insurance including but not limited to coinsurance and deductibles
- Deceased patients with no estate, and no living trust
- Patients involved in catastrophic illness or injury

## DEFINITION(S)

**Amounts Generally Billed –** The Amounts Generally Billed (AGB) is the amount generally allowed by Medicare fee for service and private health insurers for emergency and other medically necessary care. SLHS uses the look back method to determine AGB.

**Catastrophic Medical Expense –** A Catastrophic Medical Expense is defined as a patient's financial responsibility exceeding 20% of the annual income and financial resources available to the patient and/or guarantor.

**Co Pay –** Minimum amount due from patients who qualify for financial assistance. Co pay does not exceed AGB.

**Federal Poverty Guidelines -** Federal Poverty Guidelines (FPL) means those guidelines issued by the Federal Government that describe poverty levels in the United States based on a person or family's household income. The Federal Poverty Guidelines are adjusted according to inflation and published in the Federal Register. For the purposes of this policy, the most current annual guidelines will be utilized.

**Financial Assistance Application-** means the information and accompanying documentation that an individual submits to apply for financial assistance. This can include (a) completing a paper copy of the SLHS Financial Assistance Application and mailing or delivering to SLHS or (b) providing financial information in person during patient registration or over the phone by contacting a SLHS Centralized Business Office.

**Look Back Method –** Look Back Method is a prior twelve (12) month period used when calculating Amounts Generally Billed.

**Medically Necessary Services -** Medically necessary services are services that are reasonable and medically necessary for the prevention, diagnosis, or treatment of a physical or mental illness or injury; to achieve age appropriate growth and development; to minimize the progression of a disability; or to attain, maintain, or regain functional capacity; in accordance with accepted standards of practice in the medical community of the area in which the physical or mental health services rendered; and service(s) is (are) furnished in the most appropriate setting. Medically necessary services are not used primarily for convenience and are not considered experimental or an excessive form of treatment.

**Medically Indigent -** A medically indigent patient is defined as a person who has demonstrated that he/she is too impoverished to meet his or her medical expenses. The medically indigent patient may or may not have an income and may or may not be covered by insurance. Each patient's financial position will be evaluated individually using the Federal Poverty Limit as a guideline.

# PROCEDURE

## Applying for Financial Assistance

Medical indigence must be demonstrated through documentation, financial screening or by presumptive scoring. This determination can be made while the patient is in the hospital, shortly after dismissal, during the normal internal collection efforts and after placement with an outside collection agency. Requests for financial assistance are accepted for up to 1 year from the first post-discharge billing statement date.

Patients apply for financial assistance by completing a Financial Assistance Application or may be screened for financial assistance by contacting a SLHS Centralized business office and providing financial documents as requested. Patients may obtain a Financial Assistance Application by requesting

in writing or by contacting a SLHS Centralized Business Office by phone or email. The Financial Assistance Application is also available on the Saint Luke's website www.saintlukeskc.org/financial-assistance#. Supporting documentation may be required including items such as Federal Income Tax Return, IRS non-filing letter, recent bank statements, or recent paycheck stubs. Other documents that support the patient/household income, assets and financial position may be requested but not required. Supporting documentation requirements may be waived in some circumstances including but not limited to Medicaid eligible patients receiving non covered medically necessary or emergent services, patients that potentially qualify for financial assistance based on presumptive scoring, patients unable to provide documents and homeless patients.

Certain Critical Access Hospitals and associated clinics may be approved sites for the National Health Services Corps (NHSC). When this situation exists, those sites will follow the guidelines as established and approved by the NHSC. Patients at approved NHSC sites do not have to provide banking and asset information.

Assistance with the application process is provided by a SLHS Centralized Business Office staff or hospital admitting staff. Assistance may be requested by phone or in person by calling or visiting the locations identified in the Request a Copy section.

Once a patient has completed a Financial Assistance Application and the patient is determined to be eligible for financial assistance, such determination is valid for subsequent eligible services twelve (12) months after the approval date without requiring updated income documentation. Patients should contact a SLHS Centralized Business Office to request financial assistance for subsequent eligible services. A SLHS Centralized Business Office will confirm the household size, income and assets have not changed since last approved. After twelve (12) months or if the patient's financial situation has changed, the patient must reapply for financial assistance eligibility. Financial assistance adjustments approved based on presumptive scoring are only valid for the date of service reviewed and are not valid for subsequent dates of service. Presumptive eligibility will be re-evaluated for each date of service.



# Financial Assistance Determination

A patient's eligibility for financial assistance is not determined until activities to identify and secure payment from Medicare, Medicaid, Crime Victims, other government programs, other funded programs, medical insurance, or any other possible appropriate source for payment are exhausted which could also include but not limited to Health Cost Sharing plans, auto insurance personal injury protection (PIP) or med pay, liability liens, or estate claims. Reversal of financial assistance adjustments must be made if subsequent third party payments are received. Financial assistance is to be considered the adjustment of last resort.

Uninsured patients may receive a patient discount. For hospital services, if the patient subsequently qualifies for financial assistance, the discount is reversed and the financial assistance adjustment is posted.

A patient's eligibility for financial assistance is based on the household income at the time assistance is sought, expressed as a percentage of the Federal Poverty Guideline for family size. The Federal Poverty Guideline as used for the purposes of determining financial assistance is outlined later in this policy.

Household Income is defined as:
Adults: If the patient is an adult, "Yearly Household Income" means the sum of the total yearly gross income or estimated yearly income of the patient and the patient's spouse/live in partner.
Minors: If the patient is a minor, "Yearly Household Income" means the sum of the total yearly gross income or estimated yearly income of the patient, and patient's parent(s) or legal guardian in the home.

Other financial resources may be considered when determining a patient's ability to pay. Other financial resources could include checking accounts, savings accounts, IRA's, CD's retirement savings and investments. A patient's and responsible party's overall financial position will be considered when determining financial assistance.

Household size is defined as:
Adults: In calculating the Household Size, include the patient, the patient's spouse or live in partner, and any dependents (as defined by the Internal Revenue Code (IRC).
Minors: In calculating the Household Size, if the patient is a minor, include the patient, parent(s) or legal guardian(s) in the home, and dependents of the parent(s) or legal guardian(s) (as defined by IRC).

For unscheduled inpatient or outpatient admissions and scheduled hospital services approved for continuation of care, a co pay (minimum patient responsibility) per admission may be due to the hospital. Financial assistance up to 100% of billed charges less the co pay may be provided for hospital services.

For emergency room visits that do not result in an admission, a co pay per emergency room visit may be due to the hospital. Financial assistance up to 100% of billed charges less the co pay may be provided.

Scheduled inpatient and outpatient hospital services not approved through the continuation of care process are eligible for partial financial assistance for patients at or below 300% of the Federal Poverty Guideline. Amounts owed after financial assistance are not to exceed Amounts Generally Billed (AGB). Patients who are non U.S. residents are not eligible for financial assistance beyond the uninsured patient discount for scheduled services with the exception of OB Care.

Saint Luke's Health System may limit financial assistance to patients who decline insurance coverage including government assistance plans. In those situations, financial assistance may be limited to Amounts Generally Billed (AGB).

# The FPL% guidelines are applied to applicable services as follows:

## Saint Luke's Hospital of Kansas City, Saint Luke's North Hospital, Saint Luke's South Hospital, Saint Luke's East Hospital, Saint Luke's Radiation Therapy Liberty, and Saint Luke's Home Care and Hospice

| Income % of FPL | Charity | Patient Responsibility |
|---|---|---|
| Unscheduled inpatient and observation / outpatient hospital services/ Continuation of Care approved scheduled services | | |
| 200% or less FPL | 100% | 0% |
| 201% - 250% FPL | 100% less co-pay | $700 co-pay per admission/account |
| 251% - 300% FPL | 100% less co-pay | $1,500 co-pay per admission/account |

Emergency room visits not resulting in admission

| | | |
|---|---|---|
| Less than 300% FPL | 100% less co-pay | $150 per visit co pay |

Scheduled Services not approved for continuation of care

| | | |
|---|---|---|
| Less than 300% FPL | 75% | 25% |



## Saint Luke's Regional Lab Accounts

| Income % of FPL | % Charity | % Patient Responsibility |
|---|---|---|
| 200% or less | 100% | 0% |
| >200% | 0% | 100% |

## Allen County Regional Hospital, Anderson County Hospital, Hedrick Medical Center, Wright Memorial Hospital

Unscheduled inpatient and observation / outpatient hospital services / Continuation of Care approved scheduled services, clinic visits and ambulance

| Income % of FPL | Charity | Patient Responsibility |
|---|---|---|
| | | |
| 200% or less FPL | 100% | 0% |
| 201% - 250% FPL | 75% | 25% |

| Income % of FPL | Charity | Patient Responsibility |
|---|---|---|
| 251% - 275% FPL | 60% | 40% |
| 276% - 300% FPL | 45% | 55% |
| > 300% FPL | 0% | 100% |

Emergency room visits not resulting in admission

| | | |
|---|---|---|
| Less than 300% FPL | 100% less co-pay | $150 per visit co-pay |

Scheduled Services not approved for continuation of care

| | | |
|---|---|---|
| Less than 300% FPL | 40% | 60% |

# Bishop Spencer Place

| Income % of FPL | Charity | Patient Responsibility |
|---|---|---|
| Skilled Nursing and Rehab Services (excludes residential services) | | |
| 200% or less FPL | 100% | 0% |
| 201% - 250% FPL | 100% less co-pay | $700 co-pay per admission/account |
| 251% - 300% FPL | 100% less co-pay | $1,500 co-pay per admission/account |



# Presumptive Eligibility

SLHS entities may receive scoring from third parties who independently evaluate propensity to pay and probability of charity. SLHS may rely on that scoring for the basis of determining financial assistance when a patient does not complete a financial assistance application and provide supporting documentation as requested. Patients qualifying for presumptive eligibility may receive full or partial assistance. If partial assistance is approved, the patient receives a bill for the reduced amount owed. For hospital accounts, the patient is notified in writing of partial approval and how they can apply for financial assistance to determine if additional assistance is available. The patient is provided a reasonable time period in which to apply for additional assistance. If the patient applies for additional assistance, the application is reviewed and the patient is notified of the decision. Patients that are not approved for full financial assistance receive a statement.

# Catastrophic Assistance

For patients that do not otherwise qualify for financial assistance per the Federal Poverty Guidelines, catastrophic assistance may be available. Catastrophic medical expense is defined as patient responsibility exceeding 20% of annual income and financial resources available to the patient and/or guarantor. In situations where a patient has a catastrophic medical expense the patient financial responsibility after charity may be reduced to an amount equal to 20% of annual income and financial resources. The patient's financial responsibility after financial assistance will not exceed AGB.

# Basis for Calculating Amounts Generally Billed –

# Hospital Accounts Only

After the patient's hospital account is reduced by the financial assistance adjustment based on this policy and guidelines, the patient is responsible for no more than amounts generally billed to individuals who have Medicare fee for service and private health insurers for emergency and other medically necessary care. The Look Back Method is used to determine AGB.

The AGB summary document describes the calculation and states the percentage used by the hospital. The Amounts Generally Billed summary is available on the Saint Luke's website. www.saintlukeskc.org/financial-assistance#
Patients or members of the public may request a copy of this policy available at no charge at the hospital admitting office or by contacting the SLHS Centralized business office. The hospital locations and SLHS Centralized business office contact information are provided under Request a Copy section of this policy.

# Hospital Financial Assistance Approval

Financial assistance may be approved by a patient account employee, supervisor, manager, director, vice president, controller or CFO. Management review and approval is required as defined in the Patient Account Adjustment and Action Approval Levels Policy (FIN-067).



# Patient Refunds

The hospital will refund any amount the individual has paid for care that exceeds the amount he or she is determined to be personally responsible for paying as a financial assistance policy eligible individual, unless such amount is less than $5 (or such other amount set by notice or other guidance published by the Internal Revenue Service).

# Financial Assistance Policy Availability to Patients

Information about the availability of financial assistance appears on patient statements and is posted on signs in hospital registration areas. The financial assistance policy, plain language summary of policy and financial assistance application form with instructions are available on the Saint Luke's website. www.saintlukeskc.org/financial-assistance#

Patients or members of the public may request a copy of this policy available at no charge at the hospital admitting office or by contacting the SLHS Centralized business office by phone, mail, email, or in person. The hospital locations and SLHS Centralized business office contact information is provided under Request a Copy section of this policy.

# Patient Billing and Collection

Statements are sent to patients to advise them of balances due. Statements and final notices state that financial assistance may be available to those that qualify and provide contacts to request additional information.  Balances are considered delinquent when the patient fails to make either acceptable

payment or acceptable payment arrangements before the next statement. Patients are notified of delinquent balances by messages on the statements, by phone calls, by final notices or by collection letters.

Hospital delinquent accounts are eligible to be placed for collection 30 days after final notice has been sent. The policies and practices of the collection agency follow the Fair Debt Collection Practices Act. The agency demonstrates a patient relations approach in all its practices. The agency utilizes a variety of collection methods including letters and phone calls.

SLHS hospitals will make reasonable efforts to determine whether an individual is eligible for assistance under this policy before engaging in any extraordinary collections action ("ECA"). Reasonable efforts to determine eligibility include: notification to the patient by SLHS of the FAP upon admission and in written and oral communications with the patient regarding the patient's bill, an effort to notify the individual by telephone about the Policy and the process for applying for assistance at least 30 days before taking action to initiate any lawsuit, and a written response to any Financial Assistance Application for assistance under this Policy submitted within 240 days of the first post-discharge billing statement with respect to the unpaid balance. Potential ECA's may include any actions taken that require a legal or judicial process in an attempt to collect payment from an individual including but not limited to commencing a civil action. SLHS may send accounts to a contracted collection agency(ies) but such action is not considered an ECA. SLHS contracted collection agency(ies) are not authorized to report SLHS accounts to credit agencies. SLHS will not initiate an ECA until at least 120 days have passed from the first post-discharge billing statement.

The Vice President of Revenue Cycle or Chief Financial Officer has the final authority or responsibility for determining that the hospital facility policies and procedures make a reasonable efforts to determine whether an individual is FAP eligible and therefore engage in ECAs against the individual. It is the expectation of SLHS that such ECA's would be infrequent for use in situations where the patient has been determined able but unwilling to pay.



## Collection Suit

Saint Luke's Health System (SLHS), the collection agency and collection law firm (law firm) work with patients to avoid filing a suit for collections whenever possible. When settlement or payment arrangements are not agreed to and/or met, SLHS may file suit in an attempt to collect on delinquent accounts. When a patient does not apply or applies/is screened for financial assistance and is not approved, SLHS may file suit in an attempt to collect on delinquent accounts. An attempt to reach the patient by phone and advise them of the availability of financial assistance occurs prior to suit approval. No extraordinary collection actions occur prior to 120 days after first post discharge billing date of the account. All requests for suit are approved by the Vice President of Revenue Cycle or CFO.

# Financial Assistance Procedure for Professional Services for Advanced Urology Associates, Saint Luke's

# Physician Group, Rockhill Orthopaedic Specialists, Heart Surgeons of Kansas City

A Financial Assistance screening may occur with the patient which could include gathering income, family size, supporting documents and/or presumptive eligibility as described in this policy. Financial assistance is applied to applicable services following the below table.

Financial assistance for clinic visits and imaging centers may be limited to the uninsured patient discount.

Professional services rendered in the hospital:

| Income % of FPL | % Charity | % Patient Responsibility |
|---|---|---|
| 200% or less | 75% | 25% |
| 201% to 250% | 50% | 50% |
| 251% to 300% | 25% | 75% |

# Request a Copy



The Financial Assistance for Medically Indigent Patients policy, Financial Assistance Application, or Plain Language Summary, are available free of charge on line at www.saintlukeskc.org/financial-assistance#, in person at hospital admitting offices or by calling the SLHS Centralized business office. These documents are available in English and Spanish.

**Saint Luke's Health System Centralized Business Office**
**816-932-5678 or 888-581-9401**

Saint Luke's Hospital of Kansas City
4401 Wornall Road
Kansas City, MO 64111

Saint Luke's North Hospital–Barry Road
5830 N.W. Barry Road
Kansas City, MO 64154

Saint Luke's South Hospital
12300 Metcalf Ave.
Overland Park, KS 66213

Crittenton Children's Center
(A division of Saint Luke's Hospital)
10918 Elm Ave
Kansas City, MO 64134

Saint Luke's East Hospital

100 N. E. Saint Luke's Blvd.
Lee's Summit, MO 64086

Saint Luke's North Hospital–Smithville
601 S. 169 Highway
Smithville, MO 64089

Critical Access Hospitals:

Allen County Regional Hospital
3066 N. Kentucky Street
Iola, KS 66749
620-365-1015

Anderson County Hospital
421 S Maple
Garnett, KS 66032
785-204-4002

Hedrick Medical Center
2799 N. Washington St.
Chillicothe, MO 64601
660-214-8150

Wright Memorial Hospital
191 Iowa Blvd.
Trenton, MO 64683
660-358-5871



**Saint Luke's Health System Physicians Centralized Business Office 816-502-7000**

Saint Luke's Physician Group
Medical Plaza Imaging Associates

Rockhill Orthopaedic Specialists
Advanced Urologic Associates

# Measures to Publicize the Financial Assistance Policy

The measures used to widely publicize this Policy to the community and patients include, but are not limited to the following:

- Posting the Policy, Financial Assistance Application and plain language summary on the Saint Luke's website at the following location: www.saintlukeskc.org/financial-assistance#.
- Copies of the Policy, Financial Assistance Application and plain language summary may be downloaded and printed from saintlukeskc.org/financial-assistance#
- Paper copies of the Policy, application and plain language summary are available to patients upon request and without charge. The patient may call to request a copy from a SLHS

centralized business office or request from a facility admitting department.

- Posting a notice in the emergency department and admitting areas of the hospitals.
- Including a message on hospital patient statements to notify and inform patients of the availability of financial assistance and where to call for information and application.
- Saint Luke's staff discusses when appropriate, in person or during billing and customer service phone contacts with patients.
- Informational notification included in selected SLHS publications going to community members.
- Financial Assistance Policy information provided to local safety net providers.

# IN COLLABORATION WITH

Director Physician Revenue Cycle
SLHS Chief Compliance Officer
Director of Taxation
Chief Financial Officers

The Financial Assistance for Medically Indigent Patients policy (FIN-010) was approved by the Saint Luke's Health System Board of Directors on December 16, 2022.



# SEE ALSO

Financial Assistance Application (SYS 153 English and SYS 154 Spanish)
Financial Assistance Policy Plain Language Summary (SYS-590)

# THIS DOCUMENT APPLIES TO:

For a the most recent list of covered and non covered providers please see Saint Luke's Health System Financial Assistance Policy Covered and Non Covered Entities and Provider Group list. The list is updated quarterly.

Allen County Regional Hospital (d/b/a for Saint Luke's Hospital of Allen County Inc)

Anderson County Hospital (d/b/a for Saint Luke's Hospital of Garnett, Inc.)

Bishop Spencer Place

Hedrick Medical Center (d/b/a for Saint Luke's Hospital of Chillicothe)

Saint Luke's East Hospital

Saint Luke's Home Care and Hospice

Saint Luke's Hospital of Kansas City

Saint Luke's North Hospital

Saint Luke's Radiation Therapy Liberty

Saint Luke's South Hospital, Inc.

Wright Memorial Hospital (d/b/a for Saint Luke's Hospital of Trenton, Inc.)

Advanced Urology Associates

Rockhill Orthopaedic Specialists

Saint Luke's Physician Group

Medical Plaza Imaging Associates

Heart Surgeons of Kansas City

# Providers Not Covered by this Policy:

For the most recent list of covered and non covered providers please see Saint Luke's Health System Financial Assistance Policy Covered and Non Covered Entities and Provider Group list. The list is updated quarterly.

Physicians or medical professionals provide care to patients or assist with patient treatment by reading lab work, interpreting medical tests, performing medical tests and individual patient physician services. The physicians and medical professionals not employed by Saint Luke's Health System or its subsidiaries are not covered by this Policy.

**If you have questions about whether a specific provider is covered or not covered by this policy, please call 816-932-5678.**



## Attachments

(SLHS) SLHS Financial Assistance Policy Covered and Non-Covered Entities and Provider Group List 122020.docx

(SLHS) SLHS Financial Assistance Policy Covered and Non-Covered Entities and Provider Group List.docx

(SLHS) SLHS Financial Assistance Policy Covered and Non-Covered Entities and Provider Group List.pdf

## Approval Signatures

| Step Description | Approver | Date |
|---|---|---|
| Ready to Publish | Mary Eidson: Program Coordinator SLHS Policies | 2/15/2023 |

| | | |
|---|---|---|
| SVP CFO and Administration SLHS Approval | Chuck Robb: SVP CFO and Administration SLHS | 2/14/2023 |
| CFO SLPG Approval | Julie Murphy: Chief Financial Officer SLPG | 2/3/2023 |
| Confirm Approval Workflow | Mary Eidson: Program Coordinator SLHS Policies | 2/3/2023 |
| Owner | Melissa Abernathy: Director Physician Revenue Cycle | 2/3/2023 |
| Owner | Shelby Frigon: VP Revenue Cycle | 12/22/2022 |

## Applicability

Advanced Urologic Associates, Anderson County Hospital, Bishop Spencer Place, Cardiometabolic Center, Inc., Crittenton Children's Center Campus, Hedrick Medical Center, Medical Plaza Imaging Associates, Inc., Rockhill Orthopaedic Specialists, Inc., Saint Luke's Care, Saint Luke's East Hospital, Saint Luke's Health System, Saint Luke's Hospital of Kansas City, Saint Luke's Neighborhood Clinics, LLC, Saint Luke's North Hospital, Saint Luke's Physician Group, Saint Luke's Radiation Therapy- Liberty, Saint Luke's South Hospital, Inc., Saint Luke's Health System Home Care and Hospice, Saint Luke's Hospital of Allen County, Inc., Search Engine Across All Sites, Wright Memorial Hospital