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STATE APPROVES NEMOURS SETTLEMENT WITH COMMUNITY HOSPITALS

Agreement allows creation of new pediatric health care system anchored by a children's hospital

ORLANDO, FL (February 19, 2008)... Today the State of Florida's Agency for Health Care Administration announced that it has approved an agreement between Nemours, Orlando Regional Healthcare and Florida Hospital that will allow Nemours to move forward with its plans to create a statewide pediatric health care system, anchored by a new children's hospital located in Lake Nona.

The agreement will result in the dismissal of appeals by Orlando Regional Healthcare and Florida Hospital to Nemours' three approved Certificate of Need applications for the new children's hospital and associated NICU units. Nemours announced its plans to establish a new children's hospital in Orlando in July 2005. It is anticipated that the hospital could open as soon as 2012. Florida Representative Dean Cannon and Florida Senator Daniel Webster were instrumental in bringing about the agreement between the three organizations.

According to Nemours President + CEO Dr. David Bailey, "We will immediately move forward with the establishment of a top-tier pediatric health care system - anchored by a children's hospital - in Florida. We have worked tirelessly toward this goal since our first application was filed 22 months ago. This is a milestone for our organization and - more importantly - a milestone for the children and families we serve."

"We believe this outcome serves the best interests of children and our community. We are pleased to invest in the health of children in a number of ways, including providing programs and services not readily available. For example, we will establish pediatric rehabilitation and behavioral programs as part of our services in Florida. There is significant community benefit to children and families as a result of the agreement, and the long-term and favorable impact we will have on the health of thousands of children in need will be even greater," says Bailey.

Terms of the approved agreement include:

- Nemours will contribute \$350,000 per year for 10 years to either the Orange County Federally Qualified Health Center or the Primary Care Access Network to support pediatric primary care.
- Nemours will uphold its current business plan that does not include operating high-level tertiary care services (such as organ transplantation, bone marrow transplantation, open heart surgery and angioplasty) during the first two years of operation of NOCH, unless AHCA determines otherwise.
- For five years from the opening of NOCH, and provided AHCA can lawfully implement such a rate, Nemours will accept a Medicaid payment rate based on the average of the reimbursement rates received by the other two stand alone children's hospitals in Florida (All Children's and Miami

Children's). Nemours also agreed it will not seek, apply for or receive any additional funding from the State of Florida Medicaid Program as a result of providing a disproportionate share of Medicaid or indigent services.

- To support Orlando Regional Healthcare's Teen Express program, Nemours will contribute \$150,000 per year for five years to the Howard Phillips Center starting on January 1, 2008 (subject to approval from the US Department of Health and Human Services).
- To support Orlando Regional Healthcare's Hug Me Program, Nemours will contribute \$105,000 per year to the Hug Me Program for two years starting on January 1, 2008 or until ORH employs a pediatric infectious disease physician, whichever comes first (subject to approval from the US Department of Health and Human Services).
- As part of its CON conditions, Nemours committed to provide \$3 million per year for medical research. If Nemours does not expend at least 90 percent of the annual funding amount in any given year, it will pay UCF's College of Medicine the difference between \$3 million and the actual expenditure, for pediatric research by UCF.
- Prior to the opening of NOCH, Nemours will apply for a Certificate of Need for a comprehensive medical pediatric rehabilitation program to include a dedicated inpatient unit and a Certificate of Need for a child and adolescent behavioral health program to include a dedicated child and adolescent psychiatric and substance abuse unit. ORH and Florida Hospital will support these CON applications, and Nemours has committed to operating each program for at least five years.
- As part of its CON conditions, Nemours must provide at least 54% of its patient days to patients covered by Medicaid or Medicaid HMO plans, or patients qualifying for charity care. For seven years after the opening of NOCH, Nemours will report any failure to meet that goal to ORH and Florida Hospital with a statement outlining its plan for correction.

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ABOUT NEMOURS

Nemours, one of the nation's largest pediatric health systems, is dedicated to achieving higher standards in children's health. Nemours offers an integrated spectrum of clinical treatment coupled with research, advocacy, and educational health and prevention services extending to all families in the communities it serves. Starting with Alfred I. duPont's bequest over seventy years ago, Nemours has grown into a multi-dimensional organization offering personalized clinical and preventive care focused on children.

Nemours owns and operates the Alfred I. duPont Hospital for Children in Wilmington, Delaware and major children's specialty clinics in Delaware (*Wilmington*), Florida (*Jacksonville, Orlando and Pensacola*), Pennsylvania (*Philadelphia and Bryn Mawr*) and New Jersey (*Atlantic City and Voorhees*). Having recently received approval from the State of Florida, Nemours will establish a new full-service children's hospital in Orlando. KidsHealth.org, the world's most visited pediatric health care Web site for parents, kids and teens, is a project of Nemours.

Nemours employs over 4,200 individuals, including 400 pediatric physicians, specialists and surgeons who cared for approximately a quarter of a million children in 2006. The organization's goal is to align with parents, physicians, community leaders, children's advocates and elected officials to ensure optimal wellness for every child. Additional information about Nemours can be found at www.nemours.org.