The Problem: Inconsistent Cash Flows

- Identified by a majority of hospital executives as their number one financial concern

The Solution: HFMC’s Cash Management Protection Policy

- CMP guarantees a pre-determined minimum cash balance in insureds’ accounts each week regardless of actual revenues collected
- CMP program is an insurance-based product that maintains the minimum cash balance for an insured via collections on an insurance policy
- CMP has other applications for hospitals such as funding expansion and new medical equipment

The Mechanics: How CMP Works

- Policy coverage amount is based on historic annual cash flows
- Coverage equates to 1/52nd of annual cash flow, so as to limit exposure to the carrier to one week’s cash guarantee
- When the insured’s actual cash balance falls below the stated cash balance guarantee, a claim is made against the CMP Policy
- When cash flows exceed the stated cash balance, a recovery is made by the insurance carrier
- A shared and coordinated cash receivables account makes payments and recoveries quick and easy for both parties
- HFMC and Insurer receive weekly updates on cash flows and account receivables to ensure a sound understanding of the insureds financial position and ability to make changes as needed

The Competition

- HFMC is unaware of any other insurance-based risk management product available to the healthcare industry
- The pricing and structure of available financing alternatives are cost prohibitive and/or unattractive or inappropriate to the hospital industry.
**CMP—A Demonstrated History of Profitability**

- HFMC brought the CMP Policy to market first with Cigna and later with Kemper, and produced single digit loss ratios for both companies.
- During the entire history of the CMP Policy, customer retention was 100%, as insureds grew to depend on the consistency of cash flow provided by the Policy.

**The CMP Opportunity**

- HFMC seeks to partner with a qualified insurance underwriter to reintroduce the CMP Policy.
- Demand for the product remains strong, and many former clients and brokers familiar with the CMP Policy continue to actively request the product.
- Based on the Company’s strict underwriting criteria, HFMC anticipates the target market will consist of approximately 40% of the entire US Hospital market.
- The Company projects a market share of approximately 4% within 36 months of relaunching the CMP Policy.
- HFMC intends to deliver CMP to the market with a high degree of confidence that due to market knowledge and stringent underwriting criteria, the product loss ratio can be contained to approximately 3%.

### Table: Estimated Number of Accounts and Premium Estimates

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Estimated Number of Accounts High</th>
<th>Estimated Number of Accounts Low</th>
<th>Premium High Estimate</th>
<th>Premium Low Estimate</th>
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</thead>
<tbody>
<tr>
<td>First 90 Days</td>
<td>10</td>
<td>5</td>
<td>$3,000,000</td>
<td>$1,500,000</td>
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<tr>
<td>Year 1 Total</td>
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<td>Year 2</td>
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<td>Year 3</td>
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<td>148</td>
<td>$63,000,000</td>
<td>$49,500,000</td>
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