

ASX ANNOUNCEMENT

DATE: 31 March 2020
VIRTUS HEALTH LIMITED (ASX: VRT)

FEDERAL GOVERNMENT VIABILITY FOR CAPACITY GUARANTEE

Virtus Health Limited (ASX "VRT") wishes to advise that further to its previous announcement on 25 March 2020 regarding reduction in non-IVF elective surgery in Virtus' seven Day Hospitals, the group continues to engage with state health departments regarding the capacity and support Virtus is able to provide in facilities and staff to support State and Federal COVID-19 pandemic responses.

Virtus also announces a letter (attached) received from the Federal Minister for Health, the Hon. Greg Hunt MP regarding the Australian Government's viability for capacity guarantee for the private and day hospital sectors during the COVID-19 pandemic.

This announcement is authorised by the board of directors of the company.

-ENDS-

Further information:

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About Virtus Health Limited

Virtus Health Limited (ASX:VRT) brings together leading clinicians, scientists, researchers and support staff to provide the very best in fertility care and related specialised diagnostic and day hospital services. We have developed one of the most successful medical collaborations in the world. With 125 of the world's leading fertility specialists supported by over 1200 professional staff, we are the largest network and provider of fertility services in Australia and Ireland, with a growing international presence in the UK, Denmark and Singapore.



**The Hon Greg Hunt MP
Minister for Health
Minister Assisting the Prime Minister for the
Public Service and Cabinet**

30 MAR 2020

Dear Private Hospital Provider

In my letter of 27 March 2020 I provided assurance about the critical role of the private hospital sector during the CoVID-19 national health emergency.

I am writing to further outline details of the Australian Government's viability for capacity guarantee for the private hospital sector during the COVID-19 pandemic response and the Government's expectations of the sector. This includes all private hospitals – both overnight and day hospitals.

All states and territories will complete private hospital COVID-19 partnership agreements in the coming days which will outline the integration plan and activity requirements. The Australian Government will contribute funding of 50 per cent towards this activity.

In addition, and in return, the Australian Government will guarantee the viability of private hospitals. This is on the expectation that all private hospitals retain capacity for responding to the CoVID-19 pandemic and non-CoVID-19 activities and are able to resume operations at the end of the COVID-19 pandemic.

The Australian public needs to have confidence that deferred activities, such as non-urgent elective surgery, will be able to be resumed and accelerated at the appropriate time. As the Australian Government is underwriting your viability, you must retain the workforce for operation in your own facility or for redeployment across the health system as directed by the Government and states and territories, including medical, nursing, clinical and ancillary staff. The Australian Government will work quickly to ensure your staff have appropriate training and equipment to ensure patient care is safe and the health and safety of your staff is maintained.

A fundamental principle of this agreement is that it contributes to your ongoing viability, not profits or loan/debt repayments.

I note that the Australian banking industry has expanded the six month deferral of loans to cover 98 per cent of all businesses with a loan from an Australian bank. In addition, the sector is working with, or will work with, all private hospitals on relevant liquidity, covenant, deferral or debt support as required.

Further, the viability guarantee is conditional on each private hospital operator agreeing to:

- open your books to ensure funding will support minimum viability by contributing to fixed operational costs;
- make infrastructure, essential equipment (including ventilators), supplies (including PPE), workforce (as above) and other capability fully available to the Australian

Government and states and territories for use in the CoVID-19 and non-CoVID-19 response; and

- support the needs of long stay public hospital National Disability Insurance Scheme participants and aged care patients throughout the response.

This financial assistance will take into account the revenue received by private hospitals, including, but not limited to payments from:

- states and territories for services and capacity; and
- privately funded urgent surgical and non-surgical services including mental health and rehabilitation.

The arrangements will be reviewed throughout the course of the COVID-19 pandemic to ensure ongoing appropriateness.

The second fundamental principle is that private hospitals agree to integrate with state and territory health systems for use in the COVID-19 response as required and directed by state and territory or Commonwealth Health Ministers or their delegates. Failure to do so will void the guarantee.

Whilst further details will be provided to private providers in coming days I have enclosed some examples of how private hospitals may be utilised throughout the COVID-19 response.

This guarantee recognises the fundamental and heroic role of our medical and nursing staff. It ensures continuity of private hospital capacity during the COVID-19 pandemic and it enables the private sector to resume business as usual activities after the COVID-19 pandemic has ended.

Thank you for your ongoing assistance to Australian Governments and the Australian people at this time of critical national importance. Together, we can continue to deliver a first class health system for the benefit of all Australians.

Yours sincerely



Greg Hunt

Encl: Private hospital support to the COVID-19 response.

Private Hospital Support to the COVID-19 Response

At the direction of Commonwealth, state and territory Health Minister or their delegate, private hospitals will support the COVID-19 response through services including but not limited to:

- Public hospital services for public patients – both positive and negative for COVID-19
- Category 1 elective surgery
- Utilisation of wards and theatres to expand ICU capacity
- Accommodation for quarantine and isolation cases
 - cruise and flight covid-19 passengers
 - quarantine of vulnerable members of the community (for example aged care residents that do not have COVID-19 despite other residents becoming infected).
 - isolation of infected vulnerable COVID-19 patients (for example if an outbreak in an aged care facility is caught early then infected patients could be isolated in private hospitals to avoid the spread throughout the aged care facility).
 - isolation infected prisoners to avoid the spread of COVID-19 throughout the prison populations.
- Utilisation by ADF medical workforce (avoids requirement for ADF field hospitals to be established).
- Establishment of temporary influenza clinics.
- Establishment of temporary COVID-19 respiratory clinics.
- Supply of facilities, PPE and equipment, including ventilators.
- Other services as required by the Commonwealth and state and territory Health Ministers to support the COVID-19 response.